

AN ACT to amend Tennessee Code Annotated, Title 4,
Chapter 29; Title 39, Chapter 17, Part 4; Title 50;
Title 53, Chapter 11; Title 67 and Title 68, relative
to medical cannabis.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 68, is amended by adding the following
language as a new chapter:

68-7-101. This chapter shall be known and may be cited as the "Medical Cannabis Act."

68-7-102. As used in this chapter:

(1) "Allowable amount" means the amount of usable cannabis product measured
in doses or units as determined by the commission for a corresponding debilitating
medical condition that a licensed dispensary may dispense to a qualifying patient in a
thirty-day period. For purposes of determining the maximum amount of cannabis
product that may actually be possessed by or for a qualifying patient, "allowable amount"
means twice the allowable amount of cannabis product that a licensed dispensary is
authorized to dispense to the qualifying patient in a thirty-day period;

(2) "Authorized form of cannabis" or "authorized form" means a cannabis
product produced in a form approved by the commission for dispensation to a
cardholder;

(3) "Bona fide practitioner-patient relationship" means:

(A) A practitioner and patient have a treatment or consulting relationship,
during the course of which the practitioner has completed an assessment of the
patient's medical history and current medical condition, including an appropriate



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examination and confirmation of the patient having a debilitating medical condition;

(B) The practitioner has consulted with the patient with respect to the patient's debilitating medical condition and discussed with the patient any potential risks and therapeutic or palliative benefits from the medical use of cannabis in treating or alleviating the patient's debilitating medical condition or symptoms associated with the debilitating medical condition; and

(C) The practitioner is available to or offers to provide follow-up care and treatment to the patient;

(4) "Cannabis":

(A) Means all parts of the plant cannabis, whether growing or not; the seeds of the plant; the resin extracted from any part of the plant; and every compound, processing, salt, derivative, mixture, or preparation of the plant, including cannabis products; and

(B) Does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture or preparation of the mature stalks, except the resin extracted from the mature stalks, fiber, oil, or cake, or the sterilized seeds of the plant which are incapable of germination; or industrial hemp as defined in § 43-26-102;

(5) "Cannabis product":

(A) Means cannabis oil, cannabis extract, or a product that is infused with cannabis oil or cannabis extract and intended for use or consumption; and

(B) Includes capsules, pills, transdermal patches, ointments, lotions, lozenges, tinctures, oils, and liquids;

(6) "Cardholder" means a qualifying patient or a designated caregiver who has been issued and possesses a valid registry identification card;

(7) "Commission" means the medical cannabis commission, created by § 68-7-401;

(8) "Community facility" means:

(A) A licensed child care center, as defined in § 71-3-501;

(B) A public park;

(C) A public playground;

(D) A public swimming pool;

(E) A community center, the primary purpose of which is to provide recreational opportunities or services to children; or

(F) A place of worship;

(9) "Cultivation facility" means an entity licensed by the commission that acquires, possesses, or cultivates cannabis and that sells cannabis and related supplies to a processing facility or wholesaler;

(10) "Debilitating medical condition" means:

(A) Cancer;

(B) Human immunodeficiency virus (HIV) or acquired immunodeficiency syndrome (AIDS);

(C) Hepatitis C;

(D) Amyotrophic lateral sclerosis (ALS);

(E) Post-traumatic stress disorder (PTSD);

(F) Alzheimer's disease;

(G) Severe arthritis;

(H) Inflammatory bowel disease, including Crohn's disease and ulcerative colitis;

(I) Multiple sclerosis;

(J) Parkinson's disease;

(K) Schizophrenia;

(L) A chronic or debilitating disease or medical condition, with a confirmation of diagnosis, or the treatment of such disease or condition that produces one (1) or more of the following:

(i) Cachexia or wasting syndrome;

(ii) Peripheral neuropathy;

(iii) Severe chronic pain;

(iv) Severe nausea;

(v) Seizures, including those characteristic of epilepsy; or

(vi) Severe or persistent muscle spasms; and

(M) Any other medical condition approved by the commission in response to a request from a practitioner or potentially qualifying patient or a proposal initiated by a member of the commission;

(11) "Designated caregiver" means a person who meets the requirements of § 68-7-202;

(12) "Dispensary" means an entity licensed by the commission that acquires, possesses, stores, sells, supplies, or dispenses medical cannabis products, paraphernalia, or related supplies and educational materials to cardholders;

(13) "Disqualifying felony offense" means:

(A) A violent offense, as classified by § 40-35-120(b); or

(B) A violation of a state or federal controlled substances law that was classified as a felony in the jurisdiction where the person was convicted, not including:

(i) An offense for which the sentence, including any term of probation, incarceration, or supervised release, was completed five (5) or more years earlier; or

(ii) An offense that consisted of conduct for which this chapter would likely have prevented a conviction, but the conduct either occurred prior to the enactment of this chapter or was prosecuted by an authority other than the state of Tennessee;

(14) "Enclosed, locked facility" means a room, greenhouse, warehouse, or other building or enclosed area that is equipped with locks or other security devices that permit access only by an authorized medical cannabis establishment agent;

(15) "Establishment agent" means an owner, officer, board member, employee, volunteer, or agent of a medical cannabis establishment;

(16) "Establishment agent registration card" or "registration card" means a registration card that is issued by the commission to authorize a person to volunteer or work at a medical cannabis establishment;

(17) "Healthcare facility" means a recuperation center, nursing home, home for the aged, residential HIV supportive living facility, assisted-care living facility, adult care home, traumatic brain injury residential home, long-term care facility, adult day care center, or residential hospice facility;

(18) "License" means a license issued by the commission to authorize the operation of a medical cannabis establishment;

(19) "Medical cannabis establishment" means a cultivation facility, testing facility, processing facility, dispensary, wholesaler, or other medical cannabis entity licensed by the commission;

(20) "Medical use" includes the acquisition, administration, cultivation, manufacture, processing, delivery, harvest, possession, preparation, transfer, transportation, or use of cannabis, cannabis product, or paraphernalia relating to the administration of cannabis product to treat or alleviate a registered qualifying patient's debilitating medical condition or symptoms associated with the patient's debilitating medical condition. "Medical use" does not include:

- (A) The cultivation of cannabis performed outside of a cultivation facility;
- (B) The use of cannabis in a form that is not an authorized form; or
- (C) The extraction of resin from cannabis by solvent extraction unless the extraction is done by a processing facility;

(21) "Nonresident card" means a card or other identification that:

- (A) Is issued by a state or jurisdiction other than Tennessee; and
- (B) Is the functional equivalent of a registry identification card, as determined by the commission;

(22) "Nonresident cardholder" means a person who meets the requirements of § 68-7-119;

(23) "Practitioner" means a physician who is licensed to practice medicine pursuant to title 63, chapter 6, or osteopathic medicine pursuant to title 63, chapter 9;

(24) "Processing facility" means an entity licensed by the commission that acquires or possesses cannabis from a cultivation facility or wholesaler, processes cannabis to produce cannabis products, and that transfers or sells cannabis products to a wholesaler;

(25) "Qualified pharmacist" means a pharmacist licensed pursuant to title 63, chapter 10, who is certified by the commission as competent to consult with cardholders about proper use and dosage of cannabis products;

(26) "Qualifying patient" means a person who has been diagnosed by a practitioner as having a debilitating medical condition and who meets the requirements of § 68-7-119 or § 68-7-201;

(27) "Registry identification card" means a document issued by the commission that identifies a person as a registered qualifying patient or registered designated caregiver;

(28) "Testing facility" means an independent testing laboratory licensed by the commission that acquires, possesses, or handles cannabis or cannabis products to analyze the safety and potency of the cannabis or cannabis products, including any quality variance standards established by the commission;

(29) "THC" means delta-9-tetrahydrocannabinol, which is a primary active ingredient in cannabis for medical use;

(30) "Wholesaler" means an entity licensed by the commission that acquires, possesses, or purchases cannabis or cannabis products from a medical cannabis establishment for purposes of resale to or transportation to another medical cannabis establishment; and

(31) "Written certification" means a document dated and signed by a practitioner that:

(A) States that in the practitioner's professional opinion the patient is likely to receive therapeutic or palliative benefit from the medical use of cannabis to treat or alleviate the patient's debilitating medical condition or symptoms associated with the debilitating medical condition;

(B) Affirms that the certification is made in the course of a bona fide practitioner-patient relationship; and

(C) Specifies the qualifying patient's debilitating medical condition.

68-7-103.

(a) A medical cannabis establishment shall not operate in this state unless the medical cannabis establishment is licensed by the commission.

(b) To be eligible for a license, a person seeking to own or operate a medical cannabis establishment must submit the application fee described in § 68-7-108 and an application to the commission in a form prescribed by the commission that meets the following conditions:

(1) The application must identify the legal name of the medical cannabis establishment;

(2) The application must identify all owners, officers, and board members of the medical cannabis establishment, who must:

(A) Not have been convicted of a disqualifying felony offense;

(B) Not have served as an owner, officer, or board member for a medical cannabis establishment that has had its medical cannabis establishment license revoked;

(C) Not have previously had a medical cannabis establishment agent registration card revoked;

(D) Be over twenty-one (21) years of age;

(E) If an owner, be a resident of this state; and

(F) If an owner, not currently serve as an owner for another medical cannabis establishment or an establishment licensed under title

57 such that serving as an owner of the medical cannabis establishment for which the application is submitted would violate § 68-7-104(b); and

(G) Each submit the following information to the commission:

(i) The person's name, address, and date of birth; and

(ii) A complete set of fingerprints for use in a criminal history record check submitted on authorized fingerprint cards or by electronic, machine-readable data, or other means approved by the Tennessee bureau of investigation and the federal bureau of investigation;

(3) The application must identify the physical address where the medical cannabis establishment will be located and address must:

(A) Be located at least one thousand feet (1,000') from all public or private schools that existed on the date on which the application for the medical cannabis establishment was submitted to the commission and at least three hundred feet (300') from all community facilities that existed on the date on which the application for the medical cannabis establishment was submitted to the commission. The measurement shall be a building-to-building measurement;

(B) Be located in a jurisdiction in which the presence of the type of medical cannabis establishment being proposed is permitted in accordance with § 68-7-106; and

(C) Meet all local zoning and building requirements;

(4) The application must include evidence that the owner of the real property on which the medical cannabis establishment will be located has given express permission to operate the establishment at that location;

(5) The application must include evidence that the applicant controls at least two hundred fifty thousand dollars (\$250,000), or other amount as determined by the commission, to cover initial expenses of opening the medical cannabis establishment and complying with this chapter;

(6) The application must include:

(A) The social security number of each owner and officer of the medical cannabis establishment; and

(B) A signed statement from each owner and officer of the medical cannabis establishment indicating if the owner or officer is required to pay child support under an order of support and, if so, whether the owner or officer is in compliance with the order of support;

(7) The application must include operating procedures for the medical cannabis establishment that are consistent with the commission's rules. The procedures must include:

(A) Procedures to ensure adequate security;

(B) The use of electronic verification system and an inventory control system in accordance with §§ 68-7-115 and 68-7-116; and

(C) If the medical cannabis establishment will process, manufacture, sell, or deliver cannabis products, operating procedures for handling such products, which must be approved by the commission; and

(8) Any other information as the commission may require by rule.

