

HOUSE BILL No. 2679

By Representatives Carr, Boatman, Brownlee Paige, Carmichael, Featherston, Martinez, Melton, Meyer, Mosley, Oropeza, Osman, Poskin, S. Ruiz, Sawyer Clayton, Schlingensiepen, Simmons, Vaughn, Wikle and Xu

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1 AN ACT concerning cannabis; enacting the adult use cannabis regulation
2 act; providing for the licensure and regulation of cannabis, including
3 the cultivation, manufacturing, transportation, possession and sale of
4 cannabis; providing certain fines and penalties for violations of the act;
5 providing exemptions from crimes involving controlled substances;
6 requiring the expungement of cannabis-related charges; assessing an
7 excise tax and requiring amounts collected from such tax to be used to
8 fund child care, economic development, mental health, low-cost
9 housing and property tax rebates; establishing the cannabis business
10 regulation fund; amending K.S.A. 21-5703, 21-5706, 21-5707, 21-
11 5709, 21-5710, 79-5201 and 79-5210 and K.S.A. 2025 Supp. 21-5705
12 and repealing the existing sections.
13

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

15 New Section 1. The provisions of sections 1 through 44, and
16 amendments thereto, shall be known and may be cited as the adult use
17 cannabis regulation act.

18 New Sec. 2. As used in the adult use cannabis regulation act, section
19 1 et seq., and amendments thereto:

20 (a) "Acquire" means obtaining ownership, control, power to vote or
21 sole power of disposition of the owner's interest, directly or indirectly, or
22 through one or more transactions or subsidiaries, through purchase,
23 assignment, transfer, exchange, succession or other means in connection
24 with the acquisition of an owner's interest in a cannabis business.

25 (b) "Act" means the adult use cannabis regulation act.

26 (c) "Acting in concert" means knowingly participating in a joint
27 activity or interdependent conscious parallel action toward a common
28 goal, whether or not pursuant to an express agreement.

29 (d) (1) "Advertising" means the act of providing consideration for the
30 publication, dissemination, solicitation or circulation of visual, oral or
31 written communication to directly induce any person to patronize a
32 particular cannabis business or purchase a particular form of cannabis or
33 cannabis product.

34 (2) "Advertising" does not include packaging and labeling, consumer

1 education materials or branding.

2 (e) "Affiliate" or "affiliated with" means a person that, directly or
3 indirectly, through one or more intermediaries, controls or is controlled by,
4 or is under common control with, the person specified.

5 (f) "Beneficial owner" or "beneficial ownership" means an owner's
6 interest is determined in accordance with section 13(d) of the federal
7 securities exchange act of 1934 and rule 13d-3 adopted pursuant thereto.

8 (g) "Branding" means promotion of a cannabis business's brand
9 through publicizing the cannabis business's name, logo or distinct design
10 features of the brand.

11 (h) "Cannabis" means the same as defined in K.S.A. 65-4101, and
12 amendments thereto.

13 (i) "Cannabis business" means a cannabis cultivation facility,
14 cannabis testing facility, cannabis products manufacturer, cannabis
15 transporter, cannabis business operator, waste disposal facility, hospitality
16 business, hospitality and sales business or cannabis retailer.

17 (j) "Cannabis business operator" means a person that is not an owner
18 and that is licensed to provide professional operational services to a
19 cannabis business for direct remuneration from such cannabis business.

20 (k) "Cannabis consumer waste" means any component left after the
21 consumption of a cannabis product, including, but not limited to,
22 containers, packages, cartridges, pods, cups, batteries, all-in-one
23 disposable devices and any other waste component left after the cannabis
24 is consumed.

25 (l) "Cannabis cultivation facility" means a person licensed to
26 cultivate, prepare and package cannabis and sell cannabis to cannabis
27 retailers, cannabis product manufacturers and other cannabis cultivation
28 facilities.

29 (m) "Cannabis products" means concentrated cannabis products and
30 cannabis products that are comprised of cannabis and other ingredients and
31 are intended for use or consumption, including, but not limited to, edible
32 products, ointments and tinctures that are produced by a cannabis products
33 manufacturer.

34 (n) "Cannabis products manufacturer" means a person licensed to:

35 (1) Purchase cannabis from a cannabis cultivation facility or other
36 cannabis products manufacturer;

37 (2) manufacture cannabis products;

38 (3) prepare and package cannabis and cannabis products; and

39 (4) sell cannabis and cannabis products to cannabis retailers,
40 hospitality and sales businesses or other cannabis product manufacturers.

41 (o) "Cannabis retailer" means a person licensed to purchase cannabis
42 from cannabis cultivation facilities and cannabis and cannabis products
43 from cannabis products manufacturers and to sell cannabis and cannabis

1 products to consumers.

2 (p) "Cannabis testing facility" means a person licensed to analyze and
3 certify the safety and potency of cannabis and cannabis products.

4 (q) "Cannabis transporter" means a person licensed to transport
5 cannabis and cannabis products from one cannabis business to another
6 cannabis business and to temporarily store such cannabis and cannabis
7 products at such cannabis transporter's licensed premises.

8 (r) "Cannabis waste" means any of the following:

9 (1) Cannabis, cannabis concentrate or cannabis products that are:

10 (A) Unused, surplus, returned or expired;

11 (B) determined to have failed laboratory testing standards and cannot
12 be remediated or decontaminated; or

13 (C) part of the inventory of a licensee and:

14 (i) Such licensee has permanently closed;

15 (ii) such inventory was not acquired as authorized by the adult use
16 cannabis regulation act; or

17 (iii) such inventory cannot be lawfully transferred or sold to another
18 licensee;

19 (2) cannabis consumer waste; or

20 (3) the debris of the plant Cannabis sativa, including any dead plants
21 or parts of the plant that are not used by a licensee, except "medical
22 cannabis waste" does not include the seeds, roots, stems, stalks or fan
23 leaves of such plants.

24 (s) "Consumer education materials" means any informational
25 materials that seek to educate consumers about cannabis generally,
26 including, but not limited to education regarding the safe consumption of
27 cannabis, concentrated cannabis or cannabis products, provided such
28 materials are not distributed or made available to individuals under 21
29 years of age.

30 (t) "Control" means the possession, directly or indirectly, of the
31 power to direct or cause the direction of the management or policies of a
32 person, whether through the ownership of voting the owner's interests, by
33 contract or otherwise.

34 (u) "Controlling beneficial owner" means a person that satisfies one
35 or more of the following criteria:

36 (1) An individual, organization that is organized under the laws of
37 and for which its principal place of business is located in one of the states
38 or territories of the United States or District of Columbia, publicly traded
39 corporation or qualified private fund that is not a qualified institutional
40 investor:

41 (A) Acting alone or acting in concert that owns or acquires beneficial
42 ownership of 10% or more of the owner's interest of a cannabis business;

43 (B) that is an affiliate that controls a cannabis business and includes,

1 but is not limited to, any manager; or

2 (C) that is otherwise in a position to control the cannabis business,
3 except for a cannabis business operator licensee; or

4 (2) a qualified institutional investor acting alone or acting in concert
5 that owns or acquires beneficial ownership of more than 30% of the
6 owner's interest of a cannabis business.

7 (v) "Director" means the director of alcoholic beverage control.

8 (w) "Escorted" means appropriately checked into a limited access
9 area and accompanied by an individual licensed pursuant to this act,
10 except that trade craftspeople not normally engaged in the business of
11 cultivating, processing, selling or testing cannabis need not be
12 accompanied on a full-time basis, but shall be reasonably monitored.

13 (x) "Hospitality and sales business" means a person licensed to sell
14 cannabis and cannabis products for consumption on and off the licensed
15 premises. A "hospitality and sales business" shall not be a mobile facility.

16 (y) "Hospitality business" means a person licensed to permit the
17 consumption of cannabis and cannabis products on the licensed premises.
18 A "hospitality business" includes mobile facilities.

19 (z) "Immature plant" means a nonflowering cannabis plant that is:

20 (1) No taller than eight inches and no wider than eight inches;

21 (2) is produced from a cutting, clipping or seedling; and

22 (3) is in a cultivating container.

23 (aa) "Indirect financial interest holder" means a person that is not an
24 affiliate, a controlling beneficial owner or a passive beneficial owner of a
25 cannabis business and that:

26 (1) Holds a commercially reasonable royalty interest in exchange for
27 a cannabis business's use of the person's intellectual property;

28 (2) holds a permitted economic interest that was issued prior to
29 January 1, 2026, and that has not been converted into an owner's interest;

30 (3) is a contract counterparty with a cannabis business, other than a
31 customary employment agreement, that has a direct nexus to the
32 cultivation, manufacture or sale of cannabis or cannabis products,
33 including, but not limited to, a lease of real property on which the cannabis
34 business operates, a lease of equipment used in the cultivation of cannabis,
35 a secured or unsecured financing agreement with the cannabis business, a
36 security contract with the cannabis business or a management agreement
37 with the cannabis business, provided that no such contract compensates the
38 contract counterparty with a percentage of revenue for profits of the
39 cannabis business; or

40 (4) is an indirect financial interest holder as defined in rules and
41 regulations adopted pursuant to this act.

42 (bb) "Licensed premises" means the premises specified in an
43 application for a license that are owned or in possession of the licensee and

1 within which the licensee is authorized to cultivate, manufacture,
2 distribute, sell or test cannabis and cannabis products in accordance with
3 this act.

4 (cc) "Licensee" means a person licensed pursuant to this act.

5 (dd) "Limited access areas" means a building, room or other
6 contiguous area upon the licensed premises where cannabis and cannabis
7 products are cultivated, manufactured, stored, weighed, packaged, sold,
8 possessed for sale or tested under control of the licensee with access
9 limited to only licensees and those individuals escorted by a licensee,
10 except as otherwise provided in section 14, and amendments thereto. All
11 areas of ingress or egress to limited access areas shall be clearly identified
12 as such by a sign as designated by the director.

13 (ee) "Owner's interest" means:

14 (1) The shares of stock in a corporation;
15 (2) a membership interest in a limited liability company; and
16 (3) a partnership interest in a partnership, limited partnership or
17 limited liability partnership.

18 (ff) "Passive beneficial owner" means any person acquiring any
19 owner's interest in a cannabis business that is not otherwise a controlling
20 beneficial owner or in control.

21 (gg) "Permitted economic interest" means any unsecured convertible
22 debt instrument, option agreement, warrant or any other right to obtain an
23 ownership interest when the holder of such interest is an individual who is
24 a lawful United States resident and whose right to convert into an
25 ownership interest is contingent on the holder qualifying and obtaining a
26 license as an owner under this act, or such other agreements as may be
27 permitted by the director.

28 (hh) "Person" means any natural person, corporation, partnership,
29 trust or association.

30 (ii) "Postsecondary educational institution" means public or private
31 postsecondary educational institution as defined in K.S.A. 74-3201b, and
32 amendments thereto.

33 (jj) "Premises" means a distinctly identified and definite location that
34 may include a building, a part of a building, a room or any other definite
35 contiguous area.

36 (kk) (1) "Publicly traded corporation" means any person other than an
37 individual that is organized under the laws of and for which its principal
38 place of business is located in one of the states or territories of the United
39 States or District of Columbia and that:

40 (A) Has a class of securities registered pursuant to section 12 of the
41 federal securities exchange act of 1934 that:

42 (i) Constitutes covered securities pursuant to section 18(b)(1)(A) of
43 the federal securities act of 1933; or

1 (ii) is qualified and quoted on the OTCQX or OTCQB tier of the
2 OTC markets if the person:

3 (a) Is then required to file reports and is filing reports on a current
4 basis with the federal securities and exchange commission pursuant to the
5 federal securities exchange act of 1934 as if the securities constituted
6 "covered securities" as described in paragraph (1)(A)(i); and

7 (b) has established and is in compliance with corporate governance
8 measures pursuant to corporate governance obligations imposed on
9 securities qualified and quoted on the OTCQX tier of the OTC markets; or

10 (B) is reasonably identified as a publicly traded corporation by the
11 director in accordance with rules and regulations adopted pursuant to this
12 act.

13 (2) A "publicly traded corporation" does not include:

14 (A) An ineligible issuer, as defined in rule 405 adopted pursuant to
15 the federal securities act of 1933, unless such publicly traded corporation
16 satisfies the definition of ineligible issuer solely because:

17 (i) The corporation is filing reports on a current basis with the federal
18 securities and exchange commission pursuant to the federal securities
19 exchange act of 1934 as if the securities constituted covered securities as
20 described in paragraph (1)(A)(i);

21 (ii) prior to becoming a publicly traded corporation, the person was
22 licensed by the director as a cannabis business with a demonstrated history
23 of operations in this state for at least two years;

24 (iii) during such time of licensure, the person was not subject to
25 suspension or revocation of the license; and

26 (iv) the corporation is one or more of the following:

27 (a) A blank check company as defined in rule 419(a)(2) adopted
28 pursuant to the federal securities act of 1933;

29 (b) an issuer in an offering of penny stock, as defined in rule 3a51-1
30 adopted pursuant to the federal securities exchange act of 1934; or

31 (c) a shell company, as defined in rule 405 adopted pursuant to the
32 federal securities act of 1933; or

33 (B) a person disqualified as a bad actor under rule 506(d) adopted
34 pursuant to the federal securities act of 1933.

35 (II) "Qualified institutional investor" means:

36 (1) A bank, as defined in section 3(a)(6) of the federal securities
37 exchange act of 1934, if the bank is current in all applicable reporting and
38 record-keeping requirements under the federal securities exchange act of
39 1934 and any rules adopted pursuant thereto;

40 (2) a bank holding company, as defined in the federal bank holding
41 company act of 1956, if the bank holding company is registered and
42 current in all applicable reporting and record-keeping requirements under
43 the federal bank holding company act of 1956 and any rules adopted

1 pursuant thereto;

2 (3) an insurance company, as defined in section 2(a)(17) of the
3 federal investment company act of 1940, if the insurance company is
4 current in all applicable reporting and record-keeping requirements under
5 the federal investment company act of 1940 and any rules adopted
6 pursuant thereto;

7 (4) an investment company registered under section 8 of the federal
8 investment company act of 1940 and subject to 15 U.S.C. §§ 80a-1 to 80a-
9 64 if the investment company is current in all applicable reporting and
10 record-keeping requirements under the federal investment company act
11 and any rules adopted pursuant thereto;

12 (5) an employee benefit plan or pension fund subject to the federal
13 employee retirement income security act of 1974, excluding an employee
14 benefit plan or pension fund sponsored by a licensee or an intermediary
15 holding company licensee that directly or indirectly owns 10% or more of
16 a licensee;

17 (6) a state or federal government pension plan;

18 (7) a group comprised entirely of persons specified in paragraphs (1)
19 through (6); or

20 (8) any other entity identified by the director in accordance with rules
21 and regulations adopted pursuant to this act.

22 (mm) "Qualified private fund" means an issuer that would be an
23 investment company, as defined in section (3) of the federal investment
24 company act of 1940, but for the exclusions provided under sections 3(c)
25 (1) or 3(c)(7) of that act, and that:

26 (1) Is advised or managed by an investment adviser, as defined and
27 registered under sections 80b-1-21, title 15 of the federal investment
28 advisers act of 1940, and for which the registered investment adviser is
29 current in all applicable reporting and record-keeping requirements under
30 the federal investment advisers act and any rules adopted pursuant thereto;
31 and

32 (2) satisfies one or more of the following:

33 (A) Is organized under the law of a state or the United States;

34 (B) is organized, operated or sponsored by a U.S. person, as defined
35 under subsection 17 C.F.R. § 230.902(k); or

36 (C) sells securities to a U.S. person, as defined under subsection 17
37 C.F.R. § 230.902(k).

38 (nn) "Resealable" means that the package continues to function
39 within effectiveness specifications established by the director and similar
40 to the federal poison prevention packaging act of 1970, 15 U.S.C. § 1471
41 et seq., for the number of openings and closings customary for the size and
42 contents as determined by the director.

43 (oo) "Sale" or "sell" includes to:

1 (1) Exchange, barter or traffic in;
2 (2) solicit or receive and order, except through a licensee;
3 (3) deliver for value in any way other than gratuitously;
4 (4) peddle or possess with intent to sell; or
5 (5) traffic in for any consideration promised or obtained directly or
6 indirectly.

7 (pp) "Secretary" means the secretary of revenue.

8 (qq) "Security" means the same as defined in section (2)(l) of the
9 federal securities act of 1933.

10 (rr) "School" means any school operated by a school district under
11 the laws of this state or any private school offering kindergarten or any of
12 the grades one through 12.

13 (ss) "Waste disposal facility" means a person licensed to dispose of
14 cannabis waste through destruction or recycling.

15 New Sec. 3. (a) No person shall grow, harvest, process, sell, transport,
16 deliver, furnish or otherwise possess any form of cannabis, except as
17 specifically provided in the adult use cannabis regulation act or the
18 commercial industrial hemp act, K.S.A. 2-3901 et seq., and amendments
19 thereto.

20 (b) Nothing in the adult use cannabis regulation act shall be construed
21 to:

22 (1) Permit the use or possession of cannabis in any form on federal
23 land located in this state; or

24 (2) prohibit any person, employer, school, postsecondary educational
25 institution or any other entity that occupies, owns or controls property in
26 this state from prohibiting the use, possession, display, transfer,
27 distribution, sale, transportation or cultivation of cannabis in any form on
28 or in such property.

29 (c) The provisions of this act shall not apply to industrial hemp or any
30 activities related thereto that are subject to the commercial industrial hemp
31 act, K.S.A. 2-3901 et seq., and amendments thereto.

