

ONE HUNDRED SIXTH LEGISLATURE - FIRST SESSION - 2019
COMMITTEE STATEMENT (CORRECTED)
LB110

Hearing Date: Friday January 25, 2019
Committee On: Judiciary
Introducer: Wishart
One Liner: Adopt the Medical Cannabis Act

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:

Aye:	5	Senators Chambers, DeBoer, Lathrop, Morfeld, Wayne
Nay:	1	Senator Slama
Absent:	1	Senator Pansing Brooks
Present Not Voting:	1	Senator Brandt

Oral Testimony:

Proponents:

Senator Anna Wishart
Karen O'Keefe
Tommy Garrett
Kim Coleman
Shelley Gillen
Brenda Potratz
Lia McDowell Post
Crista Eggers
Charles Birnley
Tonja Peterson-Wendt
Jose Alfredo Sinecio
Christy Gibson
Edward Williams
Carl Munford
Edison Red Nest
Adrian Sanchez
Jerry Moler
Donna Roller
Oliver Emsick
Judy King
Kathryn Speicher
Dominic Gillen
David Swarts
Autumn Sky Burns
Stephanie Meyer

Representing:

Introducer
Marijuana Policy Project
self
self
Nebraska Families 4 Medical Cannabis
self
self
self
self
self
self
self
Nebraska Veterans for Medical Marijuana
self
self
self
self
self
self
self
self
self
self

Opponents:

Mary Hilton
Jim Jensen

Representing:

self
self

Linda Thorson	self
Luke Niforatos	Smart Approaches to Marijuana
Thomas Williams	self
John Bolduc	Nebraska State Patrol
Terry Wagner	Nebraska Sheriffs Association; Lancaster County Sheriff's Office
Dave Lopez	Attorney General's Office
James Sorrell	Department of Health and Human Services
Sheri Dawson	Department of Health and Human Services
Maggie Ballard	Heartland Family Service
Monica Oldenburg	self
Steve Hensel	Police Chiefs Association of Nebraska
Dawn Buell	NATS Detassling
Lorelle Muetting	Heartland Family Service
Joel Jay	Nebraska County Attorneys Association
Richard Wall Jr.	self
Gregory Lauby	self
Neutral:	Representing:
Craig Bolz	self
John Massey	Nebraska Medical Association
Jim Magwire	Nebraska Fraternal Order of Police
James Blair	Boys Town National Research Hospital
Bill Hawkins	self

Summary of purpose and/or changes:

LB 110 is titled as the Medical Cannabis Act. The bill establishes Medical Cannabis Board consisting of seven appointed members, geographically disbursed, and two ex officio members. The Board oversees the Marijuana Enforcement Division and hires a director of the division. The Division has rule and regulation authority and maintains the various registries established in the Act.

The Act defines patients, health practitioners, and caregivers as well as qualifying medical conditions. It also defines producers, processors, and dispensaries.

The Division establishes and maintains registries for the various participants in the process and in the case of producers, processors and dispensaries approves up to ten each in each congressional district. The bill allows for local jurisdictions to pass resolutions or ordinances to prohibit or restrict locations.. The bill establishes application fees for producers, processors and dispensaries as well as additional annual fees. Such fees are deposited in the created Medical Cannabis Regulation Fund.

LB 110 provides qualifications for employees in the production, processing and dispensary areas as well as ensuring adequate security measures. The Division establishes rules and regulations by September 1, 2020, with applications approved by November 1, 2020 and service to patients by May 1, 2021.

Section 1 Title Medical Cannabis Act

Section 2 Definitions Sections 3 to 20

Section 3 Definition Cannabis Any mixture or preparation of any species of cannabis including extracts and resins.

Section 4 Definition Cannabis product Any delivery device, supplies and educational materials for administering cannabis to a patient in the registry program.

Section 5 Definition Dispensary Entity registered to acquire, possess , or dispense cannabis or product.

Section 6 Definition Division Marijuana Enforcement Division

Section 7 Definition Felony offense Violation that is a felony under Nebraska or would be if committed in Nebraska

Section 8 Definition Health care practitioner Licensed under Medicine and Surgery Act but excludes acupuncturist.

Section 9 Definition Medical records Practitioner's health and treatment history for a patient.

Section 10 Definition Participating health care practitioner A practitioner who is treating a patient and makes determination of qualifying medical condition or developmental disability. (see Sec 29)

Section 11 Definition Patient A Nebraska resident who has been diagnosed with a qualifying medical and met requirements for the registry program.