(c) For each person who submits an application pursuant to this section, and each person who is to be an owner, officer, or board member of a medical cannabis establishment, the commission shall submit the fingerprints to the Tennessee bureau of investigation for use in a criminal history record check by the bureau and, if no record of

a disqualifying felony is identified, the bureau shall send the fingerprints to the federal bureau of investigation for verification of each person's identity and request the federal bureau of investigation conduct a criminal history record check.

(d) The commission shall not issue a license for any medical establishment where an owner or officer is more than five hundred dollars (\$500) in arrears on child support payments and the arrears are ninety (90) days or more past due.

(e) The commission shall issue a limited number of licenses in accordance with § 68-7-105. Meeting the criteria of this section does not grant any person a right to a license.

(f) A medical cannabis establishment license expires one (1) year after the date of issuance and may be renewed upon:

(1) Resubmission of the information set forth in this section, except that any person who previously submitted fingerprints and received approval on a prior application does not need to resubmit fingerprints if the person's fingerprints remain on file with the commission or the Tennessee bureau of investigation; and

(2) Payment of the renewal fee described in § 68-7-108.

68-7-104.

(a) Each medical cannabis establishment must:

(1) Be located in a separate building or facility that is in a location zoned or designated for commercial, industrial, or agricultural use;

(2) Comply with all local ordinances and regulations pertaining to zoning, land use, and signage;

(3) If a dispensary, have an appearance, both as to the interior and exterior, that is professional, orderly, and consistent with the traditional style of pharmacies and medical offices;

(4) Have discreet and professional signage that is consistent with the traditional style of signage for pharmacies and medical offices; and

(5) Notify the commission of any change in circumstance for any information required pursuant to § 68-7-103.

(b)

(1) Except as provided in subsection (c), no person who is serving as an owner of a medical cannabis establishment may serve as an owner for any other type of medical cannabis establishment.

(2) No person who holds a license issued under title 57 or is an owner of any entity that holds such a license may serve as an owner of a medical cannabis establishment.

(3) Except as provided in subsection (c), no medical cannabis establishment shall be at the same location as another medical cannabis facility.

(c) Notwithstanding subsection (b)(1):

(1) An owner of a cultivation facility may also be an owner of a processing facility if the processing facility is located as part of or adjacent to the cultivation facility; and

(2) An owner of a cultivation facility may also be an owner of a dispensary if:

(A) The dispensary is located in the same grand division of the state as the cultivation facility;

(B) The dispensary only sells cannabis products that are produced from cannabis grown at the owner's cultivation facility; and

(C) The owner owns no more than one (1) dispensary.

68-7-105.

(a) The commission shall periodically determine the appropriate number of licenses to issue for each type of medical cannabis establishment. In determining these limits, the commission shall:

(1) Strive to maintain a ratio of at least one (1) cultivation facility for every five (5) dispensaries;

(2) Ensure that the number of each type of medical cannabis establishment is sufficient to adequately serve the needs of qualifying patients; and

(3) Consider the number of medical cannabis establishments the commission can effectively regulate to ensure compliance with this chapter.

(b) Once each year, the commission shall accept applications for licenses to operate medical cannabis establishments. The commission shall publish the dates such applications will be accepted on its website.

(c)

(1) The commission shall not issue a license to an applicant unless the applicant meets all the requirements of this chapter.

(2) The commission shall not issue more licenses than the number determined pursuant to subsection (a). If there are more qualified applicants than licenses available, the commission shall develop, by rule, a merit-based system for awarding licenses. This merit-based system shall give preference to cultivation facilities that will be located in tier 3 or tier 4 enhancement counties in accordance with § 67-4-2109 and shall also consider:

(A) Whether the applicant has liquid and illiquid financial resources sufficient to meet the business needs of the medical cannabis establishment;

(B) The previous experience of the owners, officers, or board members of the medical cannabis establishment at operating other businesses or organizations;

(C) The educational background of the owners, officers, or board members of the medical cannabis establishment;

(D) Any demonstrated knowledge or expertise on the part of the owners, officers, or board members of the medical cannabis establishment with respect to the medical use of cannabis or cannabis products;

(E) Whether the location of the medical cannabis establishment would be convenient to serve the needs of qualifying patients and designated caregivers who are authorized to engage in the medical use of cannabis products;

(F) The likely impact of the medical cannabis establishment on the community in which it is to be located;

(G) The adequacy of the size of the medical cannabis establishment to serve the needs of qualifying patients and designated caregivers who are authorized to engage in the medical use of cannabis products;

(H) Whether the applicant has an integrated plan for the care, quality, and safekeeping of medical cannabis and cannabis products from seed to sale;

(I) Where medical cannabis establishments are located in each grand division and throughout the state; and

(J) Any other criteria of merit that the commission determines to be relevant.

(d) Each medical cannabis establishment license issued shall have a unique identification number.

68-7-106.

(a) The voters of any county or municipality may, by local option election, permit the retail sale of medical cannabis product at a licensed dispensary within the territorial limits of such county or municipality, by a majority vote, at an election held as described in this section.

(b)

(1) An election shall be called and held by the county election commission at the next regular election of the county or municipality, as the case may be, upon receipt of a petition not less than sixty (60) days before the date on which an election is scheduled to be held, signed by residents of the county or municipality, to a number amounting to ten percent (10%) or more of the votes cast in the county or municipality, for governor of the state of Tennessee at the then last preceding gubernatorial election, requesting the holding of such election.

(2)

(A) The petition shall be addressed to the appropriate county election commission and shall read, substantially as follows:

We, registered voters of _____ (here insert name of county or municipality, as appropriate), do hereby request the holding of a local option election to authorize the retail sale of

medical cannabis product at a licensed dispensary as provided by law.

(B) The petition shall also contain:

(i) The genuine signature and address of registered voters only, pursuant to the requirements of § 2-1-107;

(ii) The printed name of each signatory; and

(iii) The date of signature.

(3) An election called and held in a county shall be applicable only to those portions of such counties lying without the corporate limits of any municipality within the county. Petitioners for such elections and the voters participating in the elections shall reside within those portions of the county lying outside the corporate limits of such municipalities.

(c)

(1) Registered voters of the county or municipality, as appropriate, may vote in the election. Ballots shall be in the form prescribed by the general election laws of the state, except as otherwise provided in this section.

(2) The questions submitted to the voters appearing thereon in county elections shall be in the following form:

To permit retail sale of medical cannabis product in a licensed dispensary in _____ (Here insert name of county)

Not to permit retail sale of medical cannabis product in a licensed dispensary in _____ (Here insert name of county)

(3) The questions submitted to the voters appearing thereon in municipal elections shall be in the following form:

To permit retail sale of medical cannabis product in a licensed dispensary
in_____ (Here insert name of municipality)

Not to permit retail sale of medical cannabis product in a licensed
dispensary in_____ (Here insert name of municipality)

(d)

(1) The county election commission shall certify the results of the election
to the county mayor in county elections and to the mayor of the municipality in
municipal elections.

(2) Not more than one (1) election in any county or municipality shall be
held under this chapter within any period of twenty-four (24) months, except that
no election in a county in which a municipality is located is an election held in
such municipality within the meaning of this subdivision (d)(2).

(e)

(1) The cultivation of medical cannabis at a licensed cultivation facility
and the production of medical cannabis product at a licensed processing facility
are authorized within the territorial limits of each county and municipality of this
state.

(2)

(A) The legislative body of any county may, at any time, opt out of
subdivision (e)(1) and restrict the establishment of a licensed cultivation
facility or licensed processing facility within the unincorporated areas of
the county by passage of a resolution; provided, however, that the
adoption of such resolution shall not serve to restrict the operation of any
licensed cultivation facility or licensed processing facility established in

the unincorporated areas of the county prior to the passage of the resolution.

(B) The legislative body of any municipality or county with a metropolitan form of government may, at any time, opt out of subdivision (e)(1) and restrict the establishment of a licensed cultivation facility or licensed processing facility within its territorial limits by passage of an ordinance; provided, however, that the adoption of such ordinance shall not serve to restrict the operation of any licensed cultivation facility or licensed processing facility established in the territorial limits of the municipality or county with a metropolitan form of government prior to the passage of the ordinance.

(C) Any legislative body that has opted out may, at a later date, opt in by passage of a resolution or ordinance in the same manner as required to opt out.

(f) A licensed testing facility or wholesaler is authorized within the territorial limits of each county and municipality of this state.

68-7-107.

In any local government jurisdiction that issues business licenses, the issuance by the commission of a medical cannabis establishment license shall be deemed to be provisional until:

(1) The medical cannabis establishment is in compliance with all applicable local governmental ordinances or regulations; and

(2) The local government has issued a business license for the operation of the establishment.

68-7-108.

(a) The commission shall establish a schedule of fees for the following; provided, that the fees in aggregate shall not exceed the commission's costs in administering the state's medical cannabis program by more than twenty percent (20%):

- (1) For the initial issuance of a medical cannabis establishment license for a medical cannabis dispensary;
- (2) For the renewal of a medical cannabis establishment license for a medical cannabis dispensary;
- (3) For the initial issuance of a medical cannabis establishment license for a cultivation facility;
- (4) For the renewal of a medical cannabis establishment license for a cultivation facility;
- (5) For the initial issuance of a medical cannabis establishment license for a processing facility;
- (6) For the renewal of a medical cannabis establishment license for a processing facility;
- (7) For the initial issuance of a medical cannabis establishment license for a testing facility;
- (8) For the renewal of a medical cannabis establishment license for a testing facility;
- (9) For the initial issuance of a medical cannabis establishment license for a wholesaler;
- (10) For the renewal of a medical cannabis establishment license for a wholesaler;
- (11) For the initial issuance of a medical cannabis establishment agent registration card;

(12) For the renewal of a medical cannabis establishment agent registration card;

(13) For the initial issuance of a qualified pharmacist certificate;

(14) For the renewal of a qualified pharmacist certificate; and

(15) For the approval of initial and continuing education courses for qualified pharmacists.