32 New Sec. 4. The director shall have the following powers, functions
33 and duties:

34 (a) To receive applications for, and to issue, suspend and revoke
35 licenses in accordance with the provisions of this act;

36 (b) to call upon other administrative departments of the state, county
37 and city governments, law enforcement agencies and prosecuting attorneys
38 for such information and assistance as the director deems necessary in the
39 performance of the duties imposed upon the director by this act;

40 (c) in the conduct of any hearing authorized and held by the director
41 to:

42 (1) Examine, or cause to be examined, under oath, any person, and to
43 examine or cause to be examined books and records of any licensee;

1 (2) hear testimony and take proof material for the information of the
2 director in the discharge of such duties hereunder;

3 (3) administer or cause to be administered oaths; and

4 (4) issue subpoenas to require the attendance of witnesses and the
5 production of books that shall be effective in any part of this state, and any
6 district court may, by order duly entered, require the attendance of
7 witnesses and the production of relevant books subpoenaed by the director
8 and may compel obedience by proceedings for contempt;

9 (d) to collect, receive, account for and turn over to the secretary of
10 revenue all registration and license fees and taxes provided for in this act
11 and all other moneys received by the director by virtue of the director's
12 office; and

13 (e) such other powers, functions and duties as are or may be imposed
14 or conferred upon the director by law.

15 New Sec. 5. (a) The director and agents and employees of the director
16 designated by the director, with the approval of the secretary of revenue,
17 are hereby vested with the power and authority of law enforcement
18 officers, in the execution of the duties imposed upon the director by this
19 act and in enforcing the provisions of this act.

20 (b) (1) The director and each agent and employee designated by the
21 director under subsection (a), with the approval of the secretary of
22 revenue, shall have the authority to:

23 (A) Make arrests, conduct searches and seizures and carry firearms
24 while investigating violations of this act and to generally enforce all the
25 criminal laws of the state as violations of those laws are encountered by
26 such employees or agents during the routine conduct of their duties as
27 determined by the director or the director's designee; and

28 (B) issue notices to appear pursuant to K.S.A. 22-2408, and
29 amendments thereto.

30 (2) No agent or employee of the director shall be certified to carry
31 firearms under the provisions of this section without having first
32 successfully completed the firearm training course or courses prescribed
33 for law enforcement officers under K.S.A. 74-5604a(a), and amendments
34 thereto. The director may adopt rules and regulations prescribing other
35 training required for such agents or employees.

36 New Sec. 6. (a) Except as permitted under subsection (b):

37 (1) The secretary of revenue, the director of alcoholic beverage
38 control or any officer, employee or agent of the division of alcoholic
39 beverage control shall not solicit or accept, directly or indirectly, any gift,
40 gratuity, emolument or employment from any person who is an applicant
41 for any license or is a licensee under the provisions of the adult use
42 cannabis regulation act or any officer, agent or employee thereof, or solicit
43 requests from or recommend, directly or indirectly, to any such person, the

1 appointment of any individual to any place or position; and

2 (2) an applicant for a license or a licensee under the provisions of this
3 act shall not offer any gift, gratuity, emolument or employment to the
4 secretary, the director or any officer, employee or agent of the division of
5 alcoholic beverage control.

6 (b) The secretary may adopt rules and regulations allowing the
7 acceptance of official hospitality by the secretary, the director and officers
8 and employees of the division of alcoholic beverage control, subject to any
9 limits as prescribed by such rules and regulations.

10 (c) If the secretary, the director or any officer, employee or agent of
11 the division of alcoholic beverage control violates any provision of this
12 section, such person shall be removed from such person's office or
13 employment.

14 (d) Violation of any provision of this section is a misdemeanor
15 punishable by a fine of not to exceed \$500 or imprisonment of not less
16 than 60 days nor more than six months, or both such fine and
17 imprisonment.

18 (e) Nothing in this section shall be construed to prohibit the
19 prosecution and punishment of any person for bribery as defined in the
20 Kansas criminal code.

21 New Sec. 7. (a) The director shall establish and maintain an
22 electronic database to monitor cannabis from its seed source through its
23 cultivation, testing, product manufacturing, transportation and sale. The
24 director may contract with a separate entity to establish and maintain all or
25 any portion of the electronic database on behalf of the division of alcoholic
26 beverage control.

27 (b) The electronic database shall allow for information regarding
28 cannabis to be updated instantaneously. Any licensed cannabis business
29 shall submit such information to the director as the director determines is
30 necessary for maintaining the electronic database.

31 New Sec. 8. (a) The director shall establish a cannabis and cannabis
32 products independent testing and certification program for licensed
33 cannabis businesses. Testing may include analysis for microbial and
34 residual solvents and chemical and biological contaminants deemed to be
35 public health hazards by the department of health and environment based
36 on medical reports and published scientific literature.

37 (b) (1) If test results indicate the presence of quantities of any
38 substance determined to be injurious to health, the licensee shall
39 immediately quarantine the cannabis or cannabis product and notify the
40 director. The director shall give the licensee an opportunity to retest the
41 cannabis or cannabis product. If two additional tests do not indicate the
42 presence of quantities of any substance determined to be injurious to
43 health, the product may be used or sold by the licensed cannabis business.

1 (2) If the test results indicate the presence of a microbial, the director
2 shall give the licensee an opportunity to remediate the cannabis or
3 cannabis product. If the licensee is unable to remediate the cannabis or
4 cannabis products, the licensee shall document and properly destroy the
5 adulterated cannabis or cannabis products.

6 (c) (1) Testing shall verify tetrahydrocannabinol potency
7 representations and homogeneity for correct labeling and provide a
8 cannabinoid profile for the cannabis or cannabis product. An individual
9 piece of cannabis of 10 milligrams or less that has gone through process
10 validation is exempt from continued homogeneity testing. Homogeneity
11 testing for 100 milligram servings of cannabis may utilize validation
12 measures.

13 (2) The director shall determine an acceptable variance for potency
14 representations and procedures to address potency misrepresentations,
15 provided that such variance is at least plus or minus 15%.

16 (d) The director may use or employ the results of any test of cannabis
17 or cannabis products conducted by an analytical laboratory that is certified
18 for the particular testing category or is accredited pursuant to the
19 international organization for standardization/international electrotechnical
20 commission 17025, 2005 standard, or any subsequent superseding
21 standard, in that field of testing.

22 (e) The secretary shall adopt rules and regulations that prevent
23 redundant testing of cannabis and cannabis concentrate, including, but not
24 limited to, potency testing of cannabis allocated to extractions, and
25 residual solvent testing of cannabis concentrate when all inputs of the
26 cannabis concentrate have passed residual solvent testing.

27 New Sec. 9. (a) The classes of licenses the director may issue for a
28 premises shall be the following:

29 (1) Cannabis cultivation facility license;
30 (2) cannabis testing facility license;
31 (3) cannabis products manufacturer license;
32 (4) cannabis transporter license;
33 (5) cannabis business operator license;
34 (6) waste disposal facility license;
35 (7) hospitality business license;
36 (8) hospitality and sales business license; and
37 (9) cannabis retailer license.

38 (b) The director may issue an occupational license for any individual
39 who is an owner, manager, operator, employee, contractor or other
40 individual performing work on behalf of a cannabis business licensee or
41 having unescorted access to any restricted area of the licensed premises of
42 a cannabis business licensee.

43 New Sec. 10. (a) (1) An application for a license shall be submitted to

1 the director in such form and manner as prescribed by the director. An
2 applicant shall pay the required fee at the time such application is
3 submitted. A separate license application shall be submitted for each
4 premises to be operated by the applicant.

5 (2) The director shall issue licenses under this act in a manner that
6 does not discriminate against any applicant on the basis of the applicant's
7 ethnicity, gender, age, race or economic status.

8 (b) No cannabis business license shall be issued to or held by:
9 (1) An individual whose criminal history record check indicates that
10 the individual has been convicted of or pleaded guilty to a felony within
11 the three years immediately preceding application for a license;

12 (2) a person who employs an individual who has not submitted to a
13 criminal history record check or whose criminal history record check
14 demonstrates such individual is ineligible for such employment;

15 (3) an individual whose criminal history record check indicates that
16 such individual is not of good moral character;

17 (4) a person other than an individual if the criminal history record
18 check of any of its controlling beneficial owners indicates that a
19 controlling beneficial owner is not of good moral character;

20 (5) a person under 21 years of age;

21 (6) a person who has not submitted a tax clearance certificate issued
22 by the department of revenue;

23 (7) an individual who is a law enforcement officer, county or district
24 attorney, an officer or employee of the attorney general's office or an
25 officer or employee of the division of alcoholic beverage control;

26 (8) a publicly traded entity that does not constitute a publicly traded
27 corporation;

28 (9) a person that is or has a controlling beneficial owner that is an
29 ineligible issuer pursuant to section 2, and amendments thereto;

30 (10) a person that is or has a controlling beneficial owner that is a bad
31 actor pursuant to section 2, and amendments thereto;

32 (11) a person that is not a publicly traded corporation that is or has a
33 passive beneficial owner or indirect financial interest holder that is a bad
34 actor pursuant to section 2, and amendments thereto;

35 (12) a person that is a publicly traded corporation that is or has a
36 nonobjecting passive beneficial owner or indirect financial interest holder
37 that is a bad actor pursuant to section 2, and amendments thereto; or

38 (13) a person:

39 (A) Who is a citizen or resident of a nation-state other than the United
40 States, unless such person is a dual citizen of the United States and another
41 jurisdiction or a permanent lawful resident of the United States;

42 (B) that is an entity organized under the laws of a nation-state other
43 than the United States or one of its subdivisions; or

1 (C) that is an entity wherever organized or doing business, that is
2 owned or controlled by a foreign government.

3 (c) No occupational license shall be issued to or held by an individual
4 who would be ineligible to hold a cannabis business license under
5 subsections (b)(1), (3), (5) or (7).

6 (d) Each applicant for a cannabis business license shall require any
7 owner, director, officer and any employee or agent of such applicant to be
8 fingerprinted and to submit to a state and national criminal history record
9 check. The director is authorized to submit the fingerprints to the Kansas
10 bureau of investigation and the federal bureau of investigation for a state
11 and national criminal history record check. The director shall use the
12 information obtained from fingerprinting and the state and national
13 criminal history record check for purposes of verifying the identification
14 of the applicant and for making a determination of the qualifications of the
15 applicant for licensure. The Kansas bureau of investigation may charge a
16 reasonable fee to the applicant for fingerprinting and conducting a criminal
17 history record check. Local law enforcement officers and agencies may
18 assist the director in the taking and processing of fingerprints and may
19 charge the applicant a reasonable fee as reimbursement for expenses
20 incurred in taking and processing fingerprints. The provisions of this
21 subsection shall also apply to any individual applying for an occupational
22 license who is not otherwise required to be fingerprinted and submit to a
23 state and national criminal history record check.

24 (e) A license shall only be issued if the applicant satisfies the
25 requirements for licensure under this act and pays the required license fee.

26 (f) (1) A cannabis business license shall be valid for a period of one
27 year from the date such license is issued.

28 (2) An occupational license shall be valid for a period of two years
29 from the date such license is issued.

30 New Sec. 11. (a) At least 90 days prior to the expiration date of an
31 existing cannabis business license or occupational license, the director
32 shall notify the licensee of the expiration date by first-class mail at the
33 licensee's address of record with the director. A license renewal application
34 shall be submitted prior to the expiration of the license and be
35 accompanied by the required renewal application fee. If a licensee properly
36 submits a renewal application and fee, the licensee may continue
37 to operate until such application is approved or denied by the director.

38 (b) A license shall only be renewed if the licensee continues to satisfy
39 the requirements for licensure under this act and pays the required license
40 fee.

41 New Sec. 12. (a) A cannabis business licensee shall not acquire,
42 possess, cultivate, deliver, transfer, transport, supply or sell cannabis for
43 any purpose except as authorized by this act.

1 (b) No person shall exercise any of the privileges granted under a
2 license issued pursuant to this act other than the person holding such
3 licensee or any person permitted to exercise such privileges by the person
4 holding such license.

5 (c) A licensee shall possess and maintain possession of the premises
6 for which the license is issued by ownership, lease, rental or other
7 arrangement for possession of the premises at all times.

8 (d) A license shall specify the date of issuance, the period of
9 licensure, the name of the licensee and the premises licensed. A license
10 shall be placed in a conspicuous location on the licensed premises in view
11 of the public.

12 (e) Each cannabis business licensee shall manage the licensed
13 premises or employ a manager and shall report the name of the manager to
14 the director. The licensee shall report any change in manager to the
15 director prior to such change.

16 (f) Each cannabis business licensee shall require that any owner,
17 manager, operator, employee, agent, contractor or any other individual
18 performing work on behalf of such licensee or having unescorted access to
19 a restricted area of the licensed premises of such licensee hold a valid
20 occupational license issued pursuant to this act.

21 (g) A cannabis business licensee that is not a publicly traded
22 corporation shall notify the director in writing of the name, address and
23 date of birth of any new controlling beneficial owner, passive beneficial
24 owner or manager before such new controlling beneficial owner, passive
25 beneficial owner or manager begins managing or associating with the
26 operation of such licensee. Any controlling beneficial owner, passive
27 beneficial owner, manager or employee shall submit to a criminal history
28 record check and obtain an occupational license from the director prior to
29 being associated with, managing, owning or working at a cannabis
30 business licensee.

31 (h) Except for a publicly traded corporation, a cannabis business
32 licensee shall report each transfer or change of financial interest in the
33 licensee to the director and receive approval prior to any such transfer or
34 change pursuant to section 15, and amendments thereto. Except for a
35 publicly traded corporation, a report is required for transfers of an owner's
36 interest of any entity regardless of size.

37 (i) Except as otherwise provided in this act, prior to issuing a license,
38 the director may consider the requirements of this act and any rules and
39 regulations adopted pursuant thereto and all other reasonable restrictions
40 that are or may be placed upon the applicant. With respect to an additional
41 license for the same cannabis business licensee or the same owner of
42 another licensee, the director shall consider the effect on competition of
43 granting or denying an additional license to such licensee and shall not

1 approve an application for an additional license that would have the effect
2 of restraining competition.

3 New Sec. 13. (a) The director shall not approve an application for a
4 cannabis business license:

5 (1) If the application is for a location that is the same as or within
6 1,000 feet of a location that, within the two years immediately preceding
7 the date of the application, the director denied an application for the same
8 class of license due to the nature of the use or other concern related to the
9 location;

10 (2) unless the applicant is, or will be, entitled to possession of the
11 premises for which application is made under a lease, rental agreement or
12 other arrangement for possession of the premises or by virtue of ownership
13 of the premises; or

14 (3) if the building is located within 1,000 feet of a school, alcohol or
15 drug treatment facility, postsecondary educational institution or child care
16 facility.

17 (b) The provisions of subsection (a)(3) shall not apply to:

18 (1) The renewal of a license once granted or apply to licensed
19 premises located or to be located on land owned by a municipality;

20 (2) an existing licensed premises on land owned by the state; or

21 (3) a license in effect and actively doing business before such facility
22 was in operation.

23 (c) (1) A cannabis business licensee may move the permanent
24 location of the licensed premises to any other location in Kansas upon
25 receiving permission to do so from the director. Any such change in
26 location shall be in accordance with all requirements of this act and rules
27 and regulations adopted pursuant thereto.

28 (2) (A) A cannabis cultivation facility that has obtained an approved
29 change of location from the director may operate one license at two
30 geographical locations for the purpose of transitioning operations from one
31 location to another if:

32 (i) The total plants cultivated at both locations do not exceed any
33 plant count limit imposed on the license by this act or any rules and
34 regulations adopted pursuant thereto;

35 (ii) the licensed premises of both geographical locations comply with
36 all surveillance, security and inventory tracking requirements imposed by
37 this act and any rules and regulations adopted pursuant thereto;

38 (iii) both the transferring location and the receiving location track all
39 plants in transition in the seed-to-sale tracking system to ensure proper
40 tracking for taxation purposes; and

41 (iv) operation at both geographical locations does not exceed 180
42 days, except, for good cause shown, the 180-day time period may be
43 extended for not more than an additional 120 days.

1 (B) Conduct at either location may be the basis for suspension,
2 revocation or civil penalty against the licensee.

3 (d) The distances referred to in this section are to be computed by
4 direct measurement from the nearest property line of each parcel of land,
5 using a route of direct pedestrian access.

6 New Sec. 14. (a) Each licensed cannabis business shall keep a
7 complete set of all records necessary to show fully the business
8 transactions of the licensee for a period of the current tax year and the
9 three immediately preceding tax years. The director may require any
10 licensed cannabis business to furnish such information as the director
11 deems necessary for the proper administration of this act and may require
12 an audit to be made of the books of account and records on such occasions
13 as the director deems necessary by an auditor to be selected by the director
14 who shall likewise have access to all books and records of the licensee.
15 The expense of any audit shall be paid by the licensee.

16 (b) The licensed premises, including any places of storage where
17 cannabis or cannabis products are cultivated, stored, manufactured, tested
18 or sold shall be subject to inspection by the director during all business
19 hours and other times of apparent activity, for the purpose of inspection or
20 investigation. Examination of any inventory or books and records required
21 to be kept by a licensee shall only be conducted during business hours.
22 When any part of the licensed premises consists of a locked area, such area
23 shall be made available for inspection without delay upon request by the
24 director.

25 New Sec. 15. (a) Except as otherwise provided, a license issued
26 pursuant to this act is not transferable. Nothing in this section shall be
27 construed to affect any change in permanent location of a cannabis
28 business licensee.

29 (b) For a transfer of ownership involving a controlling beneficial
30 owner, a licensee shall apply to the director for approval of such transfer.
31 In determining whether to approve such application, the director shall
32 consider only whether the requirements of this act and rules and
33 regulations adopted pursuant thereto are met.

34 (c) For a transfer of ownership involving a passive beneficial owner,
35 the licensee shall notify the director within 45 days after such transfer is
36 effective.