Section 12 Definition Patient registry number Unique ID number for patient in registry.

Section 13 Definition Process Processing cannabis materials into medical products not including packaging or label.

Section 14 Definition Processor Person registered to process cannabis.

Section 15 Defintion Produce Manufacture, plant, cultivate, grow or harvest cannabis but does not include: Drying by processor, cultivation of immature plant if obtained from producer

Section 16 Definition Producer Person registered to produce cannabis

Section 17 Definition Qualifying medical condition Diagnosis of: Cancer, chronic pain, nausea, severe wasting, HIV or Aids, Tourette's, Parkinson's and others. Includes catch all for illness determined by practioner.

Section 18 Definition Registered designated caregiver At least 21, no felony convictions. Authorized by Marijuana Enforcement Divison to assist patient with disability unable to acquire or administer.

Section 19 Definition Registry program Patient registry established by Act.

Section 20 Definition Registry Verification Division verification that patient is enrolled. (see Sec 25)

Section 21 Act does not prevent criminal or civil penalties for: Negligence or professional malpractice while under the influence, possession or use on school bus, on school grounds (including preschool). Vaping on public transportation, where a minor non patient would be exposed, or in a public place. Operating a motor vehicle while under the influence.

The Act does not require reimbursement under the Medical Assistance Act for costs associated with medical cannabis but does require continued coverage for underlying medical condition. Does not require reimbursement from private insurers for medical cannabis but does require continued coverage for underlying medical condition.

Section 22 Marijuana Enforcement Division required to establish and maintain a registry including name, address, phone and practitioner and caregiver if any.

Section 23 Patient must apply for registry and applications and other information is sealed to protect privacy. Person enrolled: may consume, legally possess: 3 oz. or less on person, 6 or fewer mature or seedling plants, 1 oz or less of

concentrate, 72 oz. or less of edibles, 8 oz. within residence.

Section 24 MED develops application and provides to patient and practitioners. Application includes: name, address, birthdate of patient, practitioner and caregiver or parent or guardian if acting as caregiver. Also includes practitioner certification of patient's medical condition and whether disability exists. Application also includes other documents required including informed consent.

Division develops disclosure form including division limit of liability, informed consent of patient, statement that patient is responsible for all expenses and insurance carrier is not obligated.

Section 25 Division must deny or enroll patient in registry within 30 days of application. Denial only for listed reasons including failure to complete form, false information and being previously removed from program. Denial must be in writing and may be appealed (APA). Enrollment may be revoked for violations of program requirements.

Division must develop a registry verification for patient, practitioner and dispensary. Includes name, address, and birthdate of patient or caregiver and name, address of guardian if applicable.

Section 26 Division registers patient caregiver if patient is disabled. Caregiver must be 21 and agrees to not possess other than for patient and for only one patient unless at same address. Division conducts criminal background check paid for by caregiver. Submitted fingerprints are transmitted to FBI for national check and NSP conducts for state check. Criminal record information is subject to federal confidentiality requirements.

Section 27 Parent or guardian of patient may act as caregiver without registering. Division conducts criminal background check as for other caregivers (Sec 20).

Section 28 Patient or caregiver must notify division of address or name change or death of patient within 30 days. Failure to notify of change can result in \$100 fine.

Section 29 Prior to patient enrollment, practitioner provides patient with certification of diagnosis of qualifying condition and if patient is disabled includes such fact on certification. Practitioner not required to participate in act or provide recommendations, limitations or restrictions on certification.

Section 30 Division provides a certification that patient has qualifying medical condition and allows provider to indicate disability and the patient is unable to self medicate. The division also notifies eligible practitioners of requirements of Act.

Section 31 Division registers up to 10 producers and 10 processors in each Congressional District by November 1, 2020. Can apply as both producers and processors. Registrations renewed each year. Producers and process agree to start supplying by May 1, 2021 and comply with the Act and any rules and regulations.

For processors the division considers the expertise and qualifications of employees as well as financial stability. Processors must contract with an independent testing lab.

Section 32 Producing and processing of cannabis must occur at the physical address on the application. Processors must contract and consult with division approved laboratories regarding quality, compositions and interactions. Processor provides information to the division and is available to patients on request.

Section 33 Processors assign tracking numbers and transporting employees carry identification. Cannot be transported outside the state.

Section 34 Division shall register up to 10 dispensaries in each Congressional Districts by November 1, 2020 unless extended. Annual renewals for dispensaries. Conditions for registration include: supply to patients by May 1, 2021, technical expertise, financial stability, security measures and qualifications of employees.

