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## DIGEST

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HB 709 Original

2021 Regular Session

Newell

**Abstract:** Provides for the regulation of the cultivation, manufacture, and retail sale of cannabis and cannabis products.

Proposed law creates a program of social equity in the cannabis industry for the purpose of offering financial assistance and license application benefits to individuals most directly and adversely impacted by enforcement of cannabis-related laws and who are interested in starting cannabis businesses.

Proposed law authorizes the Dept. of Agriculture and Forestry to create and issue up to 10 cannabis production facility licenses.

Proposed law defines "applicant", "bureau", "cannabis", "cannabis equity applicant", "cannabis equity licensee", "cannabis equity program", "commissioner", "criminal history record information", "cultivate", or "cultivating", "department", "FBI", "licensee", "licensure", "permit", "permittee", "production facility", and "retailer".

Proposed law requires applicants and subcontractors to undergo a state and national criminal background check and prohibits the department from issuing a license or approving a contract if the applicant, subcontractor, or any officer, director, or person with a 5% or more economic interest in the license has been convicted of or entered a guilty or nolo contendere plea for certain criminal offenses.

Proposed law requires each applicant of a production facility license and a retailer permit to pay an application fee not to exceed \$2,500, which will cover administrative costs, and each production facility licensee to pay an annual license fee not to exceed \$100,000.

Proposed law requires each production facility licensee to pay a suitability fee, which will be paid to the La. State Police, Gaming Division for the purpose of investigating a chosen licensee's qualifications and an annual \$50 permit fee for each person employed in the operation or supervision of the licensee's operation.

Proposed law requires the department to develop rules for the issuing of licenses based on a minimum criteria of the following:

- (1) Population distribution of the state.

- (2) Issue at least one license to a cannabis equity applicant qualified under the cannabis equity program for every one license issued to a non cannabis equity applicant.
- (3) Applicants who have resided in this state or owned the property on which the production facility will be located for at least five years prior to the effective date of this Act and have a stake of at least fifty-one percent ownership in the property.

Proposed law prohibits licensees from selling or transferring their license to another person that has not been a La. resident for at least five years prior to the sale or transfer or to an entity that does not have an ownership group made up of at least 51% of La. residents residing in the state at least five years prior to the sale or transfer.

Proposed law prohibits anyone from being licensed, or to contract, to cultivate, process, transport, or sale cannabis or cannabis products in the state that has been disqualified on the basis of the following:

- (1) Has been convicted or entered a plea of guilty or nolo contendere for any of the following:
  - (a) Theft or attempted theft, illegal possession of stolen things, or any offense or attempt involving the misappropriation of property or funds within five years from the date of application.
  - (b) Any offense involving fraud or attempted fraud or false statements or declarations within five years from the date of application.
  - (c) A crime of violence as defined in present law (R.S. 14:2(B)).
  - (d) Any offense involving Schedule I narcotics, provided the offense was not marijuana related.
- (2) There is a current prosecution or pending charge against the person in any jurisdiction for any offense listed in proposed law.
- (3) Fails to provide information and documentation to reveal any fact material to a suitability determination or supplies information which is untrue or misleading as to a material fact pertaining to the suitability criteria.

Proposed law allows for the transportation of cannabis and cannabis products in limited situations between licensees and establishes a \$250 contract carrier permit fee for any third party contracting with a licensee for the purpose of transporting cannabis and cannabis products.

Proposed law provides for civil penalties up to \$50,000 per violation per day based upon ruling of the commissioner of agriculture.

Proposed law clarifies that proposed law does not interfere with the rights of medical marijuana patients or licensed medical marijuana production facilities and requires the department to issue a

production facility license to any current therapeutic marijuana license holder.

Proposed law requires the commissioner of the office of alcohol and tobacco control to issue cannabis retailer permits and requires such a permit prior to selling cannabis or cannabis products. Specifies that the retailer permit is valid for a two-year period. Limits the number of permits to be issued in the state to 40 total and requires no more than five per regional planning area of the state, but provides for situations where the commissioner may increase the total permits issued.

Proposed law requires an initial retailer permit fee not to exceed \$100,000, which may be reduced by the commissioner if the population distribution is limited, and an annual renewal fee of \$50,000 every year thereafter.

Proposed law requires applicants for a retailer permit to be at least 21 years of age or older, and prohibits anyone under the age of 21 from working in or entering the premises of a retailer. Requires any employee of a retailer to furnish verification to the permittee that the same suitability requirements as the permittee are met.

Proposed law restricts production facilities and retail locations from being located in a "drug free zone."

Proposed law includes additional restrictions, including the following prohibitions:

- (1) Selling more than one ounce of cannabis or cannabis products to any individual per calendar day.
- (2) Selling cannabis or cannabis products to persons under the age of 21. Requires certain forms of identification to be presented to the retailer.
- (3) Selling cannabis or cannabis products on the internet.
- (4) Giving away or selling any consumable that is not cannabis or cannabis products, including but not limited to, tobacco and alcohol products.
- (5) Selling any products or services other than cannabis or cannabis products.
- (6) Providing or permitting entertainment of any kind on the premises.
- (7) Permitting prostitution on the premises.

Proposed law outlines acceptable forms of identification for consumers to provide to retailers.

Proposed law authorizes the commissioner of alcohol and tobacco control to revoke or suspend permits for violations of proposed law. Establishes fines and penalties ranging from \$2,500 to \$10,000 and from six months to five years of jail time.

(Adds R.S. 3:4761-4771 and R.S. 26:941-949)