37 (d) A person that becomes a controlling beneficial owner of a
38 publicly traded corporation that is a cannabis business licensee or that
39 becomes a beneficial owner, through direct or indirect ownership of a
40 controlling beneficial owner, of 10% or more of a cannabis business
41 licensee that is a publicly traded corporation shall disclose the information
42 required by section 17, and amendments thereto, and apply to the director
43 for a finding of suitability or exemption from a finding of suitability

1 pursuant to section 18, and amendments thereto, within 45 days after
2 becoming such a controlling beneficial owner. A cannabis business
3 licensee shall notify each person that is subject to this subsection of its
4 requirements as soon as such licensee becomes aware of the beneficial
5 ownership triggering the requirement, provided that the obligations of the
6 person subject to this subsection are independent of, and unaffected by, the
7 such licensee's failure to give the notice.

8 New Sec. 16. (a) Any individual with day-to-day operational control
9 over a cannabis business licensee shall be a resident of this state.

10 (b) A cannabis business licensee or a controlling beneficial owner in
11 such licensee shall appoint and continuously maintain a registered agent in
12 this state. A licensee shall inform the director of any change in the
13 registered agent within 10 days after such change is effective.

14 New Sec. 17. (a) An applicant for a cannabis business license shall
15 disclose to the director:

16 (1) A complete and accurate organizational chart of the applicant
17 cannabis business reflecting the identity and ownership percentages of its
18 controlling beneficial owners;

19 (2) information regarding controlling beneficial owners of the
20 applicant cannabis business if the controlling beneficial owner is:

21 (A) A publicly traded corporation, the applicant shall disclose the
22 controlling beneficial owner's managers and any beneficial owners that
23 directly or indirectly beneficially own 10% or more of the owner's interest
24 in the controlling beneficial owner;

25 (B) not a publicly traded corporation and is not a qualified private
26 fund, the applicant shall disclose the controlling beneficial owner's
27 managers and any beneficial owners that directly or indirectly beneficially
28 own 10% or more of the owner's interest in the controlling beneficial
29 owner;

30 (C) a qualified private fund, the applicant shall disclose a complete
31 and accurate organizational chart of the qualified private fund reflecting
32 the identity and ownership percentages of the qualified private fund's
33 managers, investment advisers, investment adviser representatives, any
34 trustee or equivalent and any other person that controls the investment in,
35 or management or operations of, the applicant business; or

36 (D) an individual, the applicant shall disclose such individual's
37 identifying information;

38 (3) a person that is both a passive beneficial owner and an indirect
39 financial interest holder in the application business; and

40 (4) any indirect financial interest holder that holds two or more
41 indirect financial interests in the applicant cannabis business or that is
42 contributing over 50% of the operating capital of the applicant cannabis
43 business.

1 (b) The director may request that the applicant disclose the following:

2 (1) Each beneficial owner and affiliate of the applicant cannabis

3 business or controlling beneficial owner that is not a publicly traded

4 corporation or a qualified private fund; and

5 (2) each affiliate of a controlling beneficial owner that is a qualified

6 private fund.

7 (c) For reasonable cause, the director may require disclosure of:

8 (1) A complete and accurate list of each nonobjecting beneficial

9 interest owner of an applicant cannabis business or controlling beneficial

10 owner that is a publicly traded corporation;

11 (2) passive beneficial owners of the applicant business, and for any

12 passive beneficial owner that is not an individual, the members of the

13 board of directors, general partners, managing members or managers and

14 10% or more owners of the passive beneficial owner;

15 (3) a list of each beneficial owner in a qualified private fund that is a

16 controlling beneficial owner; and

17 (4) all indirect financial interest holders of the applicant cannabis

18 business, and for any indirect financial interest holder that is not an

19 individual and 10% or more beneficial owners of the indirect financial

20 interest holder.

21 (d) An applicant that is not a publicly traded corporation shall affirm

22 under penalty of perjury that it exercised reasonable care to confirm that

23 its passive beneficial owners, indirect financial interest holders and

24 qualified institutional investors are not persons prohibited pursuant to

25 section 10, and amendments thereto, or otherwise restricted from holding

26 an interest under this act. An applicant's failure to exercise reasonable care

27 is a basis for denial, fine, suspension, revocation or other sanction by the

28 director.

29 (e) An applicant that is a publicly traded corporation shall affirm

30 under penalty of perjury that it exercised reasonable care to confirm that

31 its nonobjecting passive beneficial owners, indirect financial interest

32 holders and qualified institutional investors are not persons prohibited

33 pursuant to section 10, and amendments thereto, or otherwise restricted

34 from holding an interest under this act. An applicant's failure to exercise

35 reasonable care is a basis for denial, fine, suspension, revocation or other

36 sanction by the director.

37 (f) Nothing in this section shall be construed to restrict the director's

38 ability to reasonably request information or records for any license

39 renewal or as part of any other investigation following initial licensure of a

40 cannabis business.

41 New Sec. 18. (a) Except as otherwise provided in section 15, and

42 amendments thereto, any person intending to become a controlling

43 beneficial owner of any cannabis business shall first submit a request to

1 the director for a finding of suitability or an exemption from an otherwise
2 required finding of suitability.

3 (b) For reasonable cause, any other person that was disclosed or that
4 should have been disclosed pursuant to section 17, and amendments
5 thereto, including, but not limited to, a passive beneficial owner, shall
6 submit a request for a finding of suitability.

7 (c) Failure to provide all requested information in connection with a
8 request for a finding of suitability is grounds for denial of such finding of
9 suitability.

10 (d) Failure to receive all required findings of suitability is grounds for
11 denial of a license or for suspension, revocation or other sanction against
12 the licensee by the director. For initial applications, the finding of
13 suitability shall be required prior to submitting the application for
14 licensure.

15 (e) Any person required to obtain a finding of suitability shall submit
16 an application for such finding in such form and manner as prescribed by
17 the director. Each suitability application shall be verified by the oath or
18 affirmation of the persons prescribed by the director.

19 (f) A person requesting a finding of suitability shall provide the
20 director with a deposit to cover the direct and indirect costs of any
21 investigation necessary to determine any required finding of suitability,
22 subject to any rules and regulations regarding such deposits adopted
23 pursuant to this act.

24 (g) When determining whether a person is suitable or unsuitable for
25 licensure, the director may consider the person's criminal history records,
26 licensing records or financial records.

27 (h) A person that would otherwise be required to obtain a finding of
28 suitability may request an exemption from the director pursuant to rules
29 and regulations adopted pursuant to this act.

30 (i) Absent reasonable cause, the director shall approve or deny a
31 request for a finding of suitability within 120 days from the date of
32 submission of the request for such finding.

33 (j) The director may deny, suspend, revoke or impose a civil penalty
34 against a license issued under this act if the director finds the licensee's
35 controlling beneficial owner, passive beneficial owner or indirect financial
36 interest holder to be unsuitable pursuant to this section.

37 New Sec. 19. The director, any employee of the division, any entity
38 under contract with the director and any employee or agent thereof shall
39 not make public any information reported to or collected by the director
40 under this act containing any individualized data, information or records
41 related to an applicant for a license or a licensee or the operation of any
42 licensee, including sales information, leases, business organization
43 records, financial records, tax returns, credit reports, cultivation

1 information, laboratory testing results and security information or plans.
2 Such information shall be kept confidential and may be used only for
3 purposes authorized by this act. The provisions of this subsection shall
4 expire on July 1, 2030, unless the legislature reviews and reenacts such
5 provisions in accordance with K.S.A. 45-229, and amendments thereto,
6 prior to July 1, 2030.

7 New Sec. 20. (a) A cannabis cultivation facility license may be issued
8 only to a person who cultivates cannabis for sale and distribution to
9 licensed cannabis retailers, cannabis product manufacturers, hospitality
10 and sales businesses or other cannabis cultivation facilities.

11 (b) A cannabis cultivation facility shall track the cannabis it cultivates
12 from seed or immature plant to wholesale purchase.

13 (c) A cannabis cultivation facility may provide a sample of cannabis
14 and cannabis concentrate to a licensed cannabis testing facility. A cannabis
15 cultivation facility shall maintain records of cannabis provided to a
16 cannabis testing facility, the identity of such facility and the test results.

17 (d) No cannabis or cannabis products shall be consumed on the
18 premises of a cannabis cultivation facility.

19 (e) Notwithstanding any other provision of law to the contrary, a
20 cannabis cultivation facility may compensate its employees using
21 performance-based incentives, including sales-based performance-based
22 incentives.

23 (f) A cannabis cultivation facility shall only obtain cannabis seeds or
24 immature plants from its own cannabis supply or cannabis that is properly
25 transferred from another licensed cannabis business pursuant to the
26 inventory tracking requirements of this act.

27 New Sec. 21. (a) The director shall create a licensure class system for
28 cannabis cultivation facility licenses. The classifications may be based
29 upon:

- 30 (1) Square footage of the facility;
- 31 (2) lights, lumens or wattage;
- 32 (3) lit canopy;
- 33 (4) the number of cultivating plants;
- 34 (5) any other reasonable metrics; or
- 35 (6) any combination thereof.

36 (b) The director shall create a fee structure for the licensure class
37 system.

38 (c) The director may establish limitations on cannabis production
39 through one or more of the following methods, including placing or
40 modifying a limit on the:

- 41 (1) Number of licenses issued, by class or overall, but in placing or
42 modifying such limits, the director shall consider the reasonable
43 availability of new licenses after a limit is established or modified;

1 (2) amount of cannabis production permitted by a cannabis
2 cultivation facility license or class of licenses based upon some reasonable
3 metric or set of metrics, including, but not limited to, the metrics described
4 in subsection (a), previous months' sales, pending sales or other reasonable
5 metrics as determined by the director; and

6 (3) aggregate amount of cannabis production by cannabis cultivation
7 facility licensees based upon some reasonable metric or set of metrics,
8 including, but not limited to, the metrics described in subsection (a), as
9 determined by the director.

10 (d) Notwithstanding any other provision of this act, in considering
11 any limitations or modifications to limitations imposed under this section,
12 the director, in addition to any other relevant considerations, shall:

13 (1) Consider the total current and anticipated demand for cannabis
14 and cannabis products in this state; and

15 (2) attempt to minimize the market for unlawful cannabis.

16 New Sec. 22. (a) The director may issue a centralized distribution
17 permit to a cannabis cultivation facility authorizing temporary storage on
18 the licensed premises of cannabis and cannabis products received from a
19 licensed cannabis business for the sole purpose of transfer to the permit
20 holder's commonly owned licensed cannabis retailer.

21 (b) A cannabis cultivation facility shall not store cannabis or cannabis
22 products pursuant to a centralized distribution permit for more than 90
23 days. A cannabis cultivation facility shall not accept any cannabis or
24 cannabis products pursuant to a centralized distribution permit unless the
25 cannabis and cannabis products are packaged and labeled for sale to a
26 consumer as required by rules and regulations adopted pursuant to this act.

27 (c) All cannabis and cannabis products stored and prepared for
28 transport on the licensed premises of a cannabis cultivation facility
29 pursuant to a centralized distribution permit shall only be transferred to a
30 cannabis cultivation facility's commonly owned licensed cannabis retailer.
31 All transfers of cannabis and cannabis products by a cannabis cultivation
32 facility pursuant to a centralized distribution permit shall be without
33 consideration.

34 (d) All cannabis cultivation facility security and surveillance
35 requirements shall apply to the activities conducted pursuant to the
36 privileges of a centralized distribution permit.

37 (e) A cannabis cultivation facility shall track all cannabis and
38 cannabis products possessed pursuant to a centralized distribution permit
39 in the seed-to-sale tracking system from the point such concentrate and
40 products are received from a licensed cannabis business to the point of
41 transfer to a cannabis cultivation facility licensee's commonly owned
42 licensed cannabis retailer.

43 (f) For purposes of this section, the term "commonly owned" means

1 licenses that have an ownership structure with at least one individual with
2 a minimum of 5% ownership in each license.

3 New Sec. 23. (a) A cannabis products manufacturer license may be
4 issued only to a person who manufactures cannabis products pursuant to
5 the terms and conditions of this act for sale and distribution to licensed
6 cannabis retailers, hospitality and sales businesses or other cannabis
7 products manufacturers.

8 (b) A cannabis products manufacturer may cultivate cannabis if the
9 licensee obtains a cannabis cultivation facility license, or may purchase
10 cannabis from a licensed cannabis cultivation facility. A cannabis products
11 manufacturer shall track all cannabis from the point such cannabis is either
12 transferred from the licensee's cannabis cultivation facility or the point
13 when such cannabis is delivered to the cannabis products manufacturer
14 from a licensed cannabis cultivation facility to the point of transfer to a
15 licensed cannabis business.

16 (c) A cannabis products manufacturer shall not:

17 (1) Add any cannabis to a food product where the manufacturer of the
18 food product holds a trademark to the food product's name, except that a
19 cannabis products manufacturer may use a trademarked food product if the
20 cannabis products manufacturer uses the product as a component or as part
21 of a recipe and where the cannabis products manufacturer does not state or
22 advertise to the consumer that the final cannabis product contains a
23 trademarked food product;

24 (2) intentionally or knowingly label or package a cannabis product in
25 a manner that would cause a reasonable consumer confusion as to whether
26 the cannabis product was a trademarked food product; or

27 (3) label or package a product in a manner that violates any federal
28 trademark law or regulation.

29 (d) Cannabis products shall be prepared on the licensed premises, and
30 such premises shall:

31 (1) Be used exclusively for the manufacture and preparation of
32 cannabis or cannabis products; and

33 (2) meet the sanitary standards for cannabis product preparation in
34 rules and regulations adopted pursuant to this act.

35 (e) (1) All cannabis products shall be packaged, sealed and
36 conspicuously labeled in compliance with rules and regulations adopted
37 pursuant to this act.

38 (2) No standard symbol requirements shall apply to a multi-serving
39 liquid cannabis product that is impracticable to mark, if the product
40 complies with all packaging requirements for multi-serving edibles and
41 complies with the following enhanced requirements to reduce the risk of
42 accidental ingestion. A multi-serving liquid shall be packaged in:

43 (A) A structure that uses a single mechanism to achieve both child-

1 resistance and accurate pouring measurement of each liquid serving in
2 increments equal to or less than 10 milligrams of active
3 tetrahydrocannabinol per serving, with no more than 100 milligrams of
4 active tetrahydrocannabinol total per package; and

5 (B) a manner to ensure that the measurement component is within the
6 child-resistant cap or closure of the bottle and is not a separate component.

7 (f) Cannabis and cannabis products shall not be consumed on the
8 premises of a cannabis products manufacturer.

9 (g) Notwithstanding any other provision of law to the contrary, a
10 cannabis products manufacturer may compensate its employees using
11 performance-based incentives, including sales-based performance-based
12 incentives.

13 (h) Except as otherwise provided by law, a cannabis products
14 manufacturer may provide a sample of cannabis products produced by
15 such manufacturer to a licensed cannabis testing facility. A cannabis
16 products manufacturer shall maintain a record of cannabis product samples
17 provided to a cannabis testing facility, the identity of such facility and the
18 testing results.

19 (i) An edible cannabis product may list its ingredients and
20 compatibility with dietary practices. All edible cannabis products shall be
21 produced in accordance with the Kansas food, drug and cosmetic act, and
22 amendments thereto.

23 New Sec. 24. (a) A cannabis transporter license may be issued only to
24 a person who provides logistics, distribution, delivery and storage of
25 cannabis, cannabis products and cannabis waste for one or more licensed
26 cannabis businesses. Notwithstanding any other provisions of law, a
27 cannabis transporter license shall not be transferable. A cannabis
28 transporter shall be responsible for the cannabis, cannabis products and
29 cannabis waste upon taking control of such cannabis, cannabis products
30 and cannabis waste.

31 (b) A licensed cannabis business that distributes cannabis and
32 cannabis products cultivated or produced by such licensee shall not be
33 required to hold a cannabis transporter license to transport and distribute
34 such cannabis and cannabis products.

35 (c) A cannabis transporter may maintain a licensed premises to
36 temporarily store and distribute cannabis and cannabis products and to use
37 as a centralized distribution location. A licensed premises shall satisfy the
38 same security requirements that are applicable to a cannabis cultivation
39 facility.

40 (d) A cannabis transporter shall use the seed-to-sale tracking system
41 to create shipping manifests documenting the transport of cannabis and
42 cannabis products.

43 New Sec. 25. (a) A waste disposal facility may:

1 (1) Transport and receive cannabis waste to or from one or more
2 licensed cannabis businesses; and

3 (2) dispose of cannabis waste received from one or more licensed
4 cannabis businesses.

5 (b) All cannabis waste disposed of pursuant to this act shall be
6 subject to any rules and regulations adopted by the secretary relating to the
7 proper disposal of such materials in order to preserve the health and safety
8 of the public.

9 (c) All cannabis waste shall be documented and tracked through the
10 electronic inventory tracking system established under section 7, and
11 amendments thereto. Such documentation shall include:

12 (1) Unique identification numbers for inventory lots;

13 (2) the total weight of the cannabis waste disposed of;

14 (3) the name of the licensee providing the cannabis waste; and

15 (4) photographs of the disposed cannabis waste.

16 New Sec. 26. (a) A hospitality business license may be issued only to
17 a person who operates a premises in which cannabis and cannabis products
18 may be consumed in accordance with this act and rules and regulations
19 adopted pursuant thereto. The director shall maintain a list of all licensed
20 hospitality businesses in the state and shall publish such list on the website
21 of the division of alcoholic beverage control.

22 (b) A hospitality business shall:

23 (1) Ensure that the display and consumption of cannabis and cannabis
24 products is not visible from outside the licensed premises;

25 (2) educate patrons by providing cannabis education materials
26 regarding the safe consumption of cannabis and cannabis products. Such
27 materials shall be based on requirements recommended by the cannabis
28 advisory committee and adopted by the secretary in rules and regulations.

29 A record of all such materials shall be maintained on the licensed premises
30 for inspection by the director; and

31 (3) ensure that, in the event of an emergency requiring the assistance
32 of law enforcement, emergency medical service providers or other public
33 safety personnel, all employees and patrons of the hospitality business
34 cease all consumption of cannabis and related activities until such
35 emergency ends and the emergency service personnel have exited the
36 licensed premises.