Section 35 Division adopts rules and regulations by September 1, 2020 and provides notification to public and Board if unable meet November 1, 2020 or May 1, 2021 deadline including reasons. Deadline may be extended by Board once for 6 months.

Section 36 Dispensaries shall verify that person requesting distribution is registered patient, parent or caregiver. Dispensaries shall assign tacking number and package in compliance with federal Poison Prevention Packaging Act. Shall also label with patients name, registry number, chemical composition recommended dosage, and name and address of dispensary. Dispensaries shall take back any unused and dispose of properly.

Section 37 Producers, processors, and dispensaries disclose proposed locations during registration process. County, city or village may adopt ordinance or resolution regarding prohibition or zoning. If all jurisdictions within Congressional district adopt a prohibition, division may register additional processors, producers or dispensaries in other Congressional districts. Operating documents for producers, processors and dispensaries include oversight on record keeping and security measures listed. Producers, processors, and dispensaries may not share space with or refer to a health practitioner. Employees shall be 21, not convicted of a felony and pay for a criminal background check. Producers, processors, and dispensaries may not be located within 1000 feet of a school and shall comply with division and local restrictions on signage and advertising.

Section 38 Violations of the Medical Cannabis Act do not include: use or possession by registered patient, parent or caregiver, possession or sale by producer, processor, dispensary, or testing laboratory or their employees. Cannabis obtained and distributed according to the Act is not subject to forfeiture.

The Division, staff, agents and contractors and participating health providers are not subject to civil or disciplinary action solely for participation in the registry program. Federal, state and local law enforcement may not access the registry unless subject to a search warrant or determining patient eligibility. A violation for improperly accessing in a Class I misdemeanor.

Attorneys are not subject to discipline for providing legal assistance to registered producers, processors, dispensaries or others. Registry applications or verification does not constitute probable cause or reasonable suspicion and may not be used to conduct a search.

Section 39 Schools and landlords may not refuse to enroll or lease solely because the person is a registered patient and use by a registered patient does not constitute use of an illicit substance for purposes of medical care including organ transplants. An enrolled patient may not be denied custody or visitation solely for the reason for enrollment.

Section 40 Registered producers, processors, or dispensaries who intentionally improperly transfer cannabis to someone other than a properly registered person or entity is guilty of a Class IV felony. Are also disqualified from further participation in the Act.

Section 41 Registered patients, caregivers, or parents who improperly intentionally sell or transfer to another person is guilty of a Class IV felony.

Section 42 Making false statements to laws enforcement to avoid arrest or prosecution regarding use of cannabis is a Class III misdemeanor. If a patient or caregiver, the person is also disqualified from further participation in the Act.

Section 43 Knowingly submitting false records to the division by a producer, processor or dispensary is a Class IV felony.

Section 44 Producers, processors, and dispensaries are subject to up to a \$1000 fine for violations of the Act or rules and regulations if no other penalty specified.

Section 45 Application fee of \$25,000 for producers, processors, and dispensaries credited to Medical Cannabis Regulation Fund. Annual fees of up to \$40,000 for producers and processors for regulation and inspection and up to

\$25,000 for dispensaries.

Section 46 Creates Medical Cannabis Regulation Fund.

Section 47 Division may examine and inspect producers, processors and dispensaries as outlined in rules and regulations. Report and copy provided within 10 days and then post on website.

Section 48 Division adopts rules and regulations for reporting incidents for unauthorized possession and list professionals required to report as well as reporting of overdoses. Rules and regulations include methods for collection and tabulation of reports.

Section 49 Creates Medical Cannabis Board consisting of nine member, seven appointed by the Governor and confirmed by the Legislature. Members shall consist of at least one from each congressional district, one law enforcement, one doctor, and three advocates for cannabis use. State's chief medical officer and chair of legislatures Health and Human Services Committee are ex officio members.

Section 50 Provides for staggered 5 year terms of Board members with provisions for vacancies. Members limited to two consecutive full terms.

Section 51 Provides for reimbursement for expenses of Board members.

Section 52 Within 30 days after appointment and annually, Board meets and selects Chair and other officers as needed. Provides for succession should Chair position become vacant.

Section 53 Board meets at least once a quarter and special meetings may be called by the Chair or six other members with at least three days notice. A majority of members constitutes a quorum and majority votes constitute action of the Board. Meetings are open to the public and minutes are available for public inspection.