(b) The commission shall review the fee schedule and its administrative costs every two (2) years and reschedule fees as necessary to ensure compliance with the requirement that the fees in aggregate shall not exceed the commission's costs in administering the state's medical cannabis program by more than twenty percent (20%). Any rescheduled fees shall become effective the next January 1 after promulgation.

68-7-109.

(a) Except as otherwise provided in this section, a person shall not work or volunteer at a medical cannabis establishment as a medical cannabis establishment agent unless the person is registered with the commission pursuant to this section.

(b) A medical cannabis establishment that wishes to employ or retain as a volunteer a medical cannabis establishment agent shall submit to the commission an application on a form prescribed by the commission. The application must be accompanied by:

(1) The name, address, and date of birth of the prospective medical cannabis establishment agent;

(2) A statement signed by the prospective medical cannabis establishment agent pledging not to dispense or otherwise divert cannabis to any person who is not authorized to possess cannabis in accordance with this chapter;

(3) A statement signed by the prospective medical cannabis establishment agent asserting that the prospective agent has not previously had a medical cannabis establishment agent registration card revoked;

(4) A complete set of the fingerprints for each prospective medical cannabis establishment agent for use in a criminal history record check submitted on authorized fingerprint cards or by electronic, machine-readable data, or other means approved by the Tennessee bureau of investigation and the federal bureau of investigation;

(5) The application fee described in § 68-7-108;

(6)

(A) The social security number of the prospective medical cannabis establishment agent; and

(B) A signed statement from the prospective agent indicating if the prospective agent is required to pay child support under an order of support and, if so, whether or not the prospective agent is in compliance with the order of support; and

(7) Such other information as the commission may require by rule.

(c) A medical cannabis establishment shall:

(1) Collect the medical cannabis establishment agent registration card from any agent who ceases to be employed by or considered a volunteer at the medical cannabis establishment;

(2) Notify the commission no later than ten (10) days after a medical cannabis establishment agent ceases to be employed by or considered a volunteer at the medical cannabis establishment; and

(3) Inform the commission whether the agent's registration card was collected in accordance with subdivision (c)(1).

(d) The following criteria shall disqualify a person from serving as a medical cannabis establishment agent:

- (1) Being younger than twenty-one (21) years of age;
- (2) Having been convicted of a disqualifying felony offense; or
- (3) Being more than five hundred dollars (\$500) in arrears on child support payments where the arrears are ninety (90) days or more past due.

(e) For each application submitted pursuant to this section, the commission shall submit the fingerprints to the Tennessee bureau of investigation for use in a criminal history record check by the bureau and, if no record of a disqualifying felony is identified, the federal bureau of investigation for verification of each person's identity and to conduct a criminal history record check.

(f) An owner, officer, or board member of a medical cannabis establishment who previously furnished information and fingerprints to the commission pursuant to § 68-7-103 is not required to resubmit such information or fingerprints in accordance with this section.

(g) If an applicant for registration as a medical cannabis establishment agent satisfies the requirements of this section and is not disqualified from serving as such an agent, the commission shall issue to the person a medical cannabis establishment agent registration card. If the commission does not act upon an application for a medical cannabis establishment agent registration card within thirty (30) days after the date on which the application is received, the application shall be deemed conditionally approved until such time as the commission acts upon the application.. A medical cannabis

establishment agent registration card expires one (1) year after the date of issuance and may be renewed upon:

- (1) Resubmission of the information set forth in this section; provided, that fingerprints are not required to be resubmitted if the applicant's fingerprints remain on file with the commission or the Tennessee bureau of investigation; and
- (2) Payment of the renewal fee described in § 68-7-108.

68-7-110.

The following are nontransferable:

- (1) A medical cannabis establishment license; and
- (2) A medical cannabis establishment agent registration card.

68-7-111.

(a) No person shall transport cannabis or cannabis products on any public highway unless the person is a medical cannabis establishment agent transporting the cannabis or cannabis products on behalf of a licensed wholesaler.

(b) All cannabis or cannabis products transported on a public highway must comply with all inventory tracking rules promulgated by the commission, including any relevant packaging, labeling, and seals.

(c) Cannabis and cannabis products shall not be transported in the same vehicle with any other product and shall not be comingled with any other product during transportation.

(d) The commission shall promulgate rules governing the transportation of cannabis and cannabis products on public highways in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5. The commission shall consult the commissioner of safety in promulgating these rules.

(e) This section shall not apply to an allowable amount of cannabis product in the possession of a cardholder.

68-7-112.

(a) If the commission receives a certification of noncompliance pursuant to title 36, chapter 5, part 7, indicating that the owner or officer of a medical cannabis establishment is in arrears on child support payments in the manner described in § 68-7-103(d), the commission shall immediately suspend the license of the medical cannabis establishment of the owner or officer and notify the owner or officer of the reason for the suspension.

(b) If the commission receives a certification of noncompliance pursuant to title 36, chapter 5, part 7, that an establishment agent is in arrears on child support payments in the manner described in § 68-7-109(d)(3), the commission shall immediately suspend the agent's establishment agent registration card and notify the agent of the reason for the suspension.

(c) The commission shall reinstate a medical cannabis establishment license or medical cannabis establishment agent registration card that has been suspended pursuant to this section if the commission receives written confirmation of the agent's reasonable or full compliance with the order of support from the department of human services, district attorney general, or court. If the license or registration card is restored pursuant to this subsection (c) prior to its expiration date, no new issuance or renewal fee is required for the period remaining before the expiration date of the license or card; provided, that the commission may impose a reasonable reinstatement fee of five dollars (\$5.00), or other amount to be set by the commission, for processing of the restoration of the license or card.

68-7-113.

(a) The following are grounds for the commission to immediately revoke a medical cannabis establishment license:

(1) Dispensing, delivering, or otherwise transferring cannabis to a person other than a medical cannabis establishment agent, another medical cannabis establishment, a patient who holds a valid registry identification card, or the designated caregiver of such a patient;

(2) Acquiring usable cannabis or mature cannabis plants from any person other than a medical cannabis establishment agent or another medical cannabis establishment;

(3) Dispensing an unauthorized form of medical cannabis or cannabis product to a qualifying patient or designated caregiver; or

(4) Violating a rule promulgated pursuant to this chapter; provided, that such rule, expressly or by reference, provides that a violation of the rule is grounds for immediate revocation of a medical cannabis establishment license.

(b) The following are grounds for the commission to immediately revoke a medical cannabis establishment agent registration card:

(1) The commission of any disqualifying felony offense;

(2) Dispensing, delivering, or otherwise transferring cannabis to a person other than a medical cannabis establishment agent, another medical cannabis establishment, a patient who holds a valid registry identification card, or the designated caregiver of such a patient;

(3) Dispensing an unauthorized form of medical cannabis or cannabis product to a qualifying patient or designated caregiver; or

(4) Violating a rule promulgated pursuant to this chapter; provided, that such rule, expressly or by reference, provides that a violation of the rule is

grounds for immediate revocation of a medical cannabis establishment agent registration card.

(c) The licensure of medical cannabis establishments and registration of medical cannabis establishment agents is to protect the public health and safety and the general welfare of the people of this state. Any medical cannabis establishment license issued pursuant to § 68-7-105 and any medical cannabis establishment agent registration card issued pursuant to § 68-7-109 is a revocable privilege, and the holder of such license or registration card, as applicable, does not acquire any vested right in such license or registration card.

68-7-114.

(a) The operating documents of a medical cannabis establishment must include procedures:

- (1) For the oversight of the medical cannabis establishment; and
- (2) To ensure accurate recordkeeping, including the requirements of §§ 68-7-115 and 68-7-116.

(b)

(1) Except as otherwise provided in this subsection (b), a medical cannabis establishment:

(A) That is a dispensary must have a single entrance for patrons, which must be secure, and shall implement strict security measures, including twenty-four-hour surveillance, to deter and prevent theft of cannabis product and unauthorized entrance into areas containing cannabis product; and

(B) That is not a dispensary must have secure entrances and shall implement strict security measures, including twenty-four-hour

surveillance, to deter and prevent theft of cannabis and unauthorized entrance into areas containing cannabis.

(2) This subsection (b) does not supersede any state or local requirements relating to minimum numbers of points of entry or exit, or any state or local requirements relating to fire safety.

(c)

(1) A medical cannabis establishment is prohibited from acquiring, possessing, cultivating, manufacturing, processing, delivering, transferring, transporting, supplying, or dispensing cannabis for any purpose except to:

(A) Directly or indirectly assist qualifying patients who possess valid registry identification cards; and

(B) Assist qualifying patients who possess valid registry identification cards by way of those patients' designated caregivers.

(2) For purposes of this subsection (c), a person shall be considered a qualifying patient if the person is a nonresident cardholder who qualifies for reciprocity pursuant to § 68-7-119.

(d)

(1) A dispensary shall ensure that every cardholder consults with a qualified pharmacist prior to the first time cannabis products are dispensed to the cardholder in this state.

(2) A dispensary shall ensure that a cardholder is offered the opportunity to consult with a qualified pharmacist prior to each time cannabis products are dispensed to the cardholder.

(3) A consultation pursuant to this subsection (d) may be in person or via telephone or other live electronic communication.

(e) All cultivation or production of cannabis that a cultivation facility carries out or causes to be carried out must take place in an enclosed, locked facility at the physical address provided to the commission during the licensure process for the cultivation facility. Such an enclosed, locked facility must be accessible only by medical cannabis establishment agents who are lawfully associated with the cultivation facility, except that limited access by persons necessary to perform construction or repairs or provide other labor is permissible if such persons are supervised by a medical cannabis establishment agent.

(f) A medical cannabis establishment shall not allow any person to use cannabis or cannabis products on the property or premises of the establishment.