37 (c) A hospitality business shall not:

38 (1) Engage in or permit the sale or exchange for remuneration of
39 cannabis or cannabis products on the licensed premises;

40 (2) allow employees who are engaged in the performance of their
41 duties to consume any cannabis or cannabis products on the licensed
42 premises;

43 (3) distribute or allow distribution of free samples of cannabis or

1 cannabis products on the licensed premises;
2 (4) allow the consumption of alcoholic liquor on the licensed
3 premises;
4 (5) allow any activity for which a license is required under this act on
5 the licensed premises, including, but not limited to, the cultivation,
6 manufacturing or sale of cannabis or cannabis products;
7 (6) permit the use or consumption of cannabis or cannabis products
8 by a patron who displays any visible signs of intoxication; or
9 (7) admit any person who is under 21 years of age onto the licensed
10 premises.

11 (d) A hospitality business and employees of such business may
12 remove an individual from the licensed premises for any reason, including
13 a patron who displays any visible signs of intoxication.

14 New Sec. 27. (a) A hospitality and sales business license may be
15 issued only to a person who operates a premises in which cannabis and
16 cannabis products may be sold to a patron for consumption on or off the
17 licensed premises in accordance with this act and rules and regulations
18 adopted pursuant thereto. The director shall maintain a list of all licensed
19 hospitality and sales businesses in the state and shall publish such list
20 available on the website of the division of alcoholic beverage control.

21 (b) A hospitality and sales business shall:

22 (1) Track all of cannabis and cannabis products sold by such cannabis
23 business from the point that such cannabis and cannabis products are
24 transported from a licensed cannabis retailer, cannabis products
25 manufacturer or cannabis cultivation facility to the point of sale to a patron
26 of the hospitality and sales business;

27 (2) limit a patron to one transaction per day of not more than the
28 amount of cannabis or cannabis product that may be sold in such
29 transaction pursuant to limits established by the director;

30 (3) ensure that all cannabis and cannabis products are properly
31 packaged and labeled prior to allowing a patron to leave the licensed
32 premises with such cannabis or cannabis products;

33 (4) ensure that the display and consumption of cannabis and cannabis
34 products is not visible from outside of the licensed premises;

35 (5) educate patrons by providing cannabis education materials
36 regarding the safe consumption of cannabis and cannabis products. Such
37 materials shall be based on requirements recommended by the cannabis
38 advisory committee and adopted by the secretary in rules and regulations.
39 A record of all such materials shall be maintained on the licensed premises
40 for inspection by the director; and

41 (6) ensure that, in the event of an emergency requiring the assistance
42 of law enforcement, emergency medical service providers or other public
43 safety personnel, all employees and patrons of the hospitality and sales

1 business cease all consumption of cannabis and related activities until such
2 emergency ends and the emergency service personnel have exited the
3 licensed premises.

4 (c) A hospitality and sales business may purchase cannabis and
5 cannabis products from any licensed cannabis retailer, cannabis products
6 manufacturer or cannabis cultivation facility.

7 (d) A hospitality and sales business shall not:

8 (1) Allow employees who are engaged in the performance of their
9 duties to consume any cannabis or cannabis products on the licensed
10 premises;

11 (2) distribute or allow distribution of free samples of cannabis or
12 cannabis products on the licensed premises;

13 (3) sell any cannabis or cannabis products that contain nicotine;

14 (4) hold a license issued pursuant to the Kansas liquor control act,
15 K.S.A. 41-101 et seq., and amendments thereto, the club and drinking
16 establishment act, K.S.A. 41-2601 et seq., and amendments thereto, or the
17 cereal malt beverage act, K.S.A. 41-2701 et seq., and amendments thereto,
18 or otherwise allow the consumption of alcoholic liquor on the licensed
19 premises;

20 (5) allow any activity for which a license is required under this act on
21 the licensed premises, including, but not limited to, the cultivation,
22 manufacturing or sale of cannabis or cannabis products;

23 (6) sell, serve or permit the use or consumption of cannabis or
24 cannabis products by a patron who displays any visible signs of
25 intoxication; or

26 (7) admit any person who is under 21 years of age onto the licensed
27 premises.

28 (e) A hospitality and sales business and employees of such business
29 may remove an individual from the licensed premises for any reason,
30 including a patron who displays any visible signs of intoxication.

31 New Sec. 28. (a) A cannabis retailer license may be issued only to
32 a person selling cannabis and cannabis products to a patron for
33 consumption off the licensed premises.

34 (b) A cannabis retailer may:

35 (1) Cultivate cannabis for sale on the licensed premises if the licensee
36 also holds a cannabis cultivation facility license;

37 (2) purchase cannabis from a licensed cannabis cultivation facility;

38 (3) purchase cannabis and cannabis products from a licensed cannabis
39 products manufacturer;

40 (4) receive an order for the purchase and delivery of cannabis and
41 cannabis products through an online platform. If an online platform for is
42 used, such platform shall require the patron purchasing such cannabis or
43 cannabis product to choose a cannabis retailer prior to viewing the price;

1 and

2 (5) sell cannabis and cannabis products to a licensed hospitality and
3 sales business.

4 (c) A cannabis retailer shall:

5 (1) Ensure that all cannabis and cannabis products sold by the
6 licensee are packaged and labeled in accordance with this act and rules and
7 regulations adopted pursuant thereto;

8 (2) ensure that any display of cannabis concentrate includes the
9 potency of the cannabis concentrate next to the name of the product;

10 (3) track all cannabis and cannabis products sold by such cannabis
11 business from the point that such cannabis and cannabis products are
12 transported from a licensed cannabis products manufacturer or cannabis
13 cultivation facility to the point of sale to a patron of the licensee or to a
14 hospitality and sales business;

15 (4) only sell cannabis, cannabis products, cannabis accessories,
16 nonconsumable products such as apparel and cannabis-related products
17 such as childproof packaging containers;

18 (5) not permit the consumption of cannabis or cannabis products on
19 the licensed premises;

20 (6) not sell or provide free of charge any consumable product,
21 including, but not limited to, cigarettes, alcoholic liquor or any edible
22 product that does not contain cannabis;

23 (7) not sell any cannabis or cannabis products that contain nicotine or
24 alcoholic liquor; and

25 (8) not sell cannabis or cannabis products through an online platform
26 or deliver cannabis or cannabis products to a person not physically present
27 on the licensed premises, except as otherwise provided.

28 (d) (1) A cannabis retailer shall not sell more than one ounce of
29 cannabis or the equivalent in cannabis products, including cannabis
30 concentrate, to an individual during a single transaction, except nonedible,
31 nonpsychoactive cannabis products, including ointments, lotions, balms
32 and other nontransdermal topical products, may be sold in amounts greater
33 than one ounce, but not to exceed any limits on such sales established by
34 the secretary in rules and regulations.

35 (2) Prior to completing a transaction, a cannabis retailer shall verify
36 that the purchaser has a valid identification card showing the purchaser is
37 21 years of age or older. If a person who is under 21 years of age presents
38 a fraudulent proof of age, any action relying on such fraudulent proof of
39 age shall not be grounds for the revocation or suspension of any license
40 issued under this act.

41 (3) If a cannabis retailer or such retailer's employee has reasonable
42 cause to believe that a person is under 21 years of age and is exhibiting
43 fraudulent proof of age in an attempt to obtain cannabis or cannabis

1 product, the retailer or employee may confiscate such fraudulent proof of
2 age, if possible, and shall, within 72 hours, remit such confiscated proof of
3 age to an appropriate law enforcement agency. The failure to confiscate
4 such fraudulent proof of age or to remit to a law enforcement agency
5 within 72 hours after such confiscation shall not constitute a criminal
6 offense.

7 (4) If a cannabis retailer or such retailer's employee has reasonable
8 cause to believe that a person is under 21 years of age and is exhibiting
9 fraudulent proof of age in an attempt to obtain cannabis or cannabis
10 product, the retailer or employee or any law enforcement officer, acting in
11 good faith and upon probable cause based upon reasonable grounds
12 therefor, may detain and question such person in a reasonable manner for
13 the purpose of ascertaining whether the person is guilty of any unlawful
14 act regarding the purchase of cannabis or cannabis product. The
15 questioning of a person by an employee or a law enforcement officer shall
16 not render the licensee, the employee or the law enforcement officer civilly
17 or criminally liable for slander, false arrest, false imprisonment, malicious
18 prosecution or unlawful detention.

19 (e) A cannabis retailer may provide a cannabis sample or cannabis
20 product sample to a licensed cannabis testing facility. A cannabis retailer
21 shall maintain a record of the cannabis and cannabis product samples
22 provided to a cannabis testing facility, the identity of such cannabis testing
23 facility and the results of the testing.

24 (f) An automatic dispensing machine that contains cannabis and
25 cannabis products may only be located on the licensed premises of a
26 cannabis retailer. Any such machine shall comply with any rules and
27 regulations adopted pursuant to this act for the operation of such machines.

28 New Sec. 29. (a) A cannabis testing facility license may be issued
29 only to a person who performs testing and research on cannabis and
30 cannabis products.

31 (b) A person who has an interest in a licensed cannabis testing facility
32 shall not have any interest in a licensed cannabis retailer, cannabis
33 cultivation facility or cannabis products manufacturer.

34 (c) The director shall adopt rules and regulations for acceptable
35 testing and research practices, including, but not limited to, testing
36 protocols, standards, quality control analysis, equipment certification and
37 calibration, chemical identification and other substances used in research
38 methods.

39 New Sec. 30. A cannabis business operator license may be issued
40 only to a person who operates a licensed cannabis business for the owner
41 of such business and who receives compensation for such performance,
42 which may include a portion of the profits.

43 New Sec. 31. (a) (1) A cannabis cultivation facility may provide a

1 sample of cannabis and cannabis concentrate to managers employed by the
2 licensee for purposes of quality control and product development. A
3 cannabis cultivation facility may designate no more than five managers per
4 month as recipients of quality control and product development samples.

5 (2) A cannabis products manufacturer may provide a cannabis
6 product sample and a cannabis concentrate sample to managers employed
7 by the licensee for purposes of quality control and product development. A
8 cannabis products manufacturer may designate no more than five
9 managers per month as recipients of quality control and product
10 development samples.

11 (b) (1) A sample provided by a cannabis cultivation facility shall be
12 limited to:

13 (A) One gram of cannabis per batch; and

14 (B) $\frac{1}{4}$ gram of cannabis concentrate per batch, except that $\frac{1}{2}$ gram of
15 cannabis concentrate shall be the limit if the intended use of the final
16 product is to be used in a device that can be used to deliver cannabis
17 concentrate in a vaporized form to the person inhaling from the device.

18 (2) A sample provided by a cannabis products manufacturer shall be
19 limited to:

20 (A) One serving size of an edible cannabis product not exceeding 10
21 milligrams of tetrahydrocannabinol per batch;

22 (B) one serving size of nonedible cannabis product per batch that has
23 the applicable equivalent amount of tetrahydrocannabinol, as defined in
24 rules and regulations adopted pursuant to this act; and

25 (C) $\frac{1}{4}$ gram of cannabis concentrate per batch, except that $\frac{1}{2}$ gram of
26 cannabis concentrate shall be the limit if the intended use of the final
27 product is to be used in a device that can be used to deliver cannabis
28 concentrate in a vaporized form to the person inhaling from the device.

29 (c) A sample shall be labeled and packaged pursuant to rules and
30 regulations adopted pursuant to this act.

31 (d) A sample shall be tracked with the seed-to-sale tracking system.
32 Prior to a manager receiving a sample, a manager shall be designated in
33 the seed-to-sale tracking system as a recipient of quality control and
34 product development samples. A manager receiving a sample shall make a
35 voluntary decision to be tracked in the seed-to-sale tracking system. The
36 cannabis cultivation facility or cannabis products manufacturer shall
37 maintain documentation of all samples provided to a manager and shall
38 make such documentation available to the director upon request.

39 (e) Prior to a manager receiving a sample, a cannabis cultivation
40 facility or cannabis products manufacturer shall provide a standard
41 operating procedure to the manager explaining the requirements of this
42 section and personal possession limits.

43 (f) A manager shall not:

1 (1) Receive more than one ounce total of cannabis or eight grams of
2 cannabis concentrate samples per month, regardless of the number of
3 cannabis businesses the manager is associated with; or

4 (2) provide to or resell the sample to an employee of a cannabis
5 business, a customer of such business or any other individual.

6 (g) A cannabis cultivation facility or cannabis products manufacturer
7 shall not:

8 (1) Allow a manager to consume the sample on the licensed premises;
9 or

10 (2) use the sample as a means of compensation to a manager.

11 (h) The director may establish additional inventory tracking and
12 record keeping requirements, including any additional reporting. Such
13 information shall be maintained on the licensed premises for inspection by
14 the director upon request.

15 (i) For purposes of this section, the term "manager" means an
16 employee of the cannabis cultivation facility or cannabis products
17 manufacturer who holds an occupational license and is currently
18 designated as a manager of such cannabis cultivation facility or cannabis
19 products manufacturer.

20 New Sec. 32. (a) A cannabis delivery permit may be issued to a
21 licensed cannabis transporter or a licensed cannabis retailer authorizing the
22 permit holder to deliver cannabis and cannabis products to individuals.

23 (b) A cannabis delivery permit shall be valid for one year from the
24 date such permit is issued and may be renewed annually upon renewal of a
25 cannabis transporter license or cannabis retailer license.

26 (c) A cannabis delivery permit shall only be issued to a licensed
27 cannabis transporter or cannabis retailer, except a cannabis delivery permit
28 may be applied to more than one licensed cannabis business, provided that
29 such cannabis businesses are owned by the same person.

30 (d) A cannabis transporter or cannabis retailer shall not deliver
31 cannabis or cannabis products to individuals while transporting cannabis
32 or cannabis products between licensed cannabis businesses in the same
33 vehicle.

34 (e) (1) The holder of a cannabis delivery permit shall:

35 (A) Conduct deliveries on behalf of, and pursuant to a contract with,
36 a licensed cannabis retailer;

37 (B) receive only packaged cannabis delivery orders from a licensed
38 cannabis retailer;

39 (C) deliver cannabis and cannabis products only by a motor vehicle
40 that satisfies the requirements of this act and rules and regulations adopted
41 pursuant thereto;

42 (D) deliver only to the individual identified in the order and who:

43 (i) Is 21 years of age or older;

1 (ii) receives delivery of the cannabis or cannabis products in
2 accordance with rules and regulations adopted pursuant to this act; and
3 (iii) possesses an acceptable form of identification; and
4 (E) deliver only to a private residence at the address provided in the
5 order.

6 (2) The holder of a cannabis delivery permit shall not:
7 (A) Accept orders on behalf of a cannabis retailer, if the holder is a
8 cannabis transporter;
9 (B) deliver cannabis and cannabis products in excess of amounts
10 established by the director; or
11 (C) deliver cannabis or cannabis products more than once per day to
12 the same individual or residence.

13 (f) Prior to transferring possession of the order to an individual, the
14 individual delivering the order shall inspect the recipient's identification
15 and verify that the information provided at the time of the order matches
16 the name and age on the recipient's identification.

17 (g) Any individual delivering cannabis and cannabis products shall
18 hold a valid occupational license and be a current employee of a licensed
19 cannabis transporter or cannabis retailer that holds a valid cannabis
20 delivery permit. Such individual shall be certified as having completed
21 training regarding proof-of-age identification and verification, including
22 all forms of identification that are deemed acceptable by the director, and
23 any other training required by the director.

24 (h) Except as otherwise provided, all requirements applicable to
25 licensees under this act, including, but not limited to, inventory tracking,
26 transportation, packaging, labeling and advertising requirements, shall
27 apply to any person holding a cannabis delivery permit.

28 (i) For purposes of this section, the term "private residence" means a
29 private premises where an individual lives, such as a private dwelling
30 place or place of habitation, and specifically excludes any premises located
31 at a school or on the campus of a public or private postsecondary
32 educational institution or any other public property.

33 New Sec. 33. (a) The director shall charge and collect the following
34 fees for an application for a cannabis business license:

35 (1) For a cannabis retailer, cannabis products manufacturer or
36 cannabis cultivation facility, an amount of not to exceed \$5,000;

37 (2) for a cannabis testing facility, cannabis transporter, cannabis
38 business operator, hospitality business or hospitality and sales business, an
39 amount of not to exceed \$1,000; and

40 (3) for the renewal application for any cannabis business license,
41 \$300.