Section 54 Board appoints Division director, advises division and recommends legislative changes.

Section 55 Limits liability of Board members for statements or actions based on acting without malice or with reasonable belief within scope of board functions.

Section 56 Division keeps records of all proceedings, communications and acts of the Board. Allows for other employees to carry out the Act.

Section 57 Board members shall be bonded or insured with premium paid from General Fund.

Section 58 Board members, Division director and employees must be 21 years old, US citizens, and resided in the state for two years. Board members, and division employees may not have any business interest involving the manufacture, sale or distribution of cannabis. Allows but limits division employees to part time or seasonal employment by entities regulated by the division with written approval of director. Does not prohibit Board, director, or employees from possession permitted by the Act.

Section 59 Prohibits Board members, Division employees from soliciting or accepting gifts, gratuities, emoluments or employment by regulated entities. Violations include removal from office or employments and shall be guilty of a Class II misdemeanor.

Section 60 Division director and employees may be reimbursed for expenses and the Division may incur expenses for office set up.

Section 61 Division offices located in Lincoln, may establish seal and allows Board Chair to sign documents.

Section 62 Attorney General designates an assistant AG, paid by the Attorney General's office, to provide services to the Board or Division as requested.

Section 63 Amends section 28-416 regarding penalties for controlled substances to provide exceptions authorized by the Medical Cannabis Act.

Section 64 Amends section 28-439 regarding drug paraphernalia to provides exceptions provided in the Medical Cannabis Act.

Section 65 Amends section 77-2701 addressing bundled transactions to provide a cross reference to section 77-2704.09.

Section 66 Amends section 77-2704.09 regarding taxation of drugs to exempt Medical Cannabis Act cannabis from the definition of "drug".

Section 67 Amends section 77-27,132 regarding various revenue funds to credit sales and use taxes from the Act to the Medical Cannabis Regulation Fund.

Section 68 Amends section 77-27,237 regarding taxation of out of state retailers to cross reference section 77-27,132 (2)(e).

Section 69 Amends section 77-4303 regarding marijuana taxation to exempt possession under the Medical Cannabis Act (subsection 3).

Section 70 Operative date of October 1, 2019 for sections 65 through 69 and 72. Other sections effective on operative date.

Section 71 and 72 Repeals original sections.

Section 73 Emergency Clause.

Explanation of amendments:

AM 1680

LB 110 as amended has numerous changes from the originally introduced (green copy) version a section by section summary of the amended version is attached below. Major elements of LB 110 as amended include:

Prospective patients are examined by a doctor, physician assistant or advanced practice registered nurse. If they have a qualifying condition (listed in section 24), practitioner completes a certification for the patient. Patient takes certification to dispensary to receive cannabis or cannabis products. Certification is current for 90 days. Patient can designate a caregiver including certain health care facilities.

LB 110 develops a supply chain for medicinal cannabis. This includes producers, processors, laboratories, and dispensaries. The number of producers and dispensaries is limited. All groups apply to the Cannabis Enforcement Department to participate. The application process includes fees.

The bill also creates the Cannabis Enforcement Department and the Medicinal Cannabis Board to oversee and regulate the process.

Major changes include:

A voluntary registry maintained by the Department

Modification of the list of qualifying conditions

Reduction in the allowable possession amount

Title change

Addition of employer interests

Limitations on number of certifications/patients per health provider

Certifications good for 90 days

Changes in dispensary packaging and warnings

Restrictions on use in motor vehicles

No smoking of cannabis

Makeup of Board

Cannot home grow

Section 1 Title Medical Cannabis Act

Section 2 Definitions Sections 3 to 27

Section 3 Allowable amount 2 Sec or less cannabis, cannabis product less than 2000 mg, exception for medical necessity

Section 4 Bona fide practitioner-patient relationship Consulting relationship, medical history assessment, exam, qualifying medical condition

Section 5 Cannabis Any species, including extracts and resins, excludes FDA approved prescription drugs

Section 6 Cannabis accessory Delivery device, supplies, educational materials. Excludes bongs, pipes, other paraphernalia used to smoke cannabis.

Section 7 Cannabis product Product that is infused with cannabis, extracts, and resins intended for human consumption. Includes edibles, beverages, topicals, ointments and oils.

Section 8 Certified patient Resident who has been issued a certification within past year, has signed disclosure form or has enrolled in registry program. If patient younger than 18, consent affidavit signed by parent or guardian.