(g) Medical cannabis establishments are subject to reasonable inspection by the commission at any time, and a person or entity that holds a medical cannabis establishment license must be available, or make a representative of the establishment available, and present for any inspection of the establishment by the commission.

68-7-115.

(a) Each medical cannabis establishment must have the capability to send data to and receive data from the electronic verification system established by the commission pursuant § 68-7-205 in real time in a manner prescribed by the commission.

(b) Each dispensary shall check the electronic verification system established by the commission pursuant to § 68-7-205 prior to dispensing any cannabis product to determine:

(1) If the cardholder's registry identification card is valid, active, and belongs to the person presenting the card; and

(2) The amount of cannabis product the cardholder is authorized to purchase.

(c) Immediately after dispensing cannabis product to a cardholder, each dispensary shall submit the following information to the electronic verification system in a manner prescribed by the commission:

- (1) The identification number of the card of the person to whom the cannabis product was dispensed;
- (2) The amount of cannabis product dispensed to the person;
- (3) If the cardholder is a designated caregiver, the identification number of the card of the qualifying patient for whom the product was dispensed; and
- (4) Any other information that the commission may require by rule.

68-7-116.

(a) Each medical cannabis establishment shall maintain an inventory control system that meets the requirements of this section and all requirements established by the commission.

(b) The inventory control system required pursuant to subsection (a) must be able to monitor and report information, including:

- (1) The chain of custody and current whereabouts, in real time, of cannabis from the point that a seed is planted at a cultivation facility until it is processed into a cannabis product at a processing facility;
- (2) The chain of custody and current whereabouts, in real time, of a cannabis product from the point that it is produced at a processing facility until it is sold at a dispensary;
- (3) The name of each person or other medical cannabis establishment, or both, to which the establishment sold cannabis or a cannabis product;

(4) In the case of a dispensary, the date on which it sold a cannabis product to a person who holds a valid registry identification card and the quantity of cannabis products sold; and

(5) Any other information the commission may require.

(c) Except where otherwise prohibited by federal law, nothing in this section prohibits more than one (1) medical cannabis establishment from co-owning an inventory control system in cooperation with other medical cannabis establishments, or sharing the information obtained from such system.

(d) A medical cannabis establishment must exercise reasonable care to ensure that the personal identifying information of cardholders contained in an electronic verification system is encrypted, protected, and not divulged for any purpose not specifically authorized by law.

(e) In addition to any report filed with law enforcement, a medical cannabis establishment shall notify the commission within one (1) business day of any theft or significant loss of cannabis or cannabis product.

68-7-117.

Each dispensary shall ensure the following:

(1) That the weight, content, and concentration of THC, cannabidiol, and cannabinol in all cannabis products the dispensary sells is clearly and accurately stated on the product sold;

(2) That the dispensary does not sell to a cardholder, in any one (1) thirty-day period, more than the allowable amount of cannabis product;

(3) That the dispensary does not sell cannabis product in any form other than an authorized form; and

(4) That the authorized forms and allowable amounts of cannabis products for medical use are clearly and conspicuously posted within the dispensary.

68-7-118.

(a) At each medical cannabis establishment, cannabis and cannabis products must be stored in an enclosed, locked facility.

(b) Except as otherwise provided in subsection (c), at each dispensary, cannabis products must be stored in a secure, locked device, display case, cabinet, or room within the enclosed, locked facility. The secure, locked device, display case, cabinet, or room must be protected by a lock or locking mechanism that meets at least the security rating established by Underwriters Laboratories for key locks.

(c) At a dispensary, cannabis products may be removed from the secure setting described in subsection (b):

(1)

(A) Only for the purpose of dispensing the cannabis product;

(B) Only immediately before the cannabis product is dispensed;

and

(C) Only by a medical cannabis establishment agent who is employed by or volunteers at the dispensary; or

(2) For other purposes expressly authorized by the commission and in strict compliance with procedures established by the commission.

68-7-119.

(a) A nonresident card shall be recognized as valid in this state only under the following circumstances:

(1) The state or jurisdiction from which the bearer obtained the nonresident card grants an exception from criminal prosecution for the medical use of cannabis;

(2) The state or jurisdiction from which the bearer obtained the nonresident card requires, as a prerequisite to the issuance of such a card, that a practitioner advise the person that the medical use of cannabis may mitigate the symptoms or effects of the person's medical condition;

(3) The nonresident card has an expiration date and has not yet expired;

(4) The nonresident cardholder provides evidence, in the form of a signed affidavit or other form as determined by the commission, that the nonresident cardholder is:

(A) Entitled to engage in the medical use, or assist in the medical use, of cannabis in the person's state or jurisdiction of residence; and

(B) Has been diagnosed with a debilitating medical condition, or is the parent, guardian, conservator, or other person with authority to consent to the medical treatment of a person who has been diagnosed with a debilitating medical condition; and

(5) The nonresident cardholder agrees to comply with restrictions on how cannabis may be used in this state and the legal limits regarding the allowable amount that may be possessed for medical use.

(b) For purposes of the reciprocity described in this section:

(1) Neither the authorized form nor the amount of cannabis that the nonresident cardholder is entitled to possess in the cardholder's state or jurisdiction of residence is relevant; and

(2) Under no circumstances, while present in this state, shall the nonresident cardholder possess cannabis in an amount that exceeds the allowable amount or in a form that is not an authorized form of cannabis.

(c) The commission shall publish on its website the states or jurisdictions to which Tennessee grants reciprocity and the affidavit form described in subdivision (a)(4).

68-7-120.

Each dispensary, processing facility, and wholesaler shall, in consultation with the commission, cooperate to ensure that all cannabis products for sale are:

(1) Labeled clearly and unambiguously as medical cannabis, with the weight, content, and concentration of THC, cannabidiol, and cannabinol clearly indicated;

(2) Not presented in packaging or in a form that is appealing to children;

(3) Regulated and sold on the basis of the concentration of THC, cannabidiol, and cannabinol in the products and not solely by weight; and

(4) Packaged and labeled in such a manner as to allow tracking by way of an inventory control system.

68-7-121.

(a) The commission shall establish standards for testing facilities to test cannabis products that are to be sold in this state.

(b) A testing facility must be able to determine accurately, with respect to cannabis products that are sold or will be sold at dispensaries in this state:

(1) The concentration of THC, cannabidiol, and cannabinol;

(2) Whether the tested material is organic or non-organic;

(3) The presence and identification of mold and fungus;

- (4) The presence, identification, and concentration of any toxic contaminants, including pesticides and heavy metals;
 - (5) The presence and concentration of fertilizers and other nutrients; and
 - (6) The presence of any other substance as required by the commission.
- (c) To obtain a testing facility license from the commission, an applicant must:
- (1) Apply successfully as required pursuant to § 68-7-103; and
 - (2) Pay the requisite fees described in § 68-7-108.

68-7-122.

The commission, in consultation with the departments of agriculture and safety, shall promulgate rules necessary to effectuate the purposes of this chapter, including:

- (1) Prescribing the form and any additional required content of applications submitted pursuant to §§ 68-7-103 and 68-7-109;
- (2) Establishing rules pertaining to the safe and healthful operation of medical cannabis establishments, including:
 - (A) The manner of protecting against diversion and theft without imposing an undue burden on medical cannabis establishments or compromising the confidentiality of cardholders;
 - (B) Minimum requirements for the oversight of medical cannabis establishments;
 - (C) Minimum requirements for recordkeeping by medical cannabis establishments;
 - (D) Provisions for the security of medical cannabis establishments, including requirements for the protection of each medical cannabis establishment by a fully operational security alarm system; and

(E) Procedures pursuant to which dispensaries must use the services of a testing facility to ensure that any cannabis product sold by the dispensaries to end users are tested for content, quality, and potency in accordance with standards established by the commission;

(3) Establishing fees described in § 68-7-108 and circumstances and procedures pursuant to which those fees may be reduced over time, and ensuring that such fees do not exceed an amount that is twenty percent (20%) more than the costs of administering this chapter;

(4) Protecting the identity and personal identifying information of each person who receives, facilitates, or delivers services in accordance with this chapter while maintaining accountability of such persons;

(5) Establishing different categories of medical cannabis establishment agent registration cards, including criteria for training and certification, for each of the different types of medical cannabis establishments;

(6) Establishing:

(A) Authorized forms of cannabis that may be dispensed to and possessed by cardholders;

(B) Labeling standards and guidelines for cannabis products; and

(C) Standards for identifying the allowable amount of cannabis products, including THC, cannabidiol, and cannabinol concentration and recommended doses; provided, that allowable total-THC concentration does not exceed twenty-five percent (25%); and

(7) Addressing such other matters necessary for the implementation of this chapter.

(a) A person shall not act as a qualified pharmacist unless certified by the commission in accordance with this section.

(b) To be certified as a qualified pharmacist, a person must submit an application to the commission in a form prescribed by the commission. The application must include:

(1) Proof that the applicant is licensed as a pharmacist under title 63, chapter 10, and in good standing with the board of pharmacy;

(2) Proof that the applicant has completed a board-approved training course on the use and proper dosing of cannabis products; and

(3) An application fee to be determined by the commission.

(c) Certification as a qualified pharmacist expires one (1) year from the date of issuance.

(d) Certification may be renewed by submission of a renewal application in a form prescribed by the commission. The renewal application must include:

(1) Proof that the applicant is still licensed as a pharmacist under title 63, chapter 10, and in good standing with the board of pharmacy;

(2) Proof that the applicant has completed the required number of continuing education hours set by the commission; and

(3) A renewal fee to be determined by the commission.

(e) The board shall promulgate rules, in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5:

(1) For the approval of courses for initial training of qualified pharmacists and for continuing education courses; and

(2) To set minimum training and continuing education requirements for qualified pharmacists.

68-7-201.

(a) Except as provided in subsections (b) and (g), the commission shall issue a registry identification card to a qualifying patient who is a resident of this state and who submits an application on a form prescribed by the commission accompanied by the following:

(1) A written certification issued by a practitioner, including a confirmation of diagnosis of a debilitating medical condition under § 68-7-102(10)(L) if applicable, within ninety (90) days immediately preceding the date of the application;

(2) An application fee of thirty-five dollars (\$35.00), or other amount as determined by the commission;

(3) The name, address, telephone number, social security number, and date of birth of the qualifying patient;

(4) Proof satisfactory to the commission that the qualifying patient is a resident of this state;

(5) The name, address, and telephone number of the qualifying patient's practitioner;

(6) The name, address, telephone number, social security number, and date of birth of each designated caregiver chosen by the qualifying patient; and

(7) If more than one (1) designated caregiver is designated at any given time, documentation demonstrating that more than one (1) designated caregiver is needed due to the patient's age or medical condition, except that a qualifying patient who is not a resident of a healthcare facility shall not have more than two (2) designated caregivers at one (1) time.