42 (b) The director shall charge and collect the following fees for a
43 license issued to a cannabis business:

- 1 (1) For a cannabis retailer, an amount of not to exceed \$2,000;
- 2 (2) for a cannabis products manufacturer or cannabis testing facility,
- 3 an amount of not to exceed \$1,500;
- 4 (3) for a cannabis cultivation facility:
 - 5 (A) For a facility with not more than 1,800 plants, \$1,500;
 - 6 (B) for a facility with more than 1,800, but not more than 3,600
 - 7 plants, \$2,300;
 - 8 (C) for a facility with more than 3,600, but not more than 6,000
 - 9 plants, \$3,000;
 - 10 (D) for a facility with more than 6,000, but not more than 10,200
 - 11 plants, \$4,500;
 - 12 (E) for a facility with more than 10,200, but not more than 13,800
 - 13 plants, \$6,500; and
 - 14 (F) for a facility with more than 13,800 plants, \$6,500 plus \$800 for
 - 15 every additional 3,600 plants over 13,800;
 - 16 (4) for a cannabis transporter, an amount of not to exceed \$4,400;
 - 17 (5) for a cannabis business operator, an amount of not to exceed
 - 18 \$2,200;
 - 19 (6) for a hospitality business, an amount of not to exceed \$1,000; and
 - 20 (7) for a hospitality and sales business, an amount of not to exceed
 - 21 \$2,000.
- 22 (c) The director shall charge and collect the following fees for owner
- 23 and employee licenses and certifications:
 - 24 (1) For a finding of suitability:
 - 25 (A) For an individual, an amount of not to exceed \$800;
 - 26 (B) for an entity that is not a publicly traded corporation, an amount
 - 27 of not to exceed \$800 plus \$800 for each additional individual or entity
 - 28 associated with the applicant who is subject to a finding of suitability; and
 - 29 (C) for a publicly traded corporation, an amount of not to exceed
 - 30 \$6,000 plus \$800 for each additional individual or entity associated with
 - 31 the applicant who is subject to a finding of suitability;
 - 32 (2) for an owner occupational license, an amount of not to exceed
 - 33 \$500;
 - 34 (3) for an employee occupational license, an amount of not to exceed
 - 35 \$100; and
 - 36 (4) for the renewal of an owner or employee occupational license, an
 - 37 amount of not to exceed \$75.
- 38 (d) The director shall charge and collect the following fees for permit
- 39 applications:
 - 40 (1) For a centralized distribution permit, an amount of not to exceed
 - 41 \$20;
 - 42 (2) for a cannabis delivery permit, an amount of not to exceed \$2,000;
 - 43 (3) for an approval of a change of permanent location, an amount of

1 not to exceed \$500; and

2 (4) for an approval of a transfer of ownership, an amount of not to
3 exceed \$1,600.

4 New Sec. 34. (a) Except as otherwise provided in this act, it is
5 unlawful for a person to:

6 (1) Purchase, sell, transfer, give away or acquire cannabis or cannabis
7 products except in accordance with this act;

8 (2) consume cannabis or cannabis products in a licensed cannabis
9 business, except on the licensed premises of a hospitality business or
10 hospitality and sales business;

11 (3) have a controlling beneficial ownership, passive beneficial
12 ownership or indirect financial interest in a cannabis business license that
13 was not disclosed in accordance with section 17, and amendments thereto,
14 except banks or savings and loan associations supervised and regulated by
15 the state or federal government, FHA-approved mortgagees or
16 stockholders, directors or officers thereof;

17 (4) exercise any privilege of a cannabis business license, unless such
18 person holds a valid license to exercise such privileges;

19 (5) exercise any privilege associated with holding a controlling
20 beneficial ownership, passive beneficial ownership or indirect financial
21 interest in a cannabis business license that was not disclosed in accordance
22 with section 17, and amendments thereto; or

23 (6) engage in the transfer of ownership of a cannabis business without
24 prior approval as required by section 15, and amendments thereto.

25 (b) It is unlawful for a licensed cannabis business to:

26 (1) Fail to report a transfer required by section 12, and amendments
27 thereto;

28 (2) knowingly adulterate or alter, or to attempt to adulterate or alter,
29 any samples of cannabis or cannabis products for the purpose of
30 circumventing contaminant testing detection limits or potency testing
31 requirements;

32 (3) use advertising material that is misleading, deceptive or false, or
33 that is designed to appeal to minors;

34 (4) allow cannabis and cannabis products to be consumed on the
35 licensed premises, except on the licensed premises of a hospitality
36 business or hospitality and sales business;

37 (5) sell or permit the sale of cannabis or cannabis products to a person
38 under 21 years of age;

39 (6) have in possession or on the licensed premises any cannabis that
40 the licensee is not permitted to sell under such license, except cannabis
41 possessed for purposes of recycling;

42 (7) have on the licensed premises any cannabis or cannabis
43 paraphernalia that shows evidence of cannabis having been consumed or

1 partially consumed, except on the licensed premises of a hospitality
2 business or hospitality and sales business, or cannabis and cannabis
3 paraphernalia possessed for purposes of recycling;

4 (8) abandon a licensed premises or otherwise cease operation without
5 notifying the director at least 48 hours prior to such cessation and without
6 accounting for and forfeiting to the director all cannabis and cannabis
7 products on the licensed premises for destruction;

8 (9) offer for sale or solicit an order for cannabis or cannabis products
9 in person, except on the licensed premises;

10 (10) purchase cannabis or cannabis products from a person who does
11 not hold the proper license under this act;

12 (11) burn or otherwise destroy cannabis, cannabis products or any
13 other substance containing cannabis for the purpose of evading an
14 investigation or preventing seizure; or

15 (12) engage in any act or omission with the intent to evade disclosure,
16 reporting, record keeping or suitability requirements, including, but not
17 limited to, the following:

18 (A) Failing to file a report required under this act or causing or
19 attempting to cause a person to fail to file such a report;

20 (B) filing or causing or attempting to cause a person to file a report
21 required under this act that contains a material omission or misstatement of
22 fact;

23 (C) making false or misleading statements regarding the offering of
24 an owner's interest in a cannabis business; or

25 (D) structuring any transaction with the intent to evade disclosure,
26 reporting, record keeping or suitability requirements.

27 (c) (1) Except as otherwise provided in paragraph (2), a violation of
28 of this section shall be a class B nonperson misdemeanor.

29 (2) A violation of subsection (b)(5) shall be a class A nonperson
30 misdemeanor.

31 (d) Nothing in this section shall be construed to prohibit the
32 prosecution of any crime under chapter 21 of the Kansas Statutes
33 Annotated, and amendments thereto.

34 New Sec. 35. (a) In addition to or in lieu of any other civil or criminal
35 penalty as provided by law, the director may refuse to issue or renew a
36 license, or may revoke or suspend a license for any of the following
37 reasons:

38 (1) The person has failed to comply with any provision of the adult
39 use cannabis regulation act or any rules and regulations adopted pursuant
40 thereto;

41 (2) the person has falsified or misrepresented any information
42 submitted to the director in order to obtain a license; or

43 (3) the person has violated any of the provisions of section 33, and

1 amendments thereto.

2 (b) Upon the final decision of the director to suspend a license for a
3 period of more than 14 days, the licensee may, prior to the commencement
4 of such suspension period, submit a petition to the director for permission
5 to pay a fine in lieu of suspension of such license. Such fine shall be not
6 less than \$500 or more than \$100,000. The director may, in the director's
7 sole discretion, stay the proposed suspension and cause any investigation
8 to be made or grant such petition if the director is satisfied that:

9 (1) The public welfare would not be impaired by permitting the
10 licensee to operate during the period set for suspension and that the
11 payment of the fine will achieve the desired disciplinary purposes;

12 (2) the books and records of the licensee are kept in such a manner
13 that the loss of sales that the licensee would have suffered had the
14 suspension gone into effect can be determined with reasonable accuracy;
15 and

16 (3) the licensee has not had such license suspended or revoked or had
17 any suspension stayed by payment of a fine during the two years
18 immediately preceding the date of the violation that resulted in a final
19 decision to suspend such license.

20 (c) Upon payment of a fine pursuant to subsection (b), the director
21 shall issue an order staying the imposition of the suspension of such
22 license.

23 New Sec. 36. (a) Except as provided in subsection (d), the director
24 shall not be required to cultivate, maintain or preserve any cannabis or
25 cannabis product owned by or seized from a cannabis business. The
26 director shall not sell, solicit for sale or otherwise transfer any cannabis or
27 cannabis products in the possession of the director.

28 (b) In addition to any other remedies provided by law, any final order
29 issued by the director imposing a disciplinary action against a licensee
30 may specify that all or some portion of such licensee's cannabis or
31 cannabis product does not comply with the requirements of this act or
32 rules and regulations adopted pursuant thereto and is an illegal controlled
33 substance. Such order may further specify that the licensee has no interest
34 in any such cannabis or cannabis product. Except as otherwise provided in
35 subsections (c) and (d), upon the issuance of such order the director may
36 direct the destruction of any such cannabis or cannabis products. Any
37 authorized destruction of cannabis or cannabis products may include the
38 incidental destruction of any containers, equipment, supplies and other
39 property associated with such cannabis or cannabis product.

40 (c) The director shall not direct the destruction of any cannabis or
41 cannabis products until such time as the order authorizing such destruction
42 becomes final, subject to the provisions of section 41, and amendments
43 thereto. Pending final disposition of an order authorizing the destruction of

1 cannabis or cannabis products, the director shall maintain such cannabis or
2 cannabis products.

3 (d) Any county or district attorney who commences an investigation
4 of a cannabis business shall notify the director of such investigation. If the
5 director has received such notification from a county or district attorney,
6 the director shall not direct the destruction of any cannabis or cannabis
7 products possessed by the cannabis business under investigation until such
8 destruction is approved by the notifying county or district attorney.

9 New Sec. 37. (a) Any person listed in subsections (b)(1), (b)(2) or (b)
10 (3) may engage or direct a person under 21 years of age to violate the
11 provisions of the adult use cannabis regulation act in order to develop a
12 program or system that determines and encourages compliance with the
13 provisions of such act prohibiting the furnishing or sale of cannabis and
14 cannabis products to a person under 21 years of age or the consumption of
15 cannabis or cannabis products by such persons.

16 (b) No person shall engage or direct a person under 21 years of age to
17 violate any provision of the adult use cannabis regulation act for purposes
18 of determining compliance with the provisions of such act unless such
19 person is:

20 (1) An officer having authority to enforce the provisions of such act;
21 (2) an authorized representative of the attorney general or a county or
22 district attorney; or

23 (3) a licensee under such act or such licensee's designee pursuant to a
24 self-compliance program designed to increase compliance with the
25 provisions of such act if such program has been approved by the director.

26 New Sec. 38. (a) A financial institution that provides financial
27 services to any licensed cannabis business shall be exempt from any
28 criminal law of this state an element of which may be proven by
29 substantiating that a person provides financial services to a person who
30 possesses, delivers or manufactures cannabis or cannabis products,
31 including any of the offenses specified in article 53 or 57 of chapter 21 of
32 the Kansas Statutes Annotated, and amendments thereto, if the licensed
33 cannabis business is in compliance with the provisions of this act and all
34 applicable tax laws of this state.

35 (b) (1) Upon the request of a financial institution, the director shall
36 provide to the financial institution the following information:

37 (A) Whether a person with whom the financial institution is seeking
38 to do business is a licensed cannabis business;

39 (B) the name of any controlling beneficial ownership, passive
40 beneficial ownership or indirect financial interest in such licensed cannabis
41 business;

42 (C) an unredacted copy of such person's application for a cannabis
43 business license, and any supporting documentation, that was submitted by

1 such person;

2 (D) if applicable, information relating to sales and volume of
3 cannabis and cannabis product sold by such person;

4 (E) whether the person is in compliance with the provisions of this
5 act and rules and regulations adopted pursuant thereto; and

6 (F) any past or pending violations of this act or any rules and
7 regulations adopted pursuant thereto committed by such person, and any
8 penalty imposed on such person for such violation.

9 (2) The director may charge a financial institution a reasonable fee to
10 cover the administrative cost of providing information requested under this
11 section.

12 (c) Information received by a financial institution under subsection
13 (b) is confidential. Except as otherwise permitted by any other state or
14 federal law, a financial institution shall not make the information available
15 to any person other than the customer to whom the information applies and
16 any trustee, conservator, guardian, personal representative or agent of that
17 customer.

18 (d) As used in this section:

19 (1) "Financial institution" means any bank, trust company, savings
20 bank, credit union or savings and loan association or any other financial
21 institution regulated by the state of Kansas, any agency of the United
22 States or other state with an office in Kansas; and

23 (2) "financial services" means services that a financial institution is
24 authorized to provide under chapter nine or article 22 of chapter 17 of the
25 Kansas Statutes Annotated, and amendments thereto, as applicable.

26 New Sec. 39. (a) There is hereby established the cannabis business
27 regulation fund in the state treasury. The director shall administer the
28 cannabis business regulation fund and shall remit all moneys collected
29 from the payment of all fees and fines imposed by the director pursuant to
30 the adult use cannabis regulation act and any other moneys received by or
31 on behalf of the director pursuant to such act to the state treasurer in
32 accordance with the provisions of K.S.A. 75-4215, and amendments
33 thereto. Upon receipt of each such remittance, the state treasurer shall
34 deposit the entire amount in the state treasury to the credit of the cannabis
35 business regulation fund. Moneys credited to the cannabis business
36 regulation fund shall only be expended or transferred as provided in this
37 section. Expenditures from such fund shall be made in accordance with
38 appropriation acts upon warrants of the director of accounts and reports
39 issued pursuant to vouchers approved by the director or the director's
40 designee.

41 (b) Moneys in the cannabis business regulation fund shall be used for
42 the payment or reimbursement of costs related to the regulation and
43 enforcement of the cultivation, manufacturing, testing, sale and

1 consumption of cannabis by the division of alcoholic beverage control.

2 New Sec. 40. (a) The cannabis advisory committee is hereby created
3 in the department of revenue. The committee shall consist of 11 members
4 appointed by the secretary. The composition of the committee shall
5 accurately reflect the state's population with respect to ethnicity, gender,
6 age, race and economic status.

7 (b) The initial appointments to the committee shall be made on or
8 before July 31, 2025.

9 (c) Each member of the committee shall serve from the date of
10 appointment until the committee ceases to exist, except that members shall
11 serve at the pleasure of the appointing authority. A vacancy shall be filled
12 in the same manner as the original appointment.

13 (d) Each member of the committee shall be paid compensation,
14 subsistence allowances, mileage and other expenses as provided in K.S.A.
15 75-3223(e), and amendments thereto.

16 (e) The committee shall hold its initial meeting not later than 30 days
17 after the last member of the committee is appointed. The committee may
18 develop and submit to the secretary and the director any recommendations
19 related to the implementation and enforcement of this act.

20 (f) The provisions of this section shall expire on July 1, 2027.

21 New Sec. 41. (a) On or before July 1, 2026, the secretary of revenue
22 shall adopt rules and regulations to implement, administer and enforce the
23 provisions of the adult use cannabis regulation act.

24 (b) Rules and regulations adopted pursuant to this section shall
25 include:

26 (1) Procedures for the issuance, renewal, suspension and revocation
27 of licenses to operate cannabis businesses;

28 (2) application, licensing and renewal fees for cannabis businesses;

29 (3) qualifications for licensure, including, but not limited to, the
30 requirement for a fingerprint-based criminal history record check for all
31 controlling beneficial owners, passive beneficial owners, managers,
32 contractors, employees and other support staff of licensed cannabis
33 businesses;

34 (4) establishment of a cannabis and cannabis products independent
35 testing and certification program for licensed cannabis businesses
36 requiring licensees to test cannabis and cannabis products to ensure, at a
37 minimum, that products sold for human consumption do not contain
38 contaminants that are injurious to health and to ensure correct labeling;

39 (5) security requirements for any licensed premises, including, but
40 not limited to, lighting, physical security, video and alarm requirements
41 and other procedures for internal control as deemed necessary by the
42 director to properly administer and enforce the provisions of this act,
43 including reporting requirements for changes, alterations or modifications

1 to the licensed premises;

2 (6) requirements for licensed cannabis businesses to comply with
3 sustainability protocols and to adopt standard operating procedures to
4 prevent negative environmental impacts;

5 (7) labeling requirements for cannabis and cannabis products sold by
6 a cannabis business, including, but not limited to:

7 (A) Warning labels;

8 (B) the amount of tetrahydrocannabinol per serving and the number
9 of servings per package for cannabis products;

10 (C) a universal symbol indicating that the package contains cannabis;
11 and

12 (D) potency of the cannabis and cannabis products;

13 (8) health and safety regulations and standards for the cultivation of
14 cannabis and the manufacture of cannabis products;

15 (9) the storage and transportation of cannabis and cannabis products;

16 (10) sanitary requirements for cannabis businesses, including, but not
17 limited to, sanitary requirements for the preparation of cannabis and
18 cannabis products;

19 (11) the reporting and remittance of sales taxes collected by cannabis
20 retailers and hospitality and sales businsses and the reporting and
21 remittance of excise taxes paid by cannabis cultivation facilities;

22 (12) procedures for issuing and appealing citations for violation of
23 this act and rules and regulations adopted pursuant thereto;

24 (13) requirements for drivers employed by a licensed cannabis
25 transporter or a cannabis delivery permit holder, including:

26 (A) Obtaining and maintaining a valid Kansas driver's license;

27 (B) insurance requirements;

28 (C) acceptable manner of transport, storage and delivery of cannabis
29 and cannabis products; and

30 (D) requirements for transport vehicles;

31 (14) the form and structure of agreements between cannabis
32 businesses and cannabis business operators;

33 (15) requirements for access to limited access areas by nonescorted
34 visitors;

35 (16) requirements for issuance of a centralized distribution permit for
36 cannabis cultivation facilities, including, but not limited to, permit
37 application requirements and privileges and restrictions of a centralized
38 distribution permit;

39 (17) development of individual identification cards for individuals
40 who are controlling beneficial owners and any person operating, working
41 in or having unescorted access to the limited access areas of the licensed
42 premises of a cannabis business, including a fingerprint-based criminal
43 history record check as required under this act;

1 (18) specification of the acceptable forms of photo identification that
2 a cannabis retailer may accept when verifying a sale;

3 (19) requiring that edible cannabis products be clearly identifiable,
4 when practicable, with a standard symbol indicating that such products
5 contain cannabis and are not for consumption by minors;

6 (20) requirements to prevent the sale or diversion of cannabis and
7 cannabis products to persons under 21 years of age;

8 (21) conditions under which a cannabis business is authorized to
9 collect cannabis waste and transfer it to a person for the purposes of reuse
10 or recycling in accordance with all requirements established by the
11 department of health and environment pertaining to waste disposal and
12 recycling. Such conditions shall include:

13 (A) Record-keeping requirements;

14 (B) security measures related to the collection and transfer of
15 cannabis waste;

16 (C) health and safety requirements, including requirements for the
17 handling of cannabis waste; and

18 (D) processes associated with handling cannabis waste, including
19 destruction of any remaining cannabis in the cannabis waste;

20 (22) ownership and financial disclosure procedures and requirements,
21 including requirements for findings of suitability;