Section 9 Department Cannabis Enforcement Department

Section 10 Designated caregiver Person at least 21 years old designated by patient to assist patient. Requires affidavit. Also parent or guardian and health care facility.

Section 11 Dispensary Registered by department to possess and dispense cannabis.

Section 12 Felony offense Violation of Nebraska, federal, or other state law. Does not include offense for conduct under Medical Cannabis Act occurring prior to the Act or prosecuted by authority other than the state.

Section 13 Health Care practitioner MD's, DO's, PA's, APRN's

Section 14 Laboratory Registered by Department to test cannabis

Section 15 Medical use Includes acquiring, delivering, possession, preparation, or use of cannabis to alleviate qualifying medical condition. Does not include cultivation unless by producer and resin extraction unless by a processor.

Section 16 Nonresident caregiver Parent, guardian, or other person authorized to consent to medical treatment for patient with qualifying condition. Not a Nebraska resident or resident for less than 45 days. Holds a valid registry or equivalent from another state.

Section 17 Nonresident patient Diagnosed with qualifying condition, not a Nebraska resident or a resident for less than 45 days. Holds a valid registry or equivalent from another state.

Section 18 Participating health care provider Health practitioner treating a certified patient, complies with section 37.

Section 19 Patient registry number Patient's unique identification number assigned by the department.

Section 20 Process Processing harvested cannabis into products or concentrates.

Section 21 Processor Person registered with department to process cannabis in the state.

Section 22 Produce Plant, grow and harvest cannabis. Does not include: drying by a processor, cultivation of immature plants by processor if received from a producer.

Section 23 Producer Person registered with the department to produce cannabis.

Section 24 Qualifying medical condition Diagnosis of Cancer, epilepsy, glaucoma, Parkinson's, terminal illnesses, PTSD, and others.

Section 25 Registry program Voluntary program for patient registry under the Act.

Section 26 Registry verification Process by department to verify that patient is enrolled.

Section 27 Written certification Document with information included in sections 37 and 39 indicating patient diagnosed with qualifying condition.

Section 28 Nothing in Act allows or prevents penalties for: negligence or malpractice due to use, possession or use on a school bus, on school grounds, in a correctional facility, on child care facility grounds. Act also does not permit vaporization on public transportation, where could be inhaled by a child, public locations or places of employment. Act also doesn't permit operating motor vehicles etc under the influence of cannabis.

Act does not require employers to accommodate possession, consumption, distribution or sale of cannabis. Also allows employers to restrict use by employees and does not require employer to accommodate medical use. Does not require medical assistance or employers to reimburse costs associated with medical use.

The Act does not prohibit employers from prohibiting use or permit a cause of action for wrongful discharge. Also does not prohibit regulating or prohibiting possession, consumption or sale on property or employers from establishing drug free or zero tolerance policies. Employee discharged for ingestion, working under the influence or testing positive are disqualified from unemployment benefits.

Section 29 Schools, health facilities, child or foster care facilities can but not required to adopt reasonable restrictions on use including: not responsible for providing cannabis, not inhaled, consumed only in designated place. These facilities cannot unreasonably restrict patient use unless could lose funding or licensing under federal law.

Section 30 Nothing in the Act allows or requires Medicaid or private insurers to reimburse for medical use.

Section 31 Department establishes voluntary registry that contains patients' name, address, telephone, practitioner, and caregiver if applicable. Department assigns registry number to patient. Patient applies to department for inclusion on registry, application and related information is confidential.

Section 32 Patient or caregiver not subject to civil or criminal penalty or discipline for medical use if possesses allowable amount, has written certification and caregiver affidavit. Same provisions for non residents. Creates a rebuttable presumption of medical use if allowable amount and proper documentation. If patient or caregiver doesn't have documentation and is charged, charges are dismissed upon production of documentation.

Section 33 Person not subject to civil or criminal penalty or discipline for providing or selling accessories to patients, caregivers, producers, processors, dispensaries or labs. Also for being in the presence of or allowing medical use on their property.

Section 34 Department develops application for patient registry. Application includes name, address, DOB of patient, name address, and telephone of health provider, name address and DOB of caregiver, other affidavits and consent forms and written certification. Renewal is on annual basis with recent certification.

Department develops and requires signing of disclosure form that includes department and employees are not liable for acting within scope of duties. Form also indicates enrollment is conditional on complying with the Act, and includes informed consent statement. Form has statement that insurance not obligated to pay for cannabis treatments and patient is responsible for all costs.