(b) The commission shall issue a registry identification card to a qualifying patient who is less than eighteen (18) years of age if the custodial parent or legal guardian with responsibility for healthcare decisions for the person under eighteen (18) years of age:

- (1) Submits the materials required pursuant to subsection (a); and
- (2) Signs a written statement setting forth that:

(A) The qualifying patient's practitioner has explained the potential risks and benefits of the medical use of cannabis to the custodial parent or legal guardian with responsibility for healthcare decisions for the qualifying patient; and

(B) The custodial parent or legal guardian with responsibility for healthcare decisions for the qualifying patient consents in writing to:

(i) Allow the qualifying patient's medical use of cannabis product;

(ii) Serve as the qualifying patient's designated caregiver; and

(iii) Control the acquisition of the cannabis product, the dosage, and the frequency of the medical use of cannabis product by the qualifying patient.

(c) A qualifying patient who is younger than eighteen (18) years of age and who is emancipated by marriage, court order, or in any other way recognized by law in this state has all the rights and responsibilities of an adult under this chapter, except to the extent those rights are restricted by court order.

(d) If a qualifying patient is unable to personally submit the information required by this section due to the person's age or medical condition, the person responsible for

making medical decisions for the qualifying patient may do so on behalf of the qualifying patient.

(e)

(1) Upon receipt of an application that is completed and submitted pursuant to this section, the commission shall:

(A) Record on the application the date on which it was received;

(B) Retain the original application for the records of the commission; and

(C) Distribute written or electronic copies of the application in the following manner:

(i) One (1) certified copy to the applicant;

(ii) One (1) copy to the qualifying patient's practitioner; and

(iii) One (1) copy to the board of medical examiners if the practitioner is licensed to practice medicine pursuant to title 63, chapter 6, or one (1) copy to the board of osteopathic examination if the practitioner is licensed to practice osteopathic medicine pursuant to title 63, chapter 9.

(2) The board of medical examiners or the board of osteopathic examination, as applicable, shall review the licensure and standing of the qualifying patient's practitioner and report to the commission its findings no later than fifteen (15) days after receiving a copy of the application pursuant to subdivision (e)(1)(C)(iii).

(f)

(1) The commission shall verify the information contained in an application submitted pursuant to this section and approve or deny the

application within thirty (30) days of receiving a completed application. The commission may contact the qualifying patient, or qualifying patient's custodial parent or legal guardian if applicable, and the qualifying patient's practitioner and designated caregiver by telephone to determine that the information provided on or accompanying the application is accurate.

(2) Within five (5) days of approving an application, the commission shall issue registry identification cards to the qualifying patient and the patient's designated caregiver, if applicable. A designated caregiver must have a registry identification card for each of the caregiver's qualifying patients.

(g) The commission may deny an application only on the following grounds:

(1) The applicant:

(A) Did not provide the required information, fee, or accompanying materials;

(B) Materially failed to comply with rules promulgated by the commission to effectuate the purposes of this chapter;

(C) Previously had a registry identification card revoked; or

(D) Previously had a registry identification card suspended for a conviction under § 68-7-303(c), possession of an unauthorized form of cannabis; or

(2) The commission:

(A) Determines that the qualifying patient's practitioner is not licensed in this state or is not in good standing with the board of medical examiners or board of osteopathic examination, as applicable; or

(B) Determines that the information provided by the applicant was falsified.

(h) If the commission denies an application for a registry identification card, the qualifying patient or, in the case of an unemancipated person under eighteen (18) years of age, the person's parent or legal guardian, may appeal the denial with the commission. The denial of an application for a registry identification card following administrative review is considered a final action, subject to judicial review. Any administrative or judicial review of the denial of an application for a registry identification card shall be in accordance with the procedures set forth in the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

(i) A qualifying patient whose application has been denied may not reapply for sixty (60) days after the date of the denial, unless the commission or a court of competent jurisdiction authorizes reapplication sooner.

68-7-202.

(a) Upon issuing a registry identification card to a qualifying patient, the commission shall also issue a registry identification card to each person identified as a designated caregiver by the qualifying patient; provided, that the designated caregiver:

- (1) Is a resident of this state;
 - (2) Is at least twenty-one (21) years of age or a parent or legal guardian of a qualifying patient;
 - (3) Has agreed in writing, in a form prescribed by the commission, to assist with the qualifying patient's medical use of cannabis product;
 - (4) Has not been convicted of a disqualifying felony offense;
 - (5) Has not previously had a registry identification card revoked;
 - (6) Has not previously had a registry identification card suspended for a conviction under § 68-7-303(c), possession of an unauthorized form of cannabis;
- and

(7) Does not assist more than five (5) qualifying patients with their medical use of cannabis product, unless the designated caregiver's qualifying patients each reside in or are admitted to a healthcare facility where the designated caregiver is employed.

(b) A qualifying patient may submit an application, in a form prescribed by the commission, to designate a new caregiver or change the patient's designated caregiver. An application fee of fifteen dollars (\$15.00), or other amount as determined by the commission, shall apply.

(c) Prior to issuing a registry identification card to a designated caregiver, the commission shall:

(1) Conduct a criminal history record check of the designated caregiver to determine whether the prospective caregiver has been convicted of a disqualifying felony offense;

(2) Verify that the designated caregiver has not previously had a registry identification card revoked; and

(3) Verify that the designated caregiver does not assist more than five (5) qualifying patients with their medical use of cannabis product or that the designated caregiver's qualifying patients reside in or are admitted to a healthcare facility where the designated caregiver is employed.

(d) The commission may deny the issuance of a registry identification card to a designated caregiver only if:

(1) The designated caregiver does not meet the requirements of subsection (a); or

(2) The qualifying patient notifies the commission that the patient no longer wishes the person to be the patient's designated caregiver.

(e)

(1) The commission shall give written notice to the qualifying patient and designated caregiver of the reason for the denial of a registry identification card for the patient's chosen designated caregiver.

(2) A qualifying patient or, in the case of an unemancipated person under eighteen (18) years of age, the person's parent or legal guardian, whose chosen designated caregiver has been denied a registry identification card may appeal the denial with the commission. The denial of a designated caregiver's registry identification card following administrative review is considered a final action, subject to judicial review. Any administrative or judicial review of the denial of a designated caregiver's registry identification card shall be in accordance with the procedures set forth in the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

(3) In lieu of an appeal, a qualifying patient may submit an application designating a new designated caregiver.

68-7-203.

(a) Registry identification cards must contain all of the following:

(1) The name of the cardholder;

(2) A designation of whether the cardholder is a qualifying patient or a designated caregiver;

(3) The date of issuance and expiration date of the registry identification card;

(4) A random ten-digit alphanumeric identification number, containing at least four (4) numbers and at least four (4) letters, that is unique to the cardholder;

(5) If the cardholder is a designated caregiver, the random identification number of the qualifying patient the caregiver is designated to assist;

(6) A photograph of the cardholder; and

(7) The telephone number or website for the verification system established pursuant to § 68-7-205.

(b) Except as provided in subsection (c), the expiration date shall be one (1) year after the date of issuance.

(c) If the practitioner stated in the written certification that the qualifying patient would benefit from cannabis until a specified date and for a period of less than one (1) year, then the registry identification card shall expire on that date.

68-7-204.

A cardholder may submit an application for renewal of an existing registry identification card no earlier than sixty (60) days prior to the expiration date.

68-7-205.

(a) The commission shall establish and maintain an electronic verification system. The information kept in the system shall be kept confidential except as provided in this chapter and shall not be used for any purpose other than that described in this chapter.

(b) The electronic verification system shall allow law enforcement personnel and medical cannabis establishments to enter a registry identification number to determine whether the number corresponds with a current, valid registry identification card. The system shall disclose only:

(1) Whether the identification card is valid;

(2) The name of the cardholder;

(3) Whether the cardholder is a qualifying patient or a designated caregiver;

(4) The registry identification number of any affiliated registered qualifying patient or designated caregiver;

(5) The allowable amount of cannabis product for that cardholder; and

(6) The amount of cannabis product dispensed to the cardholder within the past thirty (30) days.

(c) The electronic verification system shall also allow dispensaries to submit the following information in real time immediately following each transaction where a cannabis product is dispensed:

(1) The identification number of the card of the person to whom the cannabis product was dispensed;

(2) The amount of cannabis product dispensed to the person; and

(3) Any other information that the commission may require by rule.

68-7-206.

(a) A cardholder is required to notify the commission as follows:

(1) A registered qualifying patient shall notify the commission of any change in the patient's name or address, or if the registered qualifying patient ceases to have the patient's debilitating medical condition, within thirty (30) days of the change;

(2) A registered designated caregiver shall notify the commission of any change in the caregiver's name or address, or if the designated caregiver becomes aware of the death of the caregiver's qualifying patient, within thirty (30) days of the change; and

(3) If a cardholder's registry identification card becomes lost or stolen, the cardholder shall notify the commission within ten (10) days of becoming aware the card has been lost or stolen.

(b) If a qualifying patient is unable to make the notification required under subsection (a) due to the patient's age or medical condition, the patient's designated caregiver shall make such notification.

(c) When a cardholder notifies the commission of a condition identified in subsection (a) and the cardholder remains eligible under this chapter, the commission shall inform the cardholder whether a new registry identification card must be issued. If a new registry identification card is to be issued, the commission shall issue the cardholder a new card with a new random ten-digit alphanumeric identification number within ten (10) days of receiving the updated information and any fee required to replace the card. If applicable, the commission shall also issue a new registry identification card to the patient's designated caregiver, within ten (10) days of receiving the updated information.

68-7-207.

(a) If the commission receives notification of a cardholder's conviction under § 68-7-303, the commission shall immediately suspend the cardholder's registry identification card and promptly notify the cardholder of the reason for the suspension.