22 (23) requirements for hospitality business and hospitality and sales
23 business licensees, including, but not limited to:

24 (A) General insurance liability requirements;

25 (B) limits on the sale of cannabis and cannabis products by a
26 hospitality and sales business, except that any such limit shall not be an
27 amount less than one gram of cannabis flower, $\frac{1}{4}$ gram of cannabis
28 concentrate or a cannabis product containing not more than 10 milligrams
29 of active tetrahydrocannabinol;

30 (C) limits on the type of any cannabis and cannabis product
31 authorized to be sold, including that the cannabis or cannabis product be
32 meant for consumption on the licensed premises;

33 (D) requirements for hospitality business and hospitality and sales
34 business licensees to destroy any unconsumed cannabis and cannabis
35 products; and

36 (24) requirements for hospitality businesses that are mobile facilities,
37 including, but not limited to:

38 (A) Registration of vehicles and proper designation of vehicles used
39 as mobile licensed premises;

40 (B) surveillance cameras inside the vehicles;

41 (C) global positioning system tracking and route logging in an
42 established route manifest system;

43 (D) ensuring activity is not visible outside of the vehicle; and

1 (E) proper ventilation within the vehicle.
2 (c) Rules and regulations adopted pursuant to this section may
3 include:
4 (1) Labeling guidelines concerning the total content of
5 tetrahydrocannabinol per unit of weight;
6 (2) control of informational and product displays on licensed
7 premises;
8 (3) records to be kept by cannabis business licensees and the required
9 availability of the records;
10 (4) requirements for inspections, investigations, searches, seizures,
11 forfeitures and such additional activities as necessary; and
12 (5) such other rules and regulations necessary for the implementation,
13 administration and enforcement of this act.
14 (d) The director shall propose such rules and regulations as necessary
15 to carry out the intent and purposes of this act. After the hearing on a
16 proposed rule and regulation has been held as required by law, the director
17 shall submit the proposed rule and regulation to the secretary of revenue
18 who, if the secretary approves such rule and regulation, shall adopt the rule
19 and regulation.
20 (e) When adopting rules and regulations under this section, the
21 secretary shall consider standards and procedures that have been found to
22 be best practices relative to the use and regulation of cannabis.
23 New Sec. 42. All actions taken by the director under this act shall be
24 in accordance with the Kansas administrative procedure act and
25 reviewable in accordance with the Kansas judicial review act.
26 New Sec. 43. The provisions of the adult use cannabis regulation act
27 are hereby declared to be severable. If any part or provision of the adult
28 use cannabis regulation act is held to be void, invalid or unconstitutional,
29 such part or provision shall not affect or impair any of the remaining parts
30 or provisions of the adult use cannabis regulation act, and any such
31 remaining provisions shall continue in full force and effect.
32 New Sec. 44. The provisions of the adult use cannabis regulation act,
33 sections 1 through 44, and amendments thereto, shall expire on July 1,
34 2035.
35 New Sec. 45. (a) There is hereby levied a tax at the rate of 8% on the
36 gross receipts from the sale of cannabis and cannabis products by any
37 licensed cannabis retailer or licensed hospitality and sales business.
38 (b) The tax imposed by this section shall be paid by the consumer to
39 the licensed cannabis retailer or licensed hospitality and sales business. It
40 shall be the duty of each licensee subject to this section to collect from the
41 consumer the full amount of such tax, or an amount equal as nearly as
42 possible or practicable to the average equivalent thereto. Each cannabis
43 retailer and hospitality and sales business collecting the tax imposed

1 hereunder shall be responsible for paying over the same to the department
2 of revenue in the manner prescribed by section 46, and amendments
3 thereto, and the department of revenue shall administer and enforce the
4 collection of such tax.

5 (c) As used in this section, "cannabis retailer" and "hospitality and
6 sales business" mean the same as defined in section 2, and amendments
7 thereto.

8 New Sec. 46. (a) The taxes levied and collected pursuant to section
9 45, and amendments thereto, shall become due and payable monthly, or on
10 or before the 25th day of the month immediately succeeding the month in
11 which such tax is collected, except that any cannabis business filing an
12 annual or quarterly return under the Kansas retailers' sales tax act, as
13 prescribed in K.S.A. 79-3607, and amendments thereto, shall, upon such
14 conditions as the secretary of revenue may prescribe, pay the tax required
15 by section 45, and amendments thereto, on the same basis and at the same
16 time the cannabis business pays such retailers' sales tax. Each cannabis
17 business shall make a true report to the department of revenue, on a form
18 prescribed by the secretary of revenue, providing such information as may
19 be necessary to determine the amounts to which any such tax shall apply
20 for all gross receipts derived from the sale of cannabis and cannabis
21 products for the applicable month or months, which report shall be
22 accompanied by the tax disclosed thereby. Records of gross receipts
23 derived from the sale of cannabis and cannabis products shall be kept
24 separate and apart from the records of other retail sales made by a cannabis
25 business in order to facilitate the examination of books and records.

26 (b) The secretary of revenue or the secretary's authorized
27 representative shall have the right at all reasonable times during business
28 hours to make such examination and inspection of the books and records
29 of a cannabis business as may be necessary to determine the accuracy of
30 such reports required by this section.

31 (c) The secretary of revenue is hereby authorized to administer and
32 collect the tax imposed under section 45, and amendments thereto, and to
33 adopt such rules and regulations as may be necessary for the efficient and
34 effective administration and enforcement of the collection thereof.
35 Whenever any cannabis business liable to pay the tax imposed by section
36 45, and amendments thereto, refuses or neglects to pay the same, the
37 amount, including any penalty, shall be collected in the manner prescribed
38 for the collection of the retailers' sales tax by K.S.A. 79-3617, and
39 amendments thereto.

40 (d) The secretary of revenue shall remit all revenue collected under
41 the provisions of section 45, and amendments thereto, to the state treasurer
42 in accordance with the provisions of K.S.A. 75-4215, and amendments
43 thereto. Upon receipt of each such remittance, the state treasurer shall

1 deposit such amount to the credit of the cannabis business regulation fund.
2 Such amount shall only be used for the following purposes and as
3 administered by the director through the adoption of rules and regulations:

4 (1) 10% to the state general fund;

5 (2) 15% to support child care;

6 (3) 10% to support economic development in the area immediately
7 surrounding any licensed cannabis retailer or licensed hospitality and sales
8 business;

9 (4) 10% to mental health;

10 (5) 40% to low-cost housing; and

11 (6) 15% to fund property tax rebates in the area immediately
12 surrounding any licensed cannabis retailer or licensed hospitality and sales
13 business.

14 (e) Whenever, in the judgment of the secretary of revenue, it is
15 necessary, in order to secure the collection of any tax, penalties or interest
16 due, or to become due, under the provisions of section 45, and
17 amendments thereto, the secretary may require any person subject to such
18 tax to file a bond with the director of taxation under conditions established
19 by and in such form and amount as prescribed by rules and regulations
20 adopted by the secretary.

21 (f) The amount of tax imposed by section 45, and amendments
22 thereto, shall be assessed within three years after the return is filed, and no
23 proceedings in court for the collection of such taxes shall be initiated after
24 the expiration of such period except in the cases of fraud. In the case of a
25 false or fraudulent return with intent to evade tax, the tax may be assessed
26 or a proceeding in court for collection of such tax may be initiated at any
27 time, within two years from the discovery of such fraud. No refund or
28 credit shall be allowed by the director after three years from the date of
29 payment of the tax as provided in section 45, and amendments thereto,
30 unless before the expiration of such period a claim therefor is filed by the
31 taxpayer. No suit or action to recover on any claim for refund shall be
32 commenced until after the expiration of six months from the date of filing
33 a claim therefor with the director. Before the expiration of time prescribed
34 in this section for the assessment of additional tax or the filing of a claim
35 for refund, the director is hereby authorized to enter into an agreement in
36 writing with the taxpayer consenting to the extension of the periods of
37 limitations for the assessment of tax or for the filing of a claim for refund,
38 at any time prior to the expiration of the periods of limitations. The period
39 so agreed upon may be extended by subsequent agreements in writing
40 made before the expiration of the period previously agreed upon.

41 New Sec. 47. (a) On or before the 25th day of each calendar month,
42 every cannabis business subject to the provisions of section 45, and
43 amendments thereto, shall make a return to the director of taxation upon

1 forms prescribed and furnished by the director, stating:

2 (1) The name and address of the cannabis business;

3 (2) the total amount of gross sales subject to the tax imposed by
4 section 45, and amendments thereto, during the preceding calendar month;
5 and

6 (3) any other pertinent information the director requires.

7 (b) At the time of making the return, the person making the return
8 shall pay to the director of taxation the amount of tax levied by section 45,
9 and amendments thereto, as applicable to the person submitting the return.

10 The director of taxation may extend the time for submitting returns and
11 paying the tax for any period not to exceed 60 days, under rules and
12 regulations adopted by the secretary of revenue.

13 New Sec. 48. (a) If any taxpayer fails to pay the tax levied by section
14 45, and amendments thereto, at the time required by or under the
15 provisions of section 46, and amendments thereto, there shall be added to
16 the unpaid balance of the tax, interest at the rate per month prescribed by
17 K.S.A. 79-2968(a), and amendments thereto, from the date the tax was due
18 until paid.

19 (b) If any taxpayer due to negligence or intentional disregard fails to
20 file a return or pay the tax due at the time required by or under the
21 provisions of section 46, and amendments thereto, there shall be added to
22 the tax a penalty in an amount equal to 10% of the unpaid balance of tax
23 due.

24 (c) If any person fails to make a return, or to pay any tax, within six
25 months from the date the return or tax was due, except in the case of an
26 extension of time granted by the secretary of revenue or the secretary's
27 designee, there shall be added to the tax due a penalty equal to 25% of the
28 unpaid balance of such tax due.

29 (d) If any taxpayer fails to file a return or pay the tax that is due at the
30 time required by or under the provisions of section 45, and amendments
31 thereto, there shall be added to the tax an additional amount equal to 1% of
32 the unpaid balance of the tax due for each month or fraction thereof during
33 which such failure continues, not exceeding 24% in the aggregate, plus
34 interest at the rate prescribed by K.S.A. 79-2968(a), and amendments
35 thereto, from the date the tax was due until paid. Notwithstanding the
36 foregoing, in the event an assessment is issued following a field audit for
37 any period for which a return was filed by the taxpayer and all of the tax
38 was paid pursuant to such return, a penalty shall be imposed for the period
39 included in the assessment in an amount of 1% per month not exceeding
40 10% of the unpaid balance of tax due shown in the notice of assessment.
41 If, after review of a return for any period included in the assessment, the
42 secretary or secretary's designee determines that the underpayment of tax
43 was due to the failure of the taxpayer to make a reasonable attempt to

1 comply with the provisions of section 45, and amendments thereto, such
2 penalty shall be imposed for the period included in the assessment in the
3 amount of 25% of the unpaid balance of tax due.

4 (e) If any taxpayer, with fraudulent intent, fails to pay any tax or
5 make, render or sign any return, or to supply any information, within the
6 time required by or under the provisions of section 46, and amendments
7 thereto, there shall be added to the tax a penalty in an amount equal to
8 50% of the unpaid balance of tax due.

9 (f) Penalty or interest applied under the provisions of subsections (a)
10 and (d) shall be in addition to the penalty added under any other provisions
11 of this section, but the provisions of subsections (b) and (c) shall be
12 mutually exclusive of each other.

13 (g) Whenever the secretary of revenue or the secretary's designee
14 determines that the failure of the taxpayer to comply with the provisions of
15 subsections (b) and (c) was due to reasonable causes, the secretary or the
16 secretary's designee may waive or reduce any of the penalties and may
17 reduce the interest rate to the underpayment rate prescribed and
18 determined for the applicable period under section 6621 of the federal
19 internal revenue code as in effect on January 1, 2025, upon making a
20 record of the reasons therefor.

21 (h) In addition to all other penalties provided by this section, any
22 person who willfully fails to make a return or to pay any tax levied by
23 section 45, and amendments thereto, who makes a false or fraudulent
24 return, fails to keep any books or records necessary to determine the
25 accuracy of the person's reports, who willfully violates any regulations of
26 the secretary of revenue, for the enforcement and administration of the
27 provisions of sections 45 through 50, and amendments thereto, who aids
28 and abets another in attempting to evade the payment of any tax levied by
29 section 45, and amendments thereto, or who violates any other provision
30 of sections 45 through 50, and amendments thereto, shall, upon conviction
31 thereof, be fined not less than \$100 nor more than \$1,000, be imprisoned
32 in the county jail not less than one month nor more than six months, or be
33 both so fined and imprisoned, in the discretion of the court.

34 (i) The director of taxation or the director of alcoholic beverage
35 control may enjoin any person from engaging in business as a cannabis
36 business when the cannabis business is in violation of any of the
37 provisions of sections 45 through 50, and amendments thereto, and shall
38 be entitled in any proceeding brought for that purpose to have an order
39 restraining the person from engaging in business as a cannabis business.
40 No bond shall be required for any such restraining order or for any
41 temporary or permanent injunction issued in that proceeding.

42 (j) If a cannabis business violates any of the provisions of sections 45
43 through 50, and amendments thereto, the director of alcoholic beverage

1 control may suspend or revoke the license of such cannabis business or
2 may impose a civil fine on the licensee or permit holder in accordance
3 with section 18, and amendments thereto.

4 (k) The provisions of K.S.A. 75-5133, 79-3605, 79-3609, 79-3610,
5 79-3611, 79-3612, 79-3613, 79-3615, 79-3617 and 79-3619, and
6 amendments thereto, relating to enforcement, collection and
7 administration, insofar as practicable, shall have full force and effect with
8 respect to taxes levied by section 45, and amendments thereto. As used in
9 such statutes and applied to sections 45 through 50, and amendments
10 thereto, "director" means the director of taxation. The provisions of K.S.A.
11 74-2422, 74-2425, 74-2426 and 74-2427, and amendments thereto,
12 relating to the approval of rules and regulations, and the adoption of
13 uniform rules and regulations for such hearings and for appeals from
14 orders of the director of taxation and prescribing the duties of county
15 attorneys with respect to such appeals, insofar as practicable, shall have
16 full force and effect with respect to taxes levied by, and proceedings under,
17 the provisions of sections 45 through 50, and amendments thereto.

18 New Sec. 49. Whenever the director of alcoholic beverage control
19 issues a cannabis retailer license, the director of alcoholic beverage control
20 shall promptly notify the director of taxation of such issuance. The notice
21 shall include the name of the licensee and the address of the licensed
22 premises. Whenever the director of alcoholic beverage control revokes or
23 suspends any such license or whenever any such license expires, the
24 director of alcoholic beverage control shall likewise notify the director of
25 taxation.

26 New Sec. 50. The director of taxation shall administer the provisions
27 of sections 45 through 50, and amendments thereto. The secretary of
28 revenue shall adopt rules and regulations necessary to carry out the
29 provisions and intent of sections 45 through 50, and amendments thereto.
30 The director of taxation shall appoint such agents and employees as the
31 secretary may deem necessary for the proper enforcement and
32 administration of such sections. When, in the judgment of the director of
33 taxation, it is necessary in order to secure the collection of any such tax,
34 penalties or interest due thereon, or to become due under such sections, the
35 director may require any person subject to such tax to file a bond with the
36 director in such form and amount as the director may prescribe.

37 New Sec. 51. (a) A person arrested for, charged with or convicted of a
38 criminal offense pursuant to Kansas statute or district or municipal code
39 that was decriminalized or legalized after the date of the arrest, charge or
40 conviction may file a motion of expungement to seal the record of the
41 arrest, charge, conviction, supervision and related proceedings at any time
42 with no fee.

43 (b) The convicting court shall grant a motion of expungement to seal

1 the cannabis-related charge and not any other non-cannabis or non-
2 cannabis use-related state, municipal or federal charges or convictions
3 against the person.

4 (c) In a motion filed under subparagraph (a), the burden shall be on
5 the prosecutor to establish by a preponderance of the evidence that the
6 record is not eligible for sealing pursuant to this section because the
7 conduct was not decriminalized or legalized.

8 (d) In cases that do not meet the requirements of this section, the
9 court of charge may grant a motion to seal if it is in the interest of justice
10 to do so. In making this determination, the court shall weigh:

11 (1) The interests of the petitioner in sealing the publicly available
12 records of such petitioner's arrest, charge, conviction, supervision and
13 related proceedings;

14 (2) the community's interest in retaining access to those records;

15 (3) the community's interest in furthering the petitioner's
16 rehabilitation and enhancing the petitioner's employability; and

17 (4) any other information such court considers relevant.

18 (e) If the court grants a motion to seal under this section:

19 (1) The court shall order the prosecutor, any law enforcement agency
20 and any pretrial, corrections or community supervision agency to remove
21 from publicly available records all references that identify the petitioner as
22 having been arrested, prosecuted or convicted.

23 (2) The prosecutor's office, any law enforcement agency and any
24 pretrial, corrections or community supervision agency shall be entitled to
25 retain records related to the petitioner's arrest, prosecution, conviction or
26 related court proceedings in a nonpublic file.

27 (3) The prosecutor, any law enforcement agency and any pretrial,
28 corrections or community supervision agency shall file a certification with
29 the court within 90 days after the court issues an order under this section
30 that, to the best of such court's knowledge and belief, all references that
31 identify the petitioner as having been arrested, prosecuted or convicted
32 have been removed from such court's publicly available records.

33 (4) The court shall order the clerk to remove or eliminate all publicly
34 available court records that identify the petitioner as having been arrested,
35 prosecuted or convicted.

36 (5) The clerk shall be entitled to retain any records related to the
37 petitioner's arrest, prosecution, conviction or related court proceedings in a
38 nonpublic file.

39 (f) In a case involving codefendants in which the court orders the
40 petitioner's records sealed, the court may order that only those records or
41 portions thereof related solely to the petitioner be redacted.