Section 35 Department enrolls or notifies patient in writing of denial within 30 days. Can be denied for no written certification, no disclosure and consent forms, lack of required information, been previously removed from registry or provides false information. Denial can be appealed under APA. Registry revoked only for violation or death. Department develops registry verification which may be in form of identification card.

Section 36 Department registers designated caregivers with signed statement agreeing to serve. If a facility is signed by CEO or COO. Must meet qualifications and agrees to possess only for assisting patient and assist only one patient. Facility must agree that persons assisting are at least 21, and agree that cannabis at the location is for Act.

Department adopts rules and regs on facilities including limiting number who transport and administer and filing names and DOB with Department.

Section 37 Health care practitioner makes determination of qualifying medical condition. Section does not require practitioner to participate in Act or make recommendations, or restrictions on dosage or form of cannabis. Practitioner shall complete continuing education course prior to 11th certification. Practitioner recommending a significantly larger number must comply with continuing ed required by Medical Cannabis Board. During 3 months after Board approves a continuing ed course, practitioner may instead take 3 hour course in another state.

Written certification is dated and signed by practitioner and state that patient has qualifying condition, is bona fide relationship, the practitioner conducted an evaluation. The evaluation includes: assessment for substance abuse and patient or family history indicates psychotic disorder unless patient terminally ill. Physical exam and discussion of risks related to pregnancy. Practitioner may not provide certification to a person who is pregnant. Written certification is on form departments develops and made available on website.

Practitioners may not solicit or accept remuneration from dispensaries or offer discounts for using a particular dispensary, examine a patient at a location where cannabis, products, or accessories are sold.

If reasonable cause to believe a practitioner has violated Act, department or Board may have HHS investigate. If violation found, department can restrict practitioner's authority to be a participating health care practitioner or other sanctions by DHHS.

Practitioner not subject to criminal, civil, or disciplinary actions solely for providing certifications or stating that patient may benefit from medical use. Can be sanctioned for issuing certification when no bona fide relationship, properly evaluating a patient or other violations.

Section 38 Pharmacist not subject to criminal, civil or disciplinary actions solely for providing advice on cannabis. Can be sanctioned for violating the Act or negligently providing advice contrary to continuing education information.

Section 39 Department creates certification form and provides to practitioners. Develops necessity waiver. Provides for 3 levels of producers with fees and security varied. Develops security and record keeping for dispensaries. Establishes requirements for financial hardship waiver and may limit amounts under waiver. Patient may be required to designate dispensary.

Section 40 Department registers up to 10 producers per Congressional District. Annual registration renewal on November 1 for producers and processors. Producer agrees to begin supply by 5/1/21 unless extended. Department registers unlimited number of processors. Person applying as producer or processor must be 2 year resident, and 60% of those owning interest must be residents. Processors and producers delivering to dispensaries must contract with lab approved by department.

Section 41 Growing, harvesting, processing and packaging must occur at physical address in application for producers and processors. Processors and producers who provide to dispensaries must contract with approved lab.

Section 42 Processors assign tracking number to processed cannabis. Employees transporting must carry identification.

Section 43 Department registers up to 10 dispensaries per Congressional District with application/renewal annually on November 1. Dispensaries agree to provide cannabis by 5/1/21 and provide 10% or more discount for financial hardship waiver. Person applying as dispensary must be 2 year resident, and 60% of those owning interest must be residents. Dispensary must contract with pharmacist with at least 15 hours of continuing education to advise employees and patients. Pharmacist continuing Education includes drug interaction, dosages and counter indications. Dispensary employees must complete 4 hour education course.

Section 44 Department registers all qualifying labs for testing by 1/1/21. Annual renewal on November 1. Cannot register if own interest in producer, processor or dispensary. Person applying as lab must be 2 year resident, and 60% of those owning interest must be residents. Lab determines concentration, presence of mold or fungus and chemicals and reports to producer, processor or dispensary.

Section 45 Department develops dispensary rules and regs by 11/1/20. Department notifies public by 9/1/20 if unable to register producers and processors. If producers unable to supply by 5/1/21, Department notifies public and may grant one 6 month extension. If unable to register labs by 1/1/20, notifies the public and may extend deadline once by six months

Section 46 Dispensaries verify that person requesting is certified patient, packages material in child resistant packaging and labels containing patient's name, registry number, active ingredients and chemical composition, date, recommended dosage, and name and address of dispensary. Dispensary must also take back any unused and dispose of.