(b) The commission shall reinstate a registry identification card that has been suspended pursuant to subsection (a) upon the commission receiving written confirmation that the cardholder has fulfilled all the requirements for the sentence imposed by the court in which the cardholder was convicted of the offense; provided, that such court may authorize the commission to reinstate the registry identification card prior to the fulfillment of the requirements for the sentence. If the card is restored

pursuant to this subsection (b) prior to its expiration date, the cardholder is not required to pay an application fee for the period remaining before the card's expiration; provided, that the commission may impose a reasonable reinstatement fee of five dollars (\$5.00), or other amount as determined by the commission, for processing of the restoration of the card.

(c) If the commission receives notification of a cardholder's conviction under § 68-7-304 or a designated caregiver's conviction for a disqualifying felony offense, the commission shall immediately suspend the cardholder's registry identification card and shall begin the process to revoke the cardholder's card in accordance with procedures established by rule. Except pursuant to court order or commission review on appeal, a cardholder who has a registry identification card revoked is not eligible to receive or be issued a registry identification card.

(d) A cardholder or, in the case of an unemancipated person under eighteen (18) years of age, the person's parent or legal guardian, whose registry identification card has been suspended or revoked may appeal the suspension or revocation with the commission in accordance with procedures established by the commission. The suspension or revocation of a cardholder's registry identification card following an appeal is considered a final action, subject to judicial review. Jurisdiction and venue for judicial review are vested in the chancery court of Davidson County.

68-7-301.

(a) It is an exception to the application of title 39, chapter 17, part 4, that, at the time of the commission of an act constituting an offense under such part, the person:

- (1) Possessed a valid registry identification card and was in strict compliance with this chapter;

(2) Was a nonresident cardholder and in strict compliance with the requirements of this chapter; or

(3) Acted in the person's capacity as a medical cannabis establishment agent and was in strict compliance with this chapter.

(b) No practitioner shall be subject to arrest or prosecution, penalized in any manner, or denied any right or privilege, including any disciplinary action by a professional licensing board, for providing written certification for the medical use of cannabis for a qualifying patient if:

(1) The practitioner has diagnosed, or confirmed the diagnosis of, the patient as having a debilitating medical condition;

(2) The practitioner has explained the potential risks and benefits of the medical use of cannabis;

(3) The written certification is based upon the practitioner's professional opinion after having completed a full assessment of the patient's medical history and current medical condition made in the course of a bona fide practitioner-patient relationship;

(4) The practitioner has not abused the practitioner's authority to provide written certifications or diagnoses of debilitating medical conditions, including confirmation of diagnoses as described under § 68-7-102(10)(L); and

(5) The practitioner has complied with the registration requirements of this chapter.

(c) No professional licensing board shall penalize or take any disciplinary action against, or deny any right or privilege to, a person solely on the basis of the person's:

(1) Possessing a valid registry identification card and acting in strict compliance with this chapter;

(2) Acting in the person's capacity as a medical cannabis establishment agent in strict compliance with this chapter; or

(3) If the person is an attorney licensed to practice law in this state, providing legal advice or services regarding activities authorized under this chapter.

(d) A qualifying patient or designated caregiver is presumed to be engaged in the medical use of cannabis pursuant to this chapter if the person is in possession of a valid registry identification card, issued by this state or another and which must be displayed upon request of a law enforcement officer, and an amount of cannabis product in an authorized form that does not exceed the allowable amount.

68-7-302.

Cannabis product, paraphernalia, or other property seized from a qualifying patient or designated caregiver in connection with a claimed medical use of cannabis under this chapter shall be returned immediately upon the determination by a court that the qualifying patient or designated caregiver is entitled to the protections of this chapter, as evidenced by a decision not to prosecute, dismissal of charges, or an acquittal.

68-7-303.

(a) A qualifying patient shall obtain cannabis product for medical use only from:

(1) A dispensary licensed pursuant to § 68-7-105; or

(2) A designated caregiver.

(b) A designated caregiver shall obtain cannabis product only from a dispensary licensed pursuant to § 68-7-105.

(c) A qualifying patient or designated caregiver shall not possess cannabis in any form other than an authorized form.

(d) A qualifying patient or designated caregiver shall not possess cannabis product in an amount that exceeds the allowable amount.

(e) A qualifying patient or designated caregiver who knowingly violates this section commits a Class B misdemeanor.

68-7-304.

(a) It is an offense for a person to knowingly obtain or attempt to obtain any cannabis product for medical use by:

- (1) Fraud, deceit, misrepresentation, embezzlement, or theft;
- (2) The forgery or alteration of a practitioner's written certification;
- (3) Furnishing fraudulent medical information or the concealment of a material fact;
- (4) The use of a false name or patient identification number, or the giving of a false address; or
- (5) The forgery or alteration of a state-issued registry identification card.

(b) A violation of subsection (a) is a Class E felony.

68-7-305.

(a) Except in the case of a medical emergency, including seizures, a qualifying patient shall not use and a designated caregiver shall not administer any medical cannabis or cannabis product:

- (1) In any public place;
- (2) On any form of public transportation; or
- (3) While a passenger in a motor vehicle.

(b) A qualifying patient or designated caregiver who knowingly violates this section commits a Class C misdemeanor.

68-7-306.

No person shall be subject to arrest, prosecution, or penalty in any manner, or denied any right or privilege, including any civil penalty or disciplinary action by a court or occupational or professional licensing board or bureau, for:

- (1) Being in the presence or vicinity of the medical use of cannabis; or
- (2) Allowing the person's property to be used for activities authorized by this chapter.

68-7-401.

(a) There is created the medical cannabis commission, which shall consist of nine (9) members. The members comprising the commission must be of excellent character and reputation, not be less than thirty (30) years of age, and have been residents of this state for at least five (5) years preceding their appointment. In making appointments to the commission, the speakers of the senate and house of representatives must strive to ensure that at least one (1) person serving on the board is sixty (60) years of age or older and that at least one (1) person serving on the commission is a member of a racial minority.

(b) The nine (9) members shall be appointed to the commission as follows:

(1) Three (3) members, appointed by the governor as follows:

(A) One (1) member who has demonstrated expertise and experience in the field of finance, industry, or commerce;

(B) One (1) member who has demonstrated expertise and experience in law enforcement; and

(C) One (1) member from the field of higher education who has demonstrated expertise and experience in horticulture;

(2) Three (3) members, appointed by the speaker of the senate as follows:

(A) One (1) member who is a healthcare professional licensed to practice medicine pursuant to title 63, chapter 6, or osteopathic medicine pursuant to title 63, chapter 9;

(B) One (1) member who is a healthcare professional licensed to practice pharmacy pursuant to title 63, chapter 10; and

(C) One (1) member who has demonstrated expertise and experience in the field of finance, industry, or commerce; and

(3) Three (3) members, appointed by the speaker of the house of representatives as follows:

(A) One (1) member who is a healthcare professional licensed to practice medicine pursuant to title 63, chapter 6, or osteopathic medicine pursuant to title 63, chapter 9;

(B) One (1) member who is a healthcare professional licensed to practice pharmacy pursuant to title 63, chapter 10; and

(C) One (1) member who meets the criteria of a qualifying patient.

68-7-402.

(a) In order to stagger the terms of the newly appointed commission members, initial appointments must be made as follows:

(1) The speaker of the senate shall make three (3) initial appointments for a term that shall begin on July 1, 2018, and expire on June 30, 2020;

(2) The speaker of the house of representatives shall make three (3) initial appointments that shall begin on July 1, 2018, and expire on June 30, 2022; and

(3) The governor shall make three (3) initial appointments that shall begin on July 1, 2018, and expire on June 30, 2024.

(b)

(1) Following the expiration of members' initial terms as prescribed in subsection (a), all appointments to the commission shall be for terms of six (6) years and shall begin on July 1 and terminate on June 30, six (6) years thereafter.

(2) All members serve until the expiration of the term to which they were appointed and until their successors are appointed.

(3) A vacancy occurring other than by expiration of term shall be filled in the same manner as the original appointment but for the balance of the unexpired term only.

(4) The appointing authority may remove a member appointed by the authority only for just cause, including misconduct, incompetency, or willful neglect of duty, after first delivering to the member a copy of the charges against the member.

(5) Members shall be eligible for reappointment to the commission following the expiration of their terms, but shall serve no more than two (2) consecutive six-year terms.

(c)

(1) Any member who is absent from more than four (4) commission meetings during any twelve-month period shall be removed from the commission and a new member shall be appointed to fill the remainder of the unexpired term.

(2) The presiding officer of the commission shall promptly notify, or cause to be notified, the applicable appointing authority of any member who fails to satisfy the attendance requirement in subdivision (c)(1).

(d) Prior to beginning their duties, each member of the commission shall take and subscribe to the oath of office provided for state officers.

68-7-403.

(a) The official domicile of the commission shall be in Nashville. All meetings of the commission shall be held in Nashville.

(b) The commissioner of health shall call the first meeting of the board, at which time, and annually thereafter, the members shall elect a chair and other officers as the members deem necessary.

(c) The commission shall meet at least one (1) time in Nashville each month, and shall hold such other meetings for any period of time as may be necessary for the commission to transact and perform its official duties and functions. The commission may hold a special meeting at any time it deems necessary and advisable in the performance of its official duties. Five (5) members of the commission shall constitute a quorum for the transaction of any business, or in the performance of any duty, power or function of the commission. A special meeting may be called by the chair, or by a majority of the commission. The commission may participate by electronic or other means of communication for the benefit of the public and the commission in connection with any meeting authorized by law; provided, that a physical quorum is maintained at the location of the meeting.

68-7-404.

(a) The members of the commission who are appointed by the speakers of the senate and the house of representatives shall receive annual compensation in the sum of six thousand dollars (\$6,000) per year, which shall be payable in monthly installments out of the state treasury.

(b) All members of the commission shall be reimbursed for their actual and necessary expenses incurred in connection with their official duties as members of the commission.

(c) All reimbursement for travel expenses must be in accordance with the comprehensive travel regulations as promulgated by the department of finance and administration and approved by the attorney general and reporter.

68-7-405.

(a) The commission shall appoint a director to serve at the pleasure of the commission. The director's salary shall be fixed by the commission with the approval of the appropriate state officials as now required by law. The office of the director shall be in Nashville.

(b) The director must be at least thirty (30) years of age and have been a citizen and resident of this state for at least five (5) years prior to appointment. The director must be licensed to practice law in this state. The director shall be designated as director, medical cannabis commission.

