



**NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
Senate Bill 711**

AMENDMENT NO. \_\_\_\_\_  
(to be filled in by  
Principal Clerk)

S711-ABP-32 [v.2]

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Amends Title [NO]  
Fourth Edition

Date \_\_\_\_\_, 2021

Senator \_\_\_\_\_

1 moves to amend the bill on page 10, lines 5-6, by inserting the following between the lines:

2 "(b) The Commission shall adopt rules to regulate the medical cannabis supply system, to  
3 include without limitation:

4 (1) Physical plant requirements.

5 (2) Odor control and mitigation.

6 (3) Security, to include video surveillance.

7 (4) Sanitation and workplace safety conditions.

8 (5) Employee training.

9 (6) Record-keeping.

10 (7) Inventory limits and controls.

11 (8) Quality control.

12 (9) Reportable events.

13 (10) Procedures for mandatory and voluntary recall of unsafe cannabis or  
14 cannabis-infused products.

15 (11) Permitted pesticides to be used and in what amounts, if any.

16 (12) Limitations on the use of solvents or gases exhibiting potential toxicity to  
17 humans.

18 (13) Storage of cannabis and cannabis-infused products.

19 (14) Transportation of cannabis and cannabis-infused products.

20 (c) Seed-to-sale tracking system. – The Commission shall establish, maintain, and control  
21 a computer software tracking system that traces cannabis from seed to sale and allows real time,  
22 24-hour access by the Department and by the Commission to data from all production facilities,  
23 medical cannabis centers, and testing laboratories. The tracking system must allow for integration  
24 of other seed-to-sale systems and, at a minimum, include notification of when cannabis seeds are  
25 planted, when cannabis plants are harvested and destroyed, and when cannabis is transported,  
26 sold, stolen, diverted, or lost. Each medical cannabis supplier shall use the seed-to-sale tracking  
27 system established by the Commission or integrate its own seed-to-sale tracking system with the  
28 seed-to-sale tracking system established by the Commission. The Commission shall establish  
29 minimum requirements for the seed-to-sale tracking system used by a supplier. The Commission  
30 may contract with a vendor to establish the seed-to-sale tracking system. The vendor may not  
31 have a direct or indirect financial interest in a medical cannabis supplier or testing laboratory.



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1       (d) Funding. – The General Assembly may appropriate funds for the initial  
2 development";

3  
4  
5 and on page 9, lines 19-20, by rewriting the lines to read:

6 "no more than four medical cannabis centers. Of the medical cannabis centers operated by each  
7 supplier, at least one shall be located in Tier 1 counties."

8  
9 And on page 9, lines 44-45, by inserting the following between the lines:

10 "(I) Conflicts of Interest. – No member of the Commission shall own, operate, have a  
11 direct or indirect financial interest in, or be employed by a licensed medical cannabis supplier,  
12 or a licensed medical cannabis testing laboratory, or a subcontractor thereof. No member of the  
13 Commission shall be a qualified patient, a designated caregiver, or a physician who issues written  
14 certifications."

15  
16 And on page 10, line 40 to page 11, line 2, by rewriting the lines to read:

17       "(3) Documentation demonstrating that the applicant possesses:

- 18           a. Requisite expertise in controlled environment agriculture and the  
19 ability to engage in growing or processing of cannabis, as well as  
20 product development, quality control, and inventory management of  
21 cannabis meeting standards that the Commission shall specify by rule.  
22           b. Technical and technological ability to cultivate, produce, and  
23 distribute medical cannabis in a manner that meets Commission  
24 standards for production consistency and safe handling.  
25           c. Ability to secure cannabis production, testing, resources,  
26 transportation, and personnel to operate as a safe and secure supplier  
27 in compliance with all state regulations in which the applicant has prior  
28 experience."

29  
30 and on page 11, lines 34-35, by inserting the following between the lines:

31       "(12) If the applicant or proposed owners, officers, board members, or managers  
32 have engaged in medical or adult use cannabis operations in another state,  
33 evidence of compliance with applicable laws and regulations in that state.