Section 47 Producers, processors, dispensaries, and labs must disclose location during application process. Subdivisions may prohibit within jurisdiction through resolution or ordinance. If all jurisdictions within a Congressional District prohibit producers and dispensaries, department may register additional in other congressional districts.

Outlines operating documents of dispensary and prohibits cultivation, manufacturing, and processing of cannabis by dispensaries. Operating documents include security. Producers, processors, dispensaries, and labs need security including alarms and personnel identification. Cannot share space with a practitioner and cannot consume cannabis on their property. Employees must be at least 21 and cannot have been convicted of a felony. Employees are subject to a criminal history check, at their own cost. Criminal background check is subject to federal confidentiality standards. Producers, processors, dispensaries and labs are subject to department guidelines on signage and advertising.

Section 48 Use or possession of cannabis or accessories by a patient, possession or sale by producers, processors, dispensaries, labs or their employees if under the Act, are not subject to citation or arrest. The Department and its employees and agents, and other professions, and are not subject to profession discipline by solely participating or providing advice regarding the Act.

State and local law enforcement is prohibited from accessing the registry except subject to a warrant or to verify participation in the registry. State and local officials cannot disclose to federal authorities, including ATF any information regarding participation in the registry program. Violation is a Class I misdemeanor.

Information from the registry or associated reports is not admissible in a prosecution unless independently obtained or prosecution for a violation of the Act. Attorneys are not subject to disciplinary action for providing assistance to a patient or caregiver, or producer, processor, dispensary or lab. Possession of a registry verification or other documents are not probable cause and cannot be used as the basis for a search.

The governing body of a political subdivision cannot prohibit the delivery of cannabis or accessories for use under the Act.

Section 49 Activities related to cannabis are lawful if conducted under the Act.

Section 50 Contracts related to cannabis for use under the Act by patients caregivers, producers, processors, dispensaries, and labs are enforceable. No such contract shall be unenforceable based on federal law.

Section 51 Schools and landlords cannot refuse to enroll or lease based solely on participation under the Act unless would lose money based on federal law. Organ donations and minor child custody or visitation cannot be affected solely for participation in the Act.

Section 52 State and local agencies cannot infringe on a person's right to own or receive a certification for a firearm solely based on the person's status as a patient or caregiver. State and local agencies are prohibited from providing information to federal authorities who may use the information to restrict rights of patients or caregivers.

Section 53 The department may suspend or revoke the registration of a producer, processor, dispensary or lab after a hearing for violations of the Act. Can also immediately prohibit participation for selling cannabis to a person not for medical use under the Act. The department maintains a list of those prohibited and may share it with state and local law enforcement.

Section 54 The department can revoke the registration of any patient or caregiver for violations of the Act and can immediately revoke for selling cannabis to a person not for medical use. The department maintains a list those revoked and share it with law enforcement and producers, process dispensaries and labs. The department also notifies another state if the revocation is for a non resident patient or caregiver.

Section 55 Producers, processors, and dispensaries are subject to criminal penalties if transferring or dispensing to others not covered by the Act.

Section 56 Patients and caregivers are subject to criminal penalties for selling cannabis to those not covered by the Act.

Section 57 Prohibits smoking of cannabis by a patient under the Act and defines smoking.

Section 58 Making an intentionally false statement relating to cannabis to law enforcement to avoid prosecution is a Class III misdemeanor in addition to other penalties not protected by the Act. If a certified patient or caregiver, the person is disqualified from participating under the Act.

Section 59 Producers, processors, dispensaries, and labs who submit false records or documents in the registration process can be prosecuted for false reporting to a regulatory body, abuse of records, or false swearing.

Section 60 Producers, processors, dispensaries and labs can be fined up to \$1000 for violations of the Act or the rules and regulations if no other penalty is specified in addition to other applicable penalties.

Section 61 Application fees: Dispensaries - \$25,000, Producers- up to \$5000, \$25,000 for producers in largest tier, Processors- up to \$5000 for extraction using water, glycerin, vegetable oil etc.- \$25,000 for other solvent based extractions. Laboratories- up to \$10,000.

Annual fees: Producers - up to \$40,000 for largest tier-\$5000 for smaller tiers Processors- \$5000 for extraction using water, glycerin etc. \$40,000 for other solvent extraction, Dispensaries- \$25,000, Labs-- \$15,000.

Fees go to the Medical Cannabis Regulation Fund.

Section 62 Creates Medical Cannabis Regulation Fund.