(c) The director is the chief administrative officer of the commission and all personnel employed by the commission are under the director's direct supervision. The director shall be solely responsible to the commission for the administration and enforcement of this chapter and shall be responsible for the performance of all duties and functions delegated by the commission.

(d) The director shall keep and be responsible for all records of the commission and shall also serve as secretary of the commission. The director shall prepare and keep the minutes of all meetings held by the commission, including a record of all business transacted and decisions rendered by the commission.

(e) The director shall act and serve as hearing officer when designated by the commission and shall perform such duties as hearing officer as now authorized under this chapter.

(f) The commission is authorized to appoint an assistant director who shall perform such duties and functions which may be assigned by the director or the commission. The assistant director, if licensed to practice law in the state of Tennessee, may also be designated by the commission to sit, act, and serve as a hearing officer and, when designated as a hearing officer, the assistant director is authorized to perform the same duties and functions as the regular hearing officer is now authorized under this chapter.

(g) The director and assistant director shall be reimbursed for travel expenses in accordance with the comprehensive travel regulations as promulgated by the department of finance and administration and approved by the attorney general and reporter.

68-7-406.

The commission is authorized to appoint a chief law enforcement officer who serves at the pleasure of the commission. The chief law enforcement officer shall:

- (1) Be under the immediate supervision of the director;
- (2) Be at least thirty (30) years of age;
- (3) Have been a citizen and resident of this state for at least five (5) years prior to appointment;
- (4) Have had experience and training in law enforcement work and qualifications identical to that required for members of the Tennessee bureau of investigation; and

(5) Be reimbursed for travel expenses in accordance with the comprehensive travel regulations as promulgated by the department of finance and administration and approved by the attorney general and reporter.

68-7-407.

(a) The commission is authorized, by and with the consent of the governor, to employ such attorneys, inspectors, agents, officers, and clerical assistance as may be necessary for the effective administration and enforcement of this chapter. The compensation of such personnel shall be approved by the governor.

(b) All fees authorized by this chapter shall be paid into the general fund and credited to a separate account for the commission. Funds in this account shall be used solely for the implementation and enforcement of this chapter by the commission, subject to the approval of the commissioner of finance and administration with the approval of the governor. It is the intent of the general assembly that this account be the sole source of funds for the commission and that the amount appropriated to the commission shall not exceed the amount collected from fees under this chapter; provided, however, that additional funds may be appropriated to the commission during the first year of its operation to assist with initial expenses.

(c) The director, the chief law enforcement officer, and all other law enforcement personnel shall be employed only on a full-time basis.

68-7-408.

(a) No person shall be eligible to be appointed as a member of the commission, and no person shall be employed in any capacity by the commission, if such person has any interest, financial or otherwise, either direct or indirect, in any medical cannabis establishment licensed as such in this state. No family member, including spouse, child or children, father or mother, niece or nephew by blood or marriage, son-in-law or

daughter-in-law, shall be employed by any medical cannabis establishment, nor shall any family member hold or have issued to them any medical cannabis establishment license.

(b) No such person shall have interest of any kind in any building, fixtures, or in the premises occupied by any person or entity licensed under this chapter.

(c) No such person shall own any stock, nor shall have any interest of any kind, direct or indirect, pecuniary or otherwise, by a loan, mortgage, gift, seeking a loan, or guaranteeing the payment of any loan, in any medical cannabis establishment under this chapter.

(d)

(1) Notwithstanding § 3-6-304 or any other law to the contrary, and in addition to all other requirements for membership on the commission:

(A) Any person registered as a lobbyist pursuant to the registration requirements of title 3, chapter 6, who is subsequently appointed or otherwise named as a member of the commission must terminate all employment and business association as a lobbyist with any entity whose business endeavors or professional activities are regulated by the commission, prior to serving as a member of the commission;

(B) No person who is a member of the commission shall be permitted to register or otherwise serve as a lobbyist pursuant to title 3, chapter 6, for any entity whose business endeavors or professional activities are regulated by the commission during such person's period of service as a member of the commission; and

(C) No person who serves as a member of the commission shall be employed as a lobbyist by any entity whose business endeavors or

professional activities are regulated by the commission for one (1) year following the date such person's service on the commission ends.

(2) A person who violates this subsection (d) shall be subject to the penalties prescribed in title 3, chapter 6.

(3) The bureau of ethics and campaign finance is authorized to promulgate rules to effectuate the purposes of this subsection (d). All such rules and regulations shall be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, and in accordance with the procedure for initiating and proposing rules by the ethics commission to the bureau of ethics and campaign finance as prescribed in § 4-55-103.

68-7-409.

(a) No member of the commission and no person employed by the commission shall knowingly accept any gift, favor, merchandise, donation, contribution, or any article or thing of value, from any person or entity licensed under this chapter.

(b) No such person shall conspire with any other person to violate this section or attempt to violate this section.

(c) Any person violating this section shall be dismissed and discharged from employment or position, and as a consequence the person shall forfeit any pay or compensation which might be due.

(d) A violation of this section is a Class C misdemeanor.

(e) When any medical cannabis establishment licensed under this chapter, or any person employed by any medical cannabis establishment, knowingly violates, conspires with any other person to violate, or attempts to violate this section, it is the mandatory duty of the commission to revoke such person's license or registration card.

68-7-410.

(a) The commission is empowered and authorized to promulgate such rules, including emergency rules, as may be necessary to effectuate the purposes of this chapter and to carry out the functions, duties, and powers of the commission as provided in this chapter. All such rules must be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5. The commission shall enforce and administer this chapter and the rules made by it.

(b) The commission shall have and exercise the following functions, duties, and powers:

(1) Issue all licenses for the cultivation, processing, testing, transportation, sale, and dispensing of medical cannabis and cannabis product, and to revoke any license authorized by this chapter under the following conditions:

(A) Any revocation of any license shall be made by the commission only on account of the violation of, or refusal to comply with, any of the provisions of this chapter or any rule of the commission, after not less than ten (10) days' notice to the holder of the license proposed to be revoked, informing such licensee of the time and place of the hearing to be held, and all further procedure with reference to the revocation of any license shall be fixed and prescribed in the rules adopted and promulgated by the commission;

(B) No person has a property right in any license issued under this chapter; and

(C) The commission shall hold a hearing to determine whether such license shall be revoked, which hearing shall be held in accordance with the contested case provisions compiled in title 4, chapter 5, part 3,

whenever any of the following certifies that any licensee has habitually violated this chapter, or any regulation adopted by the county legislative bodies or legislative councils, relative to the conduct and operation of the business provided for in this chapter:

(i) The county mayor or majority of the commission, if a license has been issued outside the corporate limits of the municipality; or

(ii) The mayor or majority of the commission, city council, or legislative council of a municipality within which a license has been issued;

(2) Refuse to issue a license or registration card if, upon investigation, the commission finds that the applicant for a license or registration card has concealed or misrepresented in writing or otherwise any material fact or circumstance concerning the operation of the business or employment, or if the interest of the applicant in the operation of the business or employment is not truly stated in the application, or in case of any fraud or false swearing by the applicant touching any matter relating to the operation of the business or employment. If a license or registration card has been issued, the commission shall issue a citation to the licensee or registrant to show cause why the license or registration card should not be suspended or revoked. All data, written statements, affidavits, evidence, or other documents submitted in support of an application are a part of the application;

(3) Conduct investigations and audits for enforcing and preventing violations of this chapter;

(4) Summon any applicant for a license or registration card and also to summon and examine witnesses, and to administer oaths to such applicants and witnesses in making any investigation;

(5) Prescribe reporting and educational programs the commission deems necessary or appropriate to ensure that the laws governing licensees and registration cards are observed;

(6) Prevent parts of the premises connected with or in any sense used in connection with the premises, where the possession, cultivation, production, transportation, delivery, receipt, sale, or purchase of medical cannabis or cannabis product may be lawful, from being used as a subterfuge, or means of evading the provisions of this chapter or the rules of the commission;

(7) Require, on licensed premises, the destruction or removal of any containers or devices used or likely to be used in evading, violating, or preventing the enforcement of this chapter or the rules of the commission;

(8) Regulate the advertising, signs and displays, posters, or designs intended to advertise any medical cannabis product or the place where the same is sold;

(9) Refuse to issue or renew a license or registration card, or issue a citation if, upon investigation, the commission finds that the applicant for a license or registration card has not demonstrated the financial capacity to operate the business in a manner consistent with the regulations of the commission or is not generally paying its debts as they come due except for debts as to which there is a bona fide dispute; and

(10) Collect all license fees paid or due the state on account of each license issued to a medical cannabis establishment, or in respect to the renewal

of any of such licenses. The commission shall deposit collections with the state treasurer to be earmarked for and allocated to the commission for the purpose of the administration and enforcement of the duties, powers, and functions of the commission.

68-7-411.

In addition to its functions, duties, and powers under § 68-7-410, the commission shall:

(1) Accept and review petitions submitted by practitioners and potentially qualifying patients regarding medical conditions, medical treatments, or diseases to be added to the list of debilitating medical conditions that qualify for the medical use of cannabis;

(2) Consider for approval any debilitating medical conditions, medical treatments, or diseases to be added to the list of debilitating medical conditions that qualify for the medical use of cannabis;

(3) Promulgate rules regarding:

(A) Cannabis products, including allowable amounts, labeling standards, doses, or serving sizes;

(B) Approved forms or uses of cannabis products;

(C) Fees; and

(D) Security requirements for medical cannabis establishments;

(4) Consider complaints or reports regarding alleged abuses by practitioners relative to written certifications or diagnoses of debilitating conditions and notify the appropriate professional licensing board if the advisory board considers such complaint or report to be well-founded;

(5) Accept, review, and, if appropriate, approve requests for waivers for individualized exceptions to dosing restrictions; and

(6) Establish a medical cannabis research certification program in which the commission considers, approves, and grants research licenses to four-year public or private institutions of higher education located in this state for purposes of studying medical cannabis or cannabis products.

68-7-412.

The commission is authorized to investigate and examine the premises of any medical cannabis establishment, including the books, papers, and records of any medical cannabis establishment, for the purpose of determining compliance with this chapter. Any refusal to permit the examination of any such books, papers, and records, or the investigation and examination of such premises, constitutes sufficient reason for the revocation of a license or the refusal to issue a license.

68-7-413.

