



SPONSOR: Rep. Osienski & Sen. Paradee & Sen. Hoffner
Rep. Chukwuocha

HOUSE OF REPRESENTATIVES
152nd GENERAL ASSEMBLY

HOUSE BILL NO. 408

AN ACT TO AMEND TITLE 4 OF THE DELAWARE CODE RELATING TO MARIJUANA CONVERSION LICENSES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE (Three-fifths of all members elected to each house thereof concurring therein):

Section 1. Amend Chapter 13, Title 4 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline and by redesignating accordingly as follows:

§ 1302. Definitions.

As used in this chapter:

() “Conversion license” means an open license issued to a compassion center for participation in the adult use recreational market.

§ 1335A. Conversion licenses.

(a) Conversion licenses may be issued to a currently licensed compassion center when the applicant meets the following criteria:

(1) The applicant is eligible for renewal under § 4916A of Title 16.

(2) The applicant has submitted documentation demonstrating how the applicant currently meets the demands of the medical market and a plan outlining how the applicant will continue to serve the medical market.

(3) The applicant has submitted a plan detailing how the applicant will support the social equity program.

(4) The applicant has submitted a signed labor peace agreement with a bona fide labor organization.

(5) If seeking a conversion license for a cultivation facility, the applicant has submitted facility dimensions.

(6) The applicant has paid a conversion license fee.

a. Except as described in paragraphs (6)b. and c. of this subsection, the base conversion license fee is \$100,000, which may be paid in quarterly installments over 12 months.

b. If the conversion license fee is paid in full in a single payment, a 5% discount is applied.

c. The conversion license fee may be paid in quarterly installments over 18 months, in which case the base conversion license fee is increased by 10%.

(7) The applicant meets all other requirements set forth in this title or by regulation for each requested license.

(b) If an existing registered compassion center or marijuana testing facility seeking a conversion license is located in a jurisdiction that prohibits the operation of an open license under this title, the registered compassion center or marijuana testing facility may request an open license in a new location. If the conversion license would be granted under this section but for the jurisdictional prohibition on the operation of an open license, the Commissioner must grant the request so long as the new location meets the requirements set forth in this title for the open license.

(c) If an applicant seeks a conversion license for a cultivation facility, pays the conversion license fee, and otherwise qualifies for and is granted a conversion license, the applicant may upon receipt of a conversion license operate a facility with any grow canopy area allowed under this chapter or regulations established by the Commissioner under § 1334(h) of this title.

§ 1339. Financial assistance.

(a) The Commissioner shall investigate opportunities for public and private sources of financial assistance that could support social equity applicants.

(b) Funds derived from the issuance of conversion licenses shall be used as sources of financial assistance for social equity applicants issued a conditional license under § 1342 of this title.

§ 1343A. Conversion licensing process.

(a) Beginning August 1, 2024, the Commissioner may begin accepting applications for conversion licenses from compassion centers. Facilities granted a conversion license may commence operations as follows:

(1) A cultivation facility, manufacturing facility, or testing facility may commence operations immediately upon receipt of a conversion license.

(2) A retail facility may commence operations only upon receipt of authorization to operate by the Commissioner. Before authorizing a retail marijuana store with a conversion license to commence operations, the Commissioner must consider the following:

a. The ability of the converted retail marijuana store to continue to serve the medical market.

b. The number of retail marijuana stores under Part C of Subchapter III of this chapter that are available to open.

(b) A conversion license expires 48 months after it is issued.

(c) No conversion license may be issued after November 1, 2024.

(d) Prior to the expiration of a conversion license, the licensee may apply to renew the license as an open license of the type applicable to the facility. A renewal fee of \$10,000 is required to renew the conversion license as an open

52 license. This renewal fee is in lieu of any renewal fee that would be required to renew an open license other than a
53 conversion license.

SYNOPSIS

This Act creates a temporary conversion license for existing medical marijuana compassion centers to operate for recreational marijuana purposes, and sets forth requirements to obtain a conversion license and to operate under such a license. This Act also specifies that conversion licenses may not be issued after November 1, 2024 and expire after 48 months, at which time the license may be renewed as an open license.