34       (13) Any other information the Department considers necessary to ensure";  
35

36 And on page 12, lines 4-6, by rewriting the lines to read:

37 "(j) Performance Requirements. – A supplier must begin cultivation of cannabis within  
38 120 days of receiving a medical cannabis supplier license and begin selling cannabis and  
39 cannabis-infused products in medical cannabis centers within 270 days of initiating cultivation."

40  
41 And on page 13, line 22, by rewriting the line to read:

42 "provided in this section. A medical cannabis center shall";  
43

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1 And on page 13, lines 26-27, by rewriting the line to read:  
2 "facilities approved under this section. Except as provided in this section, the supplier shall not  
3 sell cannabis, cannabis plants, cannabis";  
4

5 And on page 13, lines 32-43, by rewriting the lines to read:

6 **""§ 90-113.122. Supplier reporting; monthly fees; fines; audit.**

7 (a) Monthly Reports. – Each supplier licensed under this Article shall submit monthly  
8 reports to the Department on all financial transactions, including, but not limited to, production,  
9 sales and purchases of cannabis and cannabis-infused products, and transfers of cannabis and  
10 cannabis-infused products for no consideration with respect to each medical cannabis center and  
11 production facility operated by the supplier.

12 (b) Monthly Fee. – Each supplier licensed under this section shall pay to the Department  
13 a monthly fee equal to ten percent (10%) of the gross revenue derived from the sale of cannabis  
14 and cannabis-infused products at all medical cannabis centers operated by the supplier.

15 (c) Construction. – Nothing in this section shall be construed to exempt persons licensed  
16 under this section from the reporting or remittance of sales tax for any transaction upon which a  
17 sales tax may be levied.

18 (d) Fines. – The Department may, in addition to or in lieu of any other penalties imposed  
19 under this article, impose a fine of up to \$10,000 on a supplier for any of the following violations:

- 20 (1) Violating a statute or Commission rule.
- 21 (2) Failing to maintain qualifications for approval.
- 22 (3) Endangering the health, safety, or security of a qualified patient.
- 23 (4) Improperly disclosing confidential information of a qualified patient.
- 24 (5) Making or filing a report or record that the supplier knows to be false.
- 25 (6) Willfully failing to maintain a record required by law or rule.
- 26 (7) Willfully impeding or obstructing an employee or agent of the Department in  
27 the furtherance of his or her official duties.
- 28 (8) Engaging in fraud or deceit, negligence, incompetence, or misconduct in the  
29 business practices of a medical cannabis supplier
- 30 (9) Making misleading, deceptive, or fraudulent representations in or related to  
31 the business practices of a medical cannabis supplier.
- 32 (10) Violating a lawful order of the Department or an agency of the State, or failing  
33 to comply with a lawfully issued subpoena of the Department or an agency of  
34 the State.

35 Where there are multiple incidents resulting in more than one violation of the same  
36 provision, the Department may impose a fine, up to the maximum, for each violation. For  
37 violations that are ongoing and continuous in nature, each day a violation continues constitutes a  
38 distinct violation. The Commission may establish criteria for fine amounts. A supplier may  
39 appeal the imposition of fines by the Department to the Commission and the Commission shall  
40 adopt rules governing such appeals.

41 (e) Audit. – The Commission may require in its discretion an audit of the financial  
42 transactions of a supplier to be conducted by an independent certified accountant. The

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- 1 Department reserves the right to select the independent certified accountant to be used for the  
2 audit. The supplier shall be responsible for all costs associated with the audit."

SIGNED \_\_\_\_\_  
Amendment Sponsor

SIGNED \_\_\_\_\_  
Committee Chair if Senate Committee Amendment

ADOPTED \_\_\_\_\_ FAILED \_\_\_\_\_ TABLED \_\_\_\_\_