In any action or suit brought against the members of the commission in their official capacity in a court of competent jurisdiction, to review any decision or order issued by the commission, service of process issued against the commission may in their absence be lawfully served or accepted by the director on behalf of the commission as though the members of the commission were personally served with process.

68-7-414.

(a) In any case where the commission is given the power to suspend or revoke any license or registration card, it may impose a fine in lieu of or in addition to suspension or revocation. The commission shall promulgate by rule pursuant to the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, a schedule setting forth a range of fines for each violation. The commission shall deposit collections of any

fine with the state treasurer, for the general funds of the state. For the purpose of imposing fines, each violation may be treated as a separate offense.

(b) Any document a person receives informing the person or entity of having a fine imposed upon such person or entity shall cite each particular rule or statute the person or entity is being charged with violating.

(c) In any case where the commission is authorized to suspend or revoke a license or registration card, it may enter into an agreement by order with the licensee or registrant where the licensee or registrant voluntarily surrenders the license or registration card. The surrender shall be deemed a revocation of the license or registration card.

68-7-415.

Any action brought against the commission as such shall be brought in the circuit court of Davidson County.

68-7-416.

(a) The commission shall file a report with the attorney general and reporter whenever any person or entity licensed under this chapter:

(1) Fails to account for or pay over any license fees or taxes or levies pursuant to this chapter; or

(2) Has failed or refused to pay any obligations or liability or penalty imposed by this chapter.

(b) Upon receipt of the report under subsection (a), the attorney general and reporter shall institute the necessary action for the recovery of any such license fee, tax, levy, or any sum due the state of Tennessee under this chapter. The respective district attorney general is ordered and directed to assist the attorney general and reporter whenever required under this subsection (b).

68-7-417.

To the end that this chapter may be better enforced, the grand juries of this state shall have and are clothed with inquisitorial power to inquire into and ascertain whether there has been any violation of this chapter, and to return indictments in proper cases. It shall be the duty of all circuit and criminal court judges to give this law in their charges to the grand juries of the state, and all law enforcement officers charged with the enforcement of the laws of the state are also required to enforce this chapter.

68-7-418.

(a) Any duly authorized representative or employee of the commission, who has been designated by the commission to enforce this chapter, is authorized and empowered to go armed, or carry a pistol while on active duty engaged in enforcing this chapter.

(b) Any such duly authorized representative or employee of the commission who has been designated by the commission to enforce this chapter is authorized and empowered to execute search warrants and do all acts incident to the execution of a warrant, in the same manner as search warrants may be levied by law enforcement officers.

68-7-419.

The director of the commission shall file an annual report with the state and local government and the health and welfare committees of the senate and the state government and the health committees of the house of representatives no later than March 1 detailing with specificity each rule promulgated during the previous year together with the rationale for promulgating the rule.

68-7-420.

The commission is authorized to investigate or to arrest, without warrant or process of any kind, any person whom the arresting officer has probable cause to believe is committing or attempting to commit a felony in violation of title 39, chapter 17, part 4, if the felony is committed on premises licensed by the commission or on any premises under investigation by the commission in conjunction with its other duties and responsibilities.

68-7-421.

Any agent of the medical cannabis commission who retires after twenty-five (25) years of honorable service shall be issued by the commission a retired commission card, which shall identify the agent, the agent's department and rank, and the fact that the agent is retired. Cards issued under this section shall bear the inscription, in print of equal or larger size than the rest of the printing on the card, the words "Not a handgun permit." After twenty-five (25) years of honorable service as an agent of the commission, the commission shall authorize the agent, upon retirement, to retain the agent's service weapon, in recognition of the agent's many years of good and faithful public service.

68-7-422.

(a) Notwithstanding any other law to the contrary, the commission may assess the actual and reasonable costs of any hearing held in accordance with the contested case provisions compiled in title 4, chapter 5, part 3, and in which sanctions of any kind are imposed on any person or entity required to be licensed by or registered with the commission. These costs may include those incurred and assessed for the time of the prosecuting attorneys, investigators, expert witnesses, administrative judges, and any other persons involved in the investigation, prosecution, and hearing of the action.

(b) The commission shall promulgate rules establishing a schedule of costs that may be assessed pursuant to this section. All such rules shall be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

(c)

(1) All costs assessed pursuant to this section shall become final thirty (30) days after the date a final order of assessment is served.

(2) If the individual or entity disciplined fails to pay an assessment when it becomes final, the commission may apply to the appropriate court for a judgment and seek execution of the judgment.

(3) Jurisdiction for recovery of the costs shall be in the chancery court of Davidson County.

68-7-501.

(a) Nothing in this chapter requires:

(1) A government medical assistance program or private insurer to reimburse a person for costs associated with the medical use of cannabis;

(2) Any person or establishment in lawful possession of real property to allow a guest, client, customer, or other visitor to use cannabis products on or in that property; or

(3) Any correctional facility to allow the possession or use of medical cannabis on the facility's grounds.

(b) Except where otherwise prohibited by federal law, nothing in this chapter prohibits an employer from disciplining an employee for using a medical cannabis product in the workplace or for working while under the influence of a medical cannabis product.

68-7-502.

(a) Any healthcare facility may adopt reasonable restrictions on the use of cannabis by their residents or persons receiving inpatient services, including that:

(1) The facility will not store or maintain the patient's supply of cannabis product;

(2) The facility, caregivers, or agencies serving the facility's residents are not responsible for providing the cannabis product for qualifying patients; and

(3) Cannabis product be used or administered only in a place specified by the facility.

(b) Nothing in this section requires a healthcare facility to adopt restrictions on the medical use of cannabis.

(c) A healthcare facility shall not unreasonably limit a registered qualifying patient's access to or use of medical cannabis authorized under this chapter unless failing to do so would cause the facility to lose a monetary or licensing-related benefit under federal law.

SECTION 2. Tennessee Code Annotated, Section 4-29-241(a), is amended by adding the following as a new subdivision:

() Medical cannabis commission, created by § 68-7-401;

SECTION 3. Tennessee Code Annotated, Section 39-17-427, is amended by deleting the section and substituting instead the following:

It is an exception to this part if the person lawfully possessed or distributed the controlled substance as otherwise authorized by this part; title 53, chapter 11, parts 3 and 4; or title 68, chapter 7.

SECTION 4. Tennessee Code Annotated, Section 67-6-320(a), is amended by deleting the following language:

There is exempt from the tax imposed by this chapter any drug, including over-the-counter drugs, for human use dispensed pursuant to a prescription. This exemption shall not apply to grooming and hygiene products.

and substituting instead the following:

There is exempt from the tax imposed by this chapter any drug, including over-the-counter drugs, for human use dispensed pursuant to a prescription. This exemption shall not apply to grooming and hygiene products or medical cannabis products dispensed pursuant to title 68, chapter 7.

SECTION 5. Tennessee Code Annotated, Title 67, Chapter 6, Part 2, is amended by adding the following new section:

Notwithstanding this title to the contrary:

(1) The retail sale of medical cannabis products pursuant to the Medical Cannabis Act, compiled in title 68, chapter 7, shall be taxed at the rate of five percent (5%) of the sales price; and

(2) Tax collected from the retail sale of medical cannabis products shall be apportioned and allocated in the following manner:

(A) Ten percent (10%) to the Tennessee bureau of investigation to be used for drug enforcement purposes;

(B) Five percent (5%) to sheriffs' offices throughout the state to be used for drug training, including training related to the Medical Cannabis Act;

(C) Five percent (5%) to police departments throughout the state to be used for drug training, including training related to the Medical Cannabis Act;

(D) Fifteen percent (15%) to the department of intellectual and developmental disabilities;

(E) Twenty percent (20%) to the department of mental health and substance abuse services;

(F) Twenty percent (20%) to the department of education for kindergarten through grade twelve (K-12) educational purposes;

(G) Fifteen percent (15%) to the account in the general fund designated in § 16-22-109(e)(4) established for the exclusive use of the department of mental health and substance abuse services to assist existing veterans treatment court programs, as defined in § 16-6-101, and to create and establish veterans treatment court programs; and

(H) Ten percent (10%) to the drug court treatment program resources fund to be administered by the department of mental health and substance abuse services, in accordance with § 16-22-110, to support drug court treatment programs, as defined in § 16-22-103.

SECTION 6. Tennessee Code Annotated, Section 67-6-702, is amended by adding the following as a new subsection:

Notwithstanding any other provisions of this chapter, local tax with respect to medical cannabis products that are subject to state tax shall be imposed at the rate of two percent (2%).

SECTION 7. Tennessee Code Annotated, Section 39-17-402(16), is amended by adding the following new subdivisions:

() The term "marijuana" does not include oil containing the substance cannabidiol, with less than nine-tenths of one percent (0.9%) of tetrahydrocannabinol, if:

(i) The bottle containing the oil is labeled by the manufacturer as containing cannabidiol in an amount less than nine-tenths of one percent (0.9%) of tetrahydrocannabinol; and

(ii) The person in possession of the oil retains:

(a) Proof of the legal order or recommendation from the issuing state; and

(b) Proof that the person or the person's immediate family member has been diagnosed with one (1) of the following conditions by a medical doctor or doctor of osteopathic medicine who is licensed to practice medicine in the state of Tennessee:

(1) Intractable seizures or epilepsy; or

(2) Autoimmune disease, including psoriatic and rheumatoid arthritis, psoriasis, Lupus, and Crohn's disease; and

() The term "marijuana" does not include cannabis oil containing the substance cannabidiol, with less than six tenths of one percent (0.6%) of tetrahydrocannabinol, including the necessary seeds and plants, when manufactured, processed, transferred, dispensed, or possessed by a four-year public or private institution of higher education certified by the drug enforcement administration located in the state as part of a clinical research study on the treatment of intractable seizures, cancer, or other diseases;

SECTION 8. Notwithstanding any other law to the contrary, in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, the department of financial institutions shall promulgate rules authorizing medical cannabis establishments to use banking services, including the depositing of revenue, in Tennessee-chartered banks or other Tennessee-chartered financial institutions.

SECTION 9. For purposes of establishing the medical cannabis commission, promulgating rules, and conducting local option elections, this act shall take effect upon becoming a law, the public welfare requiring it. Section 7 of this act shall take effect at 12:01 a.m. on July 1, 2018, the public welfare requiring it. For all other purposes, the remaining sections of this act shall take effect January 1, 2019, the public welfare requiring it.