Section 63 Department can inspect producers, processors, dispensaries, and labs as provided in rules and regs. May use specialists to conduct inspection. Department provides copy of report within 10 days after completion of inspection and posts on web site.

Section 64 Department develops rules and regs for law enforcement and health care professionals to report incidents. Department rules include method for reporting diversion of cannabis.

Section 65 Creates the seven member Medical Cannabis Board. Appointed by Governor and confirmed by Legislature. At least one member from each Congressional District, one from law enforcement, one doctor, two pharmacists, one certified patient or caregiver. Majority of members must be advocates of medical use. The chief medical officer and chair of Health and Human Services Committee or their designees are non voting members.

Section 66 Initial appointments include person with qualifying condition or caregiver for one year and a certified patient or caregiver for subsequent appointments. Other initial appointments include three members for a five year term, and other members with two, three and four year terms. After initial appointments terms are for five years. Terms of office expire on September 1. Vacancies are filled by gubernatorial appointment with person with similar qualifications as replacement. Members limited to two full consecutive terms.

Section 67 Board members allowed expense reimbursement.

Section 68 Board meets within 30 days after appointment and in the last quarter annually to elect a chair and other officers as deemed necessary. In case of a vacancy in the chairmanship, the vice chair assumes the chair until the next regular meeting or a special meeting called by members, where a new chair is elected.

Section 69 The Board meets at least quarterly. Special meetings can be called by the chair or four members. Meetings held at State Office Building and open to public.

Section 70 Board appoints director for the Department. Director advises Board on cannabis policies, rules and regs and legislative recommendations.

Section 71 Members of Board not personally liable for slander, libel, defamation or other actions.

Section 72 Department maintains records of proceedings, transactions and official acts of Board. May hire other employees to carry out duties.

Section 73 Board members required to bonded.

Section 74 Board members and Department employees must be citizens and residents of Nebraska for at least 2 years. Board members cannot have felony conviction or federal or state violations of manufacturing or sale of controlled substances. Board members are prohibited from interests in companies that manufacture, sell or distribute cannabis. Does not prohibit members from being patients or caregivers.

Section 75 Members are prohibited from receiving or soliciting gifts, gratuities, and employment by those regulated by

the Act. Those covered by the Act are prohibited from offering gifts, gratuities and employment to Board members. Board and Department members and employees lose their position for violations. In addition, a violation is a Class II misdemeanor.

Section 76 Department develops and Board approves continuing education courses for practitioners by 5/1/20 and for dispensaries and their staff. The cost shall be less than \$50. By December 20 of each year, the Department accepts and holds a Board hearing on changes to the list of qualifying conditions Any recommendations by the Board are forwarded to the Legislature. The Department develops an informational document for patients and caregivers available at dispensaries and on the Department's website. The information includes drug interactions, dosage information and warnings regarding cannabis use disorder, cognitive effects for children, psychosis risks, risks during pregnancy, and driving or operating machinery while impaired.

By 12/20/20, the Board holds a hearing and makes a recommendation regarding anxiety disorder and PTSD as qualifying conditions.

Section 77 Department director and employees can be reimbursed for necessary expenses. The Department can make expenditures for office furniture and other expenses.

Section 78 The Department office is in Lincoln, but may have additional branch offices. The Department may develop a seal for use on records.

Section 79 Attorney General assigns assistant AG to the Board when requested. Compensation for Assistant AG paid by AG's office.

Section 80 Amends section 28-416, regarding controlled substances to provide an exception under the Medical Cannabis Act.

Section 81 Amends section 28-439 regarding drug paraphernalia to provides exceptions provided in the Medical Cannabis Act.

Section 82 Amends section 77-2701.48 addressing bundled transactions to provide a cross reference to section 77-2704.09.

Section 83 Amends section 77-2704.09 regarding taxation of drugs to exempt Medical Cannabis Act cannabis from the definition of "drug".

Section 84 Amends section 77-27,132 regarding various revenue funds to credit sales and use taxes from the Act to the Medical Cannabis Regulation Fund.

Section 85 Amends section 77-27,237 regarding taxation of out of state retailers to cross reference section 77-27,132 (2)(e).

Section 86 Amends section 77-4303 regarding marijuana taxation to exempt possession under the Medical Cannabis Act (subsection 3).

Section 87 Operative date of October 1, 2019 for sections 82 through 86 and 89. Other sections effective on operative date.

Section 88 and 89 Repeals original sections.

Section 90 Emergency Clause.

Steve Lathrop, Chairperson