42 (g) The court need not order the redaction of references to the
43 petitioner that appear in a transcript of court proceedings involving co-

1 defendants.

2 (h) The court shall not order the redaction of the petitioner's name
3 from any published opinion of the trial or appellate courts that refer to the
4 petitioner.

5 (i) Unless otherwise ordered by the court, the clerk and any other
6 agency shall reply in response to inquiries from the public concerning the
7 existence of records that have been sealed pursuant to this section that no
8 records are available.

9 (j) No person as to whom relief pursuant to this section has been
10 granted shall be held thereafter under any provision of law to be guilty of
11 perjury or otherwise giving a false statement by reason of failure to recite
12 or acknowledge such person's own arrest, charge, trial or conviction in
13 response to any inquiry made of such person for any purpose.

14 (k) A person imprisoned solely as a result of one or more convictions
15 for offenses that are expunged under this act shall be released from
16 incarceration upon the issuance of an order under this subsection.

17 (1) The department of corrections shall allow a person to use the
18 established access and review process for verifying such person's own
19 records related to eligibility.

20 (2) No conviction vacated pursuant to this section shall serve as the
21 basis for damages for time unjustly served.

22 (l) A person's right to expunge an expungeable offense shall not be
23 limited under this section. The effect of an order of expungement shall be
24 to restore the person to the status such person occupied before the arrest,
25 charge or conviction.

26 (m) The department of corrections shall post general information on
27 its website about the expungement process described in this section.

28 (n) If a person is arrested and the person's case is still pending but a
29 sentence has not been imposed, the person may petition the court in which
30 the charges are pending for an order to summarily dismiss those charges
31 against him or her and expunge all official records of his or her arrest,
32 plea, trial, conviction, incarceration, supervision or expungement.

33 (o) In the public interest, the state's attorney of a county has standing
34 to file motions to vacate and expunge cannabis-related charges in the court
35 with jurisdiction over the underlying conviction pursuant to this section.

36 (p) Any individual may file a motion to vacate and expunge a
37 conviction.

38 (q) (1) Upon the effective date of this act, the department of
39 corrections shall review all criminal history record information and
40 identify all records showing persons with one or more convictions for
41 offenses covered under this act and not associated with a conviction for
42 any crime prohibited for expungement under K.S.A. 21-6614(e) and (f),
43 and amendments thereto.

1 (2) Within 180 days after the effective date of this act, the department
2 of corrections shall notify the prisoner review board of all such records
3 that meet the criteria established in this subsection.

4 (3) The prisoner review board shall notify the convicting court of
5 each record identified by the department of corrections. The convicting
6 court may provide a written objection to the prisoner review board on the
7 sole basis that the record identified does not meet the criteria in this
8 section. Such an objection must be filed within 60 days or by a later date
9 set by the prisoner review board after the convicting court received notice
10 from the prisoner review board.

11 (A) In response to a written objection from a convicting court, the
12 prisoner review board is authorized to conduct a hearing to evaluate the
13 information provided in the objection.

14 (B) The prisoner review board shall make a confidential and
15 privileged recommendation to the governor as to whether to grant a pardon
16 authorizing expungement for each of the records identified by the
17 department of corrections.

18 (r) The following records may be sealed:

19 (1) All arrests resulting in a release and without a charge;

20 (2) arrests or charges not initiated by arrest resulting in acquittal,
21 dismissal or conviction when the conviction was reversed or vacated;

22 (3) arrests or charges not initiated by arrest resulting in orders of
23 supervision, including orders of supervision for municipal ordinance
24 violations, successfully completed by the petitioner;

25 (4) arrests or charges not initiated by arrest resulting in convictions,
26 including convictions on municipal ordinance violations;

27 (5) arrests or charges not initiated by arrest resulting in orders of first
28 offender probation; and

29 (6) arrests or charges not initiated by arrest resulting in felony
30 convictions, unless otherwise excluded by this section.

31 (s) Records identified as eligible under this section may be sealed at
32 any time.

33 (t) Upon becoming eligible to petition for the expungement or sealing
34 of records under this section, the petitioner shall file a petition requesting
35 the expungement or sealing of records with the clerk of the court where the
36 arrests occurred or the charges were brought, or both. If arrests occurred or
37 charges were brought in multiple jurisdictions, a petition must be filed in
38 each such jurisdiction.

39 (u) The petition shall be verified and shall contain the petitioner's
40 name, date of birth, current address and, for each arrest or charge not
41 initiated by arrest sought to be sealed or expunged, the case number, the
42 date of arrest, if any, the identity of the arresting authority and such other
43 information as the court may require. During the pendency of the

1 proceeding, the petitioner shall promptly notify the convicting court of any
2 change of such petitioner's address. If the petitioner has received a
3 certificate of eligibility for sealing from the prisoner review board, the
4 certificate shall be attached to the petition.

5 (v) The convicting court shall promptly serve a copy of the petition
6 and documentation to support the petition on the state's attorney or
7 prosecutor charged with the duty of prosecuting the offense.

8 (w) Any party entitled to notice of the petition may file an objection
9 to the petition. All objections shall be in writing, filed with the convicting
10 court and shall state with specificity the basis of the objection. Whenever a
11 person who has been convicted of an offense is granted a pardon by the
12 governor that specifically authorizes expungement, an objection to the
13 petition may not be filed.

14 (1) Objections to a petition to expunge or seal must be filed within 60
15 days of the date of service of the petition.

16 (2) Notwithstanding any other provision of law, the court shall not
17 deny a petition for sealing under this section because the petitioner has not
18 satisfied an outstanding legal financial obligation established, imposed or
19 originated by a court, law enforcement agency or a municipal, state,
20 county or other unit of local government, including, but not limited to, any
21 cost, assessment, fine or fee. An outstanding legal financial obligation does
22 not include any court ordered restitution to a victim unless the restitution
23 has been converted to a civil judgment. Nothing in this section waives,
24 rescinds or abrogates a legal financial obligation or otherwise eliminates or
25 affects the right of the holder of any financial obligation to pursue
26 collection under applicable federal, state or local law.

27 (x) If an objection is filed, the court shall set a date for a hearing and
28 notify the petitioner and all parties entitled to notice of the petition of the
29 hearing date at least 30 days prior to the hearing. At the hearing, the court
30 shall hear evidence on whether the petition should or should not be granted
31 and shall grant or deny the petition to expunge or seal the records based on
32 the evidence presented at the hearing. The court may consider the
33 following:

34 (1) The strength of the evidence supporting the defendant's
35 conviction;

36 (2) the reasons for retention of the conviction records by the state;

37 (3) the petitioner's age, criminal record history and employment
38 history;

39 (4) the period of time between the petitioner's arrest on the charge
40 resulting in the conviction and the filing of the petition under this section;
41 and

42 (5) the specific adverse consequences the petitioner may be subject to
43 if the petition is denied.

1 (y) After entering an order to expunge or seal records, the court shall
2 provide copies of the order to the petitioner, the state's attorney or
3 prosecutor charged with the duty of prosecuting the offense, the arresting
4 agency, the chief legal officer of the unit of local government effecting the
5 arrest and such other criminal justice agencies as may be ordered by the
6 court.

7 (1) No court order issued under the expungement or sealing
8 provisions of this section shall become final for purposes of appeal until
9 30 days after service of the order on the petitioner and all parties entitled
10 to notice of the petition.

11 (2) Unless a court has entered a stay of an order granting a petition to
12 seal, all parties entitled to notice of the petition must fully comply with the
13 terms of the order within 60 days of service of the order, even if a party is
14 seeking relief from the order through a motion filed or is appealing the
15 order.

16 (3) While a party is seeking relief from the order granting the petition
17 to expunge through a motion filed under this section or is appealing the
18 order, unless a court has entered a stay of that order, the parties entitled to
19 notice of the petition must seal but need not expunge the records until
20 there is a final order on the motion for relief or, in the case of an appeal,
21 the issuance of that court's mandate.

22 (z) If a person was convicted of an offense is granted a pardon by the
23 governor that specifically authorizes expungement, such person may, upon
24 verified petition to the court in which the person was convicted, have a
25 court order entered expunging the record of arrest from the official records
26 of the arresting authority and order that the records of the court clerk be
27 sealed until further order of the court upon good cause shown or as
28 otherwise provided by subsection (y) and that the name of the defendant
29 be removed from the official index.

30 Sec. 52. K.S.A. 21-5703 is hereby amended to read as follows: 21-
31 5703. (a) It shall be unlawful for any person to manufacture any controlled
32 substance or controlled substance analog.

33 (b) Violation or attempted violation of subsection (a) is a:

34 (1) Drug severity level 2 felony, except as provided in subsections (b)
35 (2) and (b)(3);

36 (2) drug severity level 1 felony if:

37 (A) The controlled substance is not methamphetamine, as defined by
38 K.S.A. 65-4107(d)(3) or (f)(1), and amendments thereto, or an analog
39 thereof;

40 (B) the controlled substance is not a fentanyl-related controlled
41 substance; and

42 (C) the offender has a prior conviction for unlawful manufacturing of
43 a controlled substance under this section, K.S.A. 65-4159, prior to its

1 repeal, K.S.A. 2010 Supp. 21-36a03, prior to its transfer, or a substantially
2 similar offense from another jurisdiction and the substance was not
3 methamphetamine, as defined by K.S.A. 65-4107(d)(3) or (f)(1), and
4 amendments thereto, or an analog thereof, in any such prior conviction;
5 and

6 (3) drug severity level 1 felony if the controlled substance is
7 methamphetamine, as defined by K.S.A. 65-4107(d)(3) or (f)(1), and
8 amendments thereto, or an analog thereof, or is a fentanyl-related
9 controlled substance.

10 (c) The provisions of K.S.A. 21-5301(d), and amendments thereto,
11 shall not apply to a violation of attempting to unlawfully manufacture any
12 controlled substance or controlled substance analog pursuant to this
13 section.

14 (d) For persons arrested and charged under this section, bail shall be
15 at least \$50,000 cash or surety, and such person shall not be released upon
16 the person's own recognizance pursuant to K.S.A. 22-2802, and
17 amendments thereto, unless the court determines, on the record, that the
18 defendant is not likely to re-offend, the court imposes pretrial supervision,
19 or the defendant agrees to participate in a licensed or certified drug
20 treatment program.

21 (e) The sentence of a person who violates this section shall not be
22 subject to statutory provisions for suspended sentence, community service
23 work or probation.

24 (f) The sentence of a person who violates this section, K.S.A. 65-
25 4159, prior to its repeal or K.S.A. 2010 Supp. 21-36a03, prior to its
26 transfer, shall not be reduced because these sections prohibit conduct
27 identical to that prohibited by K.S.A. 65-4161 or 65-4163, prior to their
28 repeal, K.S.A. 2010 Supp. 21-36a05, prior to its transfer, or K.S.A. 21-
29 5705, and amendments thereto.

30 (g) *The provisions of this section shall not apply to a cannabis*
31 *cultivation facility or cannabis product manufacturer licensed pursuant to*
32 *the adult use cannabis regulation act, section 1 et seq., and amendments*
33 *thereto, that is producing cannabis, as defined in section 2, and*
34 *amendments thereto, when used for acts authorized by the adult use*
35 *cannabis regulation act, section 1 et seq., and amendments thereto.*

36 Sec. 53. K.S.A. 2025 Supp. 21-5705 is hereby amended to read as
37 follows: 21-5705. (a) It shall be unlawful for any person to distribute or
38 possess with the intent to distribute any of the following controlled
39 substances or controlled substance analogs thereof:

40 (1) Opiates, opium or narcotic drugs, or any stimulant designated in
41 K.S.A. 65-4107(d)(1), (d)(3) or (f)(1), and amendments thereto;

42 (2) any depressant designated in K.S.A. 65-4105(e), 65-4107(e), 65-
43 4109(b) or (c) or 65-4111(b), and amendments thereto;

- 1 (3) any stimulant designated in K.S.A. 65-4105(f), 65-4107(d)(2), (d)
2 (4), (d)(5) or (f)(2) or 65-4109(e), and amendments thereto;
- 3 (4) any hallucinogenic drug designated in K.S.A. 65-4105(d), 65-
4 4107(g) or 65-4109(g), and amendments thereto;
- 5 (5) any substance designated in K.S.A. 65-4105(g) or 65-4111(c), (d),
6 (e), (f) or (g), and amendments thereto;
- 7 (6) any anabolic steroids as defined in K.S.A. 65-4109(f), and
8 amendments thereto; or
- 9 (7) any substance designated in K.S.A. 65-4105(h), and amendments
10 thereto.
 - 11 (b) It shall be unlawful for any person to distribute or possess with
12 the intent to distribute a controlled substance or a controlled substance
13 analog designated in K.S.A. 65-4113, and amendments thereto.
 - 14 (c) It shall be unlawful for any person to cultivate any controlled
15 substance or controlled substance analog listed in subsection (a).
 - 16 (d) (1) Except as provided further, violation of subsection (a) is a:
 - 17 (A) Drug severity level 4 felony if the quantity of the material was
18 less than 3.5 grams;
 - 19 (B) drug severity level 3 felony if the quantity of the material was at
20 least 3.5 grams but less than 100 grams;
 - 21 (C) drug severity level 2 felony if the quantity of the material was at
22 least 100 grams but less than 1 kilogram; and
 - 23 (D) drug severity level 1 felony if the quantity of the material was 1
24 kilogram or more.
 - 25 (2) Except as provided further, violation of subsection (a) with
26 respect to material containing any quantity of marijuana, or an analog
27 thereof, is a:
 - 28 (A) Drug severity level 4 felony if the quantity of the material was
29 less than 25 grams;
 - 30 (B) drug severity level 3 felony if the quantity of the material was at
31 least 25 grams but less than 450 grams;
 - 32 (C) drug severity level 2 felony if the quantity of the material was at
33 least 450 grams but less than 30 kilograms; and
 - 34 (D) drug severity level 1 felony if the quantity of the material was 30
35 kilograms or more.
 - 36 (3) Except as provided further, violation of subsection (a) with
37 respect to material containing any quantity of a fentanyl-related controlled
38 substance, heroin as defined by K.S.A. 65-4105(c)(12), and amendments
39 thereto, or methamphetamine as defined by K.S.A. 65-4107(d)(3) or (f)(1),
40 and amendments thereto, or an analog thereof, is a:
 - 41 (A) Drug severity level 4 felony if the quantity of the material was
42 less than 1 gram;
 - 43 (B) drug severity level 3 felony if the quantity of the material was at

1 least 1 gram but less than 3.5 grams;

2 (C) drug severity level 2 felony if the quantity of the material was at

3 least 3.5 grams but less than 100 grams; and

4 (D) drug severity level 1 felony if the quantity of the material was

5 100 grams or more.

6 (4) Except as provided further, violation of subsection (a) with

7 respect to material containing any quantity of a controlled substance

8 designated in K.S.A. 65-4105, 65-4107, 65-4109 or 65-4111, and

9 amendments thereto, or an analog thereof, distributed by dosage unit, is a:

10 (A) Drug severity level 4 felony if the number of dosage units was

11 fewer than 10;

12 (B) drug severity level 3 felony if the number of dosage units was at

13 least 10 but fewer than 100;

14 (C) drug severity level 2 felony if the number of dosage units was at

15 least 100 but fewer than 1,000; and

16 (D) drug severity level 1 felony if the number of dosage units was

17 1,000 or more.

18 (5) Violation of subsection (a) with respect to material containing any

19 quantity of a fentanyl-related controlled substance, distributed by dosage

20 unit, is a:

21 (A) Drug severity level 4 felony if the number of dosage units was

22 fewer than 10;

23 (B) drug severity level 3 felony if the number of dosage units was at

24 least 10 but fewer than 50;

25 (C) drug severity level 2 felony if the number of dosage units was at

26 least 50 but fewer than 250; and

27 (D) drug severity level 1 felony if the number of dosage units was

28 250 or more.

29 (6) For any violation of subsection (a), the severity level of the

30 offense shall be increased one level if the controlled substance or

31 controlled substance analog was distributed or possessed with the intent to

32 distribute on or within 1,000 feet of any school property.

33 (7) Violation of subsection (b) is a:

34 (A) Class A person misdemeanor, except as provided in subsection

35 (d)(7)(B); and

36 (B) nondrug severity level 7, person felony if the substance was

37 distributed to or possessed with the intent to distribute to a minor.

38 (8) Violation of subsection (c) is a:

39 (A) Drug severity level 3 felony if the number of plants cultivated

40 was more than 4 but fewer than 50;

41 (B) drug severity level 2 felony if the number of plants cultivated was

42 at least 50 but fewer than 100; and

43 (C) drug severity level 1 felony if the number of plants cultivated was

1 100 or more.

2 (e) In any prosecution under this section, there shall be an inference
3 of an intent to distribute if such an inference is supported by the facts and
4 such person possesses the following quantities of controlled substances or
5 analogs thereof:

6 (1) 450 grams or more of marijuana;

7 (2) 3.5 grams or more of a fentanyl-related controlled substance,
8 heroin or methamphetamine;

9 (3) 50 dosage units or more containing any quantity of a fentanyl-
10 related controlled substance;

11 (4) 100 dosage units or more containing any other controlled
12 substance; or

13 (5) 100 grams or more of any other controlled substance.

14 (f) It shall not be a defense to charges arising under this section that
15 the defendant:

16 (1) Was acting in an agency relationship on behalf of any other party
17 in a transaction involving a controlled substance or controlled substance
18 analog;

19 (2) did not know the quantity of the controlled substance or
20 controlled substance analog; or

21 (3) did not know the specific controlled substance or controlled
22 substance analog contained in the material that was distributed or
23 possessed with the intent to distribute.

