HLS 22RS-1045 ORIGINAL

2022 Regular Session

HOUSE BILL NO. 767

1

BY REPRESENTATIVE MARINO

DRUGS/PRESCRIPTION: Relative to licensure of production facilities for therapeutic marijuana

AN ACT

2	To amend and reenact R.S. 40:1046(H)(2)(a) and (b), (3), and (4)(a) and to enact R.S.
3	40:1046(H)(4)(g) and (h), relative to the therapeutic use of marijuana; to provide for
4	licensure of production facilities; and to provide for related matters.
5	Be it enacted by the Legislature of Louisiana:
6	Section 1. R.S. 40:1046(H)(2)(a) and (b), (3), and (4)(a) are hereby amended and
7	reenacted and R.S. 40:1046(H)(4)(g) and (h) are hereby enacted to read as follows:
8	§1046. Recommendation and dispensing of marijuana for therapeutic use; rules and
9	regulations of the Louisiana State Board of Medical Examiners and
10	Louisiana Board of Pharmacy; production facility licensing by the
11	Department of Agriculture and Forestry
12	* * *
13	Н.
14	* * *
15	(2)(a) The Department of Agriculture and Forestry shall develop an annual,
16	nontransferable specialty license for the production of recommended marijuana for
17	therapeutic use. Other than Notwithstanding the licenses granted pursuant to
18	Subparagraph (b) of this Paragraph, the Department of Agriculture and Forestry shall
19	limit the number of such licenses granted in the state to no more than one licensee.
20	The Louisiana State University Agricultural Center and the Southern University

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

Agricultural Center shall have the right of first refusal to be licensed as the production facility, either separately or jointly. If neither of the centers exercise this option, the license six additional licenses, which shall be awarded pursuant to the requirements provided for in Paragraphs (3) through (5) of this Subsection. After the maximum number of licenses allowed by this Paragraph have been issued, the department shall only issue new licenses when a current license has either been revoked or not renewed, or with legislative approval.

(b) Prior to September 1, 2016, the The Louisiana State University Agricultural Center and the Southern University Agricultural Center shall each provide written notice to the commissioner of agriculture and forestry of their intent to be licensed as a production facility, either separately or jointly: separately, or until such time that either license is surrendered or revoked.

\* \* \*

- (3) The license Licenses shall be limited to one geographic location as provided for in rule by the Department of Agriculture and Forestry. The geographic location shall be a public record subject to disclosure under the Public Records Law, R.S. 44:1 et seq. The licensee shall permit inspection of the production facility by any elected member of the Louisiana Legislature upon request after receipt of reasonable notice.
- (4)(a) The Department of Agriculture and Forestry shall begin issuing licenses in accordance with this Subsection on or after January 1, 2023 and shall not issue more than two licenses per calendar year. The department shall grant the a license pursuant to a contract awarded through a competitive sealed bid or a competitive sealed proposal as provided for in R.S. 39:1594 and 1595. The contract for the license shall be subject to the Louisiana Procurement Code and shall not be subject to any exceptions to or other variances from the Louisiana Procurement Code. The contract shall not be awarded under the sole source procurement provisions provided for in R.S. 39:1597.

\* \* \*

1	(g) In addition to the requirements provided for in this Paragraph, the
2	department shall issue a license only to an applicant who has resided within the state
3	or owned the property on which the production facility will be located for at least
4	five years prior to the date of application and has a stake of at least fifty-one percent
5	ownership in the license.
6	(h) No licensee shall sell or transfer their license to another person that has
7	not been a Louisiana resident for at least five years prior to the sale or transfer or to
8	an entity that does not have an ownership group made up of at least fifty-one percent
9	of Louisiana residents residing in the state at least five years prior to the sale or
10	transfer.
11	* * *
12	Section 2.(A) The Legislature of Louisiana hereby finds and declares that the
13	Louisiana State University Agricultural Center and the Southern University Agricultural
14	Center are current licensees of production facilities for the therapeutic use of marijuana and
15	that it is the intent of the legislature that they remain licensees until either surrendered or
16	revoked.
17	(B) It shall also be the intent of the Legislature of Louisiana to have the
18	Department of Agriculture and Forestry issue an additional six licenses to be issued
19	two per year over the next three years beginning January 1, 2023. The new licenses
20	shall be awarded to Louisiana residents or majority owned Louisiana businesses.
21	Section 3.(A) The Department of Agriculture and Forestry is hereby directed to
22	begin accepting applications for two therapeutic marijuana production facility licenses
23	pursuant to Section 1 of this Act after sixty days of this Act becoming effective.
24	(B) On August 1, 2023, the Department of Agriculture and Forestry is hereby
25	directed to begin accepting applications for two more therapeutic marijuana
26	production facility licenses pursuant to Section 1 of this Act.
27	(C) On August 1, 2024, the Department of Agriculture and Forestry is hereby
28	directed to begin accepting applications for two more therapeutic marijuana
29	production facility licenses pursuant to Section 1 of this Act.

## **DIGEST**

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 767 Original

2022 Regular Session

Marino

**Abstract:** Increases the total number of therapeutic marijuana production facility licenses and adds criteria for issuing new licenses by the Dept. of Agriculture and Forestry.

<u>Present law</u> requires the Dept. of Agriculture and Forestry (LDAF) to develop an annual, nontransferable specialty license for the production of recommended marijuana for therapeutic use and to limit the number licenses to one except for those offered to the La. State Univ. (LSU) and Southern Univ. (SU) Agricultural Centers and to only issue the license if LSU and SU Agricultural Centers decline to accept their licenses.

<u>Proposed law</u> increases the number of licenses in <u>present law from</u> one <u>to</u> six exclusive of the two licenses already issued to LSU and SU and allows LSU and SU to retain their licenses until surrendered or revoked. <u>Proposed law</u> allows the LDAF to issue new licenses above the maximum number allowed by <u>proposed law</u> only when a current license has either been revoked or not renewed, or with legislative approval.

<u>Present law</u> requires the LDAF to grant a license pursuant to a contract awarded through competitive sealed bid or a competitive sealed proposal as provided in <u>present law</u> and subject to the La. Procurement Code.

<u>Proposed law</u> maintains <u>present law</u> and requires the LDAF to begin issuing new licenses on or after January 1, 2023 and prohibits them from issuing more than two licenses per calendar year.

<u>Proposed law</u> adds new requirements for the LDAF to be able to issue a new license, which are as follows:

- (1) Requires the LDAF to issue a license only to an applicant who has resided within the state or owned the property on which the production facility will be located for at least five years prior to the date of application and has a stake of at least 51% ownership in the license.
- (2) Prohibits a licensee from selling or transferring their license to another person that has not been a Louisiana 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.

<u>Proposed law</u> provides that it is the intent of the legislature to have LSU and SU Agriculture Centers retain their licenses and to add six new licenses for production facilities to be awarded to La. residents or majority owned La. businesses.

<u>Proposed law</u> directs the LDAF to begin accepting applications for two new licenses in accordance with <u>present law</u> and <u>proposed law</u> after 60 days of this Act becoming effective.

<u>Proposed law</u> directs the LDAF to begin accepting applications for two new licenses on August 1, 2023 and August 1, 2024.

(Amends R.S. 40:1046(H)(2)(a) and (b), (3), and (4)(a) and Adds R.S. 40:1046(H)(4)(g) and (h))

## Page 4 of 4

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.