24 (g) *The provisions of subsections (a)(4) and (a)(5) shall not apply to:*

25 (1) *Any cannabis cultivation facility licensed pursuant to the adult*
26 *use cannabis regulation act, section 1 et seq., and amendments thereto, or*
27 *any employee or agent thereof, that is growing cannabis for the purpose of*
28 *sale as authorized by the adult use cannabis regulation act, section 1 et*
29 *seq., and amendments thereto;*

30 (2) *any cannabis products manufacturer licensed pursuant to the*
31 *adult use cannabis regulation act, section 1 et seq., and amendments*
32 *thereto, or any employee or agent thereof, that is manufacturing cannabis*
33 *or cannabis products for the purpose of sale or distribution as authorized*
34 *by the adult use cannabis regulation act, section 1 et seq., and*
35 *amendments thereto;*

36 (3) *any cannabis transporter licensed pursuant to the adult use*
37 *cannabis regulation act, section 1 et seq., and amendments thereto, or any*
38 *employee or agent thereof, that is storing or transporting cannabis as*
39 *authorized by the adult use cannabis regulation act, section 1 et seq., and*
40 *amendments thereto; or*

41 (4) *any hospitality and sales business or cannabis retailer licensed*
42 *pursuant to the adult use cannabis regulation act, section 1 et seq., and*
43 *amendments thereto, or any employee or agent thereof, that is engaging in*

1 *the sale of cannabis and cannabis products in a manner authorized by the
2 adult use cannabis regulation act, section 1 et seq., and amendments
3 thereto.*

4 (h) As used in this section:

5 (1) "Material" means the total amount of any substance, including a
6 compound or a mixture, which contains any quantity of a controlled
7 substance or controlled substance analog.

8 (2) "Dosage unit" means a controlled substance or controlled
9 substance analog distributed or possessed with the intent to distribute as a
10 discrete unit, including but not limited to, one pill, one capsule or one
11 microdot, and not distributed by weight.

12 (A) For steroids, or controlled substances in liquid solution legally
13 manufactured for prescription use, or an analog thereof, "dosage unit"
14 means the smallest medically approved dosage unit, as determined by the
15 label, materials provided by the manufacturer, a prescribing authority,
16 licensed health care professional or other qualified health authority.

17 (B) For illegally manufactured controlled substances in liquid
18 solution, or controlled substances in liquid products not intended for
19 ingestion by human beings, or an analog thereof, "dosage unit" means 10
20 milligrams, including the liquid carrier medium, except as provided in
21 subsection (g)(2)(C).

22 (C) For lysergic acid diethylamide (LSD) in liquid form, or an analog
23 thereof, a dosage unit is defined as 0.4 milligrams, including the liquid
24 medium.

25 (3) "*Cannabis*" means the same as defined in section 2, and
26 amendments thereto.

27 Sec. 54. K.S.A. 21-5706 is hereby amended to read as follows: 21-
28 5706. (a) It shall be unlawful for any person to possess any opiates, opium
29 or narcotic drugs, or any stimulant designated in K.S.A. 65-4107(d)(1), (d)
30 (3) or (f)(1), and amendments thereto, or a controlled substance analog
31 thereof.

32 (b) It shall be unlawful for any person to possess any of the following
33 controlled substances or controlled substance analogs thereof:

34 (1) Any depressant designated in K.S.A. 65-4105(e), 65-4107(e), 65-
35 4109(b) or (c) or 65-4111(b), and amendments thereto;

36 (2) any stimulant designated in K.S.A. 65-4105(f), 65-4107(d)(2), (d)
37 (4), (d)(5) or (f)(2) or 65-4109(e), and amendments thereto;

38 (3) any hallucinogenic drug designated in K.S.A. 65-4105(d), 65-
39 4107(g) or 65-4109(g), and amendments thereto;

40 (4) any substance designated in K.S.A. 65-4105(g) and 65-4111(c),
41 (d), (e), (f) or (g), and amendments thereto;

42 (5) any anabolic steroids as defined in K.S.A. 65-4109(f), and
43 amendments thereto;

- 1 (6) any substance designated in K.S.A. 65-4113, and amendments
2 thereto; or
- 3 (7) any substance designated in K.S.A. 65-4105(h), and amendments
4 thereto.
 - 5 (c) (1) Violation of subsection (a) is a drug severity level 5 felony.
 - 6 (2) Except as provided in subsection (c)(3):
 - 7 (A) Violation of subsection (b) is a class A nonperson misdemeanor,
8 except as provided in subparagraph (B); and
 - 9 (B) violation of subsection (b)(1) through (b)(5) or (b)(7) is a drug
10 severity level 5 felony if that person has a prior conviction under such
11 subsection, under K.S.A. 65-4162, prior to its repeal, under a substantially
12 similar offense from another jurisdiction, or under any city ordinance or
13 county resolution for a substantially similar offense if the substance
14 involved was 3, 4-methylenedioxymethamphetamine (MDMA), marijuana
15 as designated in K.S.A. 65-4105(d), and amendments thereto, or any
16 substance designated in K.S.A. 65-4105(h), and amendments thereto, or an
17 analog thereof.
 - 18 (3) If the substance involved is marijuana, as designated in K.S.A.
19 65-4105(d), and amendments thereto, or tetrahydrocannabinols, as
20 designated in K.S.A. 65-4105(h), and amendments thereto, violation of
21 subsection (b) is a:
 - 22 (A) Class B nonperson misdemeanor, except as provided in
23 subparagraphs (B)-and, (C) and (D);
 - 24 (B) class A nonperson misdemeanor if that person has a prior
25 conviction under such subsection, under K.S.A. 65-4162, prior to its
26 repeal, under a substantially similar offense from another jurisdiction, or
27 under any city ordinance or county resolution for a substantially similar
28 offense; and
 - 29 (C) drug severity level 5 felony if that person has two or more prior
30 convictions under such subsection, under K.S.A. 65-4162, prior to its
31 repeal, under a substantially similar offense from another jurisdiction, or
32 under any city ordinance or county resolution for a substantially similar
33 offense.
 - 34 (d) It shall be an affirmative defense to prosecution under this section
35 arising out of a person's possession of any cannabidiol treatment
36 preparation if the person:
 - 37 (1) Has a debilitating medical condition, as defined in K.S.A. 2025
38 Supp. 65-6235, and amendments thereto, or is the parent or guardian of a
39 minor child who has such debilitating medical condition;
 - 40 (2) is possessing a cannabidiol treatment preparation, as defined in
41 K.S.A. 2025 Supp. 65-6235, and amendments thereto, that is being used to
42 treat such debilitating medical condition; and
 - 43 (3) has possession of a letter, at all times while the person has

1 possession of the cannabidiol treatment preparation, that:

2 (A) Shall be shown to a law enforcement officer on such officer's
3 request;

4 (B) is dated within the preceding 15 months and signed by the
5 physician licensed to practice medicine and surgery in Kansas who
6 diagnosed the debilitating medical condition;

7 (C) is on such physician's letterhead; and

8 (D) identifies the person or the person's minor child as such
9 physician's patient and identifies the patient's debilitating medical
10 condition.

11 (e) *If the substance involved is cannabis, as defined in section 2, and
12 amendments thereto, the provisions of subsections (b) and (c) shall not
13 apply to any person who is licensed pursuant to the adult use cannabis
14 regulation act, section 1 et seq., and amendments thereto, whose
15 possession is authorized by the act.*

16 (f) It shall not be a defense to charges arising under this section that
17 the defendant was acting in an agency relationship on behalf of any other
18 party in a transaction involving a controlled substance or controlled
19 substance analog.

20 Sec. 55. K.S.A. 21-5707 is hereby amended to read as follows: 21-
21 5707. (a) It shall be unlawful for any person to knowingly or intentionally
22 use any communication facility:

23 (1) In committing, causing, or facilitating the commission of any
24 felony under K.S.A. 21-5703, 21-5705 or 21-5706, and amendments
25 thereto; or

26 (2) in any attempt to commit, any conspiracy to commit, or any
27 criminal solicitation of any felony under K.S.A. 21-5703, 21-5705 or 21-
28 5706, and amendments thereto. Each separate use of a communication
29 facility may be charged as a separate offense under this subsection.

30 (b) Violation of subsection (a) is a nondrug severity level 8,
31 nonperson felony.

32 (c) *The provisions of this section shall not apply to any person using
33 communication facilities for those activities authorized by the adult use
34 cannabis regulation act, section 1 et seq., and amendments thereto.*

35 (d) As used in this section, "communication facility" means any and
36 all public and private instrumentalities used or useful in the transmission
37 of writing, signs, signals, pictures or sounds of all kinds and includes
38 telephone, wire, radio, computer, computer networks, beepers, pagers and
39 all other means of communication.

40 Sec. 56. K.S.A. 21-5709 is hereby amended to read as follows: 21-
41 5709. (a) It shall be unlawful for any person to possess ephedrine,
42 pseudoephedrine, red phosphorus, lithium metal, sodium metal, iodine,
43 anhydrous ammonia, pressurized ammonia or phenylpropanolamine, or

1 their salts, isomers or salts of isomers with an intent to use the product to
2 manufacture a controlled substance.

3 (b) It shall be unlawful for any person to use or possess with intent to
4 use any drug paraphernalia to:

5 (1) Manufacture, cultivate, plant, propagate, harvest, test, analyze or
6 distribute a controlled substance; or

7 (2) store, contain, conceal, inject, ingest, inhale or otherwise
8 introduce a controlled substance into the human body.

9 (c) It shall be unlawful for any person to use or possess with intent to
10 use anhydrous ammonia or pressurized ammonia in a container not
11 approved for that chemical by the Kansas department of agriculture.

12 (d) It shall be unlawful for any person to purchase, receive or
13 otherwise acquire at retail any compound, mixture or preparation
14 containing more than 3.6 grams of pseudoephedrine base or ephedrine
15 base in any single transaction or any compound, mixture or preparation
16 containing more than nine grams of pseudoephedrine base or ephedrine
17 base within any 30-day period.

18 (e) (1) Violation of subsection (a) is a drug severity level 3 felony;

19 (2) violation of subsection (b)(1) is a:

20 (A) Drug severity level 5 felony, except as provided in subsection (e)
21 (2)(B); and

22 (B) class B nonperson misdemeanor if the drug paraphernalia was
23 used to cultivate fewer than five marijuana plants;

24 (3) violation of subsection (b)(2) is a class B nonperson
25 misdemeanor;

26 (4) violation of subsection (c) is a drug severity level 5 felony; and

27 (5) violation of subsection (d) is a class A nonperson misdemeanor.

28 (f) For persons arrested and charged under subsection (a) or (c), bail
29 shall be at least \$50,000 cash or surety, and such person shall not be
30 released upon the person's own recognizance pursuant to K.S.A. 22-2802,
31 and amendments thereto, unless the court determines, on the record, that
32 the defendant is not likely to reoffend, the court imposes pretrial
33 supervision or the defendant agrees to participate in a licensed or certified
34 drug treatment program.

35 (g) *The provisions of subsection (b) shall not apply to any person
36 licensed pursuant to the adult use cannabis regulation act, section 1 et
37 seq., and amendments thereto, whose possession of such equipment or
38 material is used solely to produce or for the administration of cannabis, as
39 defined in section 2, and amendments thereto, in a manner authorized by
40 the adult use cannabis regulation act, section 1 et seq., and amendments
41 thereto.*

42 Sec. 57. K.S.A. 21-5710 is hereby amended to read as follows: 21-
43 5710. (a) It shall be unlawful for any person to advertise, market, label,

1 distribute or possess with the intent to distribute:

2 (1) Any product containing ephedrine, pseudoephedrine, red
3 phosphorus, lithium metal, sodium metal, iodine, anhydrous ammonia,
4 pressurized ammonia or phenylpropanolamine or their salts, isomers or
5 salts of isomers if the person knows or reasonably should know that the
6 purchaser will use the product to manufacture a controlled substance or
7 controlled substance analog; or

8 (2) any product containing ephedrine, pseudoephedrine or
9 phenylpropanolamine, or their salts, isomers or salts of isomers for
10 indication of stimulation, mental alertness, weight loss, appetite control,
11 energy or other indications not approved pursuant to the pertinent federal
12 over-the-counter drug final monograph or tentative final monograph or
13 approved new drug application.

14 (b) It shall be unlawful for any person to distribute, possess with the
15 intent to distribute or manufacture with intent to distribute any drug
16 paraphernalia, knowing or under circumstances where one reasonably
17 should know that it will be used to manufacture or distribute a controlled
18 substance or controlled substance analog in violation of K.S.A. 21-5701
19 through 21-5717, and amendments thereto.

20 (c) It shall be unlawful for any person to distribute, possess with
21 intent to distribute or manufacture with intent to distribute any drug
22 paraphernalia, knowing or under circumstances where one reasonably
23 should know, that it will be used as such in violation of K.S.A. 21-5701
24 through 21-5717, and amendments thereto, except ~~subsection (b) of~~ K.S.A.
25 21-5706(b), and amendments thereto.

26 (d) It shall be unlawful for any person to distribute, possess with
27 intent to distribute or manufacture with intent to distribute any drug
28 paraphernalia, knowing, or under circumstances where one reasonably
29 should know, that it will be used as such in violation of ~~subsection (b) of~~ K.S.A.
30 21-5706(b), and amendments thereto.

31 (e) (1) Violation of subsection (a) is a drug severity level 3 felony;

32 (2) violation of subsection (b) is a:

33 (A) Drug severity level 5 felony, except as provided in subsection (e)
34 (2)(B); and

35 (B) drug severity level 4 felony if the trier of fact makes a finding that
36 the offender distributed or caused drug paraphernalia to be distributed to a
37 minor or on or within 1,000 feet of any school property;

38 (3) violation of subsection (c) is a:

39 (A) Nondrug severity level 9, nonperson felony, except as provided in
40 subsection (e)(3)(B); and

41 (B) drug severity level 5 felony if the trier of fact makes a finding that
42 the offender distributed or caused drug paraphernalia to be distributed to a
43 minor or on or within 1,000 feet of any school property; and

1 (4) violation of subsection (d) is a:

2 (A) Class A nonperson misdemeanor, except as provided in
3 subsection (e)(4)(B); and

4 (B) nondrug severity level 9, nonperson felony if the trier of fact
5 makes a finding that the offender distributed or caused drug paraphernalia
6 to be distributed to a minor or on or within 1,000 feet of any school
7 property.

8 (f) For persons arrested and charged under subsection (a), bail shall
9 be at least \$50,000 cash or surety, and such person shall not be released
10 upon the person's own recognizance pursuant to K.S.A. 22-2802, and
11 amendments thereto, unless the court determines, on the record, that the
12 defendant is not likely to re-offend, the court imposes pretrial supervision
13 or the defendant agrees to participate in a licensed or certified drug
14 treatment program.

15 (g) *The provisions of subsection (c) shall not apply to any person
16 licensed pursuant to the adult use cannabis regulation act, section 1 et
17 seq., and amendments thereto, whose distribution or manufacture is used
18 solely to distribute or produce cannabis, as defined in section 2, and
19 amendments thereto, in a manner authorized by the adult use cannabis
20 regulation act, section 1 et seq., and amendments thereto.*

21 (h) As used in this section, "or under circumstances where one
22 reasonably should know" that an item will be used in violation of this
23 section, shall include, but not be limited to, the following:

24 (1) Actual knowledge from prior experience or statements by
25 customers;

26 (2) inappropriate or impractical design for alleged legitimate use;

27 (3) receipt of packaging material, advertising information or other
28 manufacturer supplied information regarding the item's use as drug
29 paraphernalia; or

30 (4) receipt of a written warning from a law enforcement or
31 prosecutorial agency having jurisdiction that the item has been previously
32 determined to have been designed specifically for use as drug
33 paraphernalia.

34 Sec. 58. K.S.A. 79-5201 is hereby amended to read as follows: 79-
35 5201. As used in ~~this act article 52 of chapter 79 of the Kansas Statutes~~
36 *Annotate, and amendments thereto:*

37 (a) ~~"Marijuana" means any marijuana, whether real or counterfeit, as
38 defined by K.S.A. 21-5701, and amendments thereto, which is held,
39 possessed, transported, transferred, sold or offered to be sold in violation
40 of the laws of Kansas;~~

41 (b) *"Cannabis" means the same as defined in section 2, and
42 amendments thereto;*

43 (b) "controlled substance" means any drug or substance, whether real

1 or counterfeit, as defined by K.S.A. 21-5701, and amendments thereto,
2 ~~which that~~ is held, possessed, transported, transferred, sold or offered to be
3 sold in violation of the laws of Kansas. Such term shall not include
4 marijuana;

5 (c) "dealer" means any person who, in violation of Kansas law,
6 manufactures, produces, ships, transports or imports into Kansas or in any
7 manner acquires or possesses more than 28 grams of marijuana, or more
8 than one gram of any controlled substance, or 10 or more dosage units of
9 any controlled substance ~~which that~~ is not sold by weight;

10 (d) "domestic marijuana plant" means any cannabis plant at any level
11 of growth ~~which that~~ is harvested or tended, manicured, irrigated,
12 fertilized or where there is other evidence that it has been treated in any
13 other way in an effort to enhance growth; *and*

14 (e) "marijuana" means any marijuana, whether real or counterfeit, as
15 defined in K.S.A. 21-5701, and amendments thereto, that is held,
16 possessed, transported, transferred, sold or offered for sale in violation of
17 the laws of Kansas.

18 Sec. 59. K.S.A. 79-5210 is hereby amended to read as follows: 79-
19 5210. Nothing in this act requires persons registered under article 16 of
20 chapter 65 of the Kansas Statutes Annotated, *and amendments thereto*, or
21 otherwise lawfully in possession of marijuana, *cannabis* or a controlled
22 substance to pay the tax required under this act.

23 Sec. 60. K.S.A. 21-5703, 21-5706, 21-5707, 21-5709, 21-5710, 79-
24 5201 and 79-5210 and K.S.A. 2025 Supp. 21-5705 are hereby repealed.

25 Sec. 61. This act shall take effect and be in force from and after its
26 publication in the statute book.