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

HOUSE OF REPRESENTATIVES
152nd GENERAL ASSEMBLY

HOUSE BILL NO. 408
AS AMENDED BY
HOUSE AMENDMENT NO. 1
AND
HOUSE AMENDMENT NO. 2

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.

§ 1335B. Conversion license for retail marijuana stores.

(a) If a conversion license to operate a retail marijuana store is granted to a compassion center under § 1335A of this title, the licensee and any successor licensee must, in addition to complying with any other requirements for the operation of a retail marijuana store under this title or regulations promulgated by the Commissioner, do the following:

(1) Continue to operate the former compassion center as a medical dispensing location.

(2) Prioritize the distribution of marijuana and marijuana products to qualifying patients, including suspending recreational marijuana and recreational marijuana product sales to consumers in the event of a shortage of marijuana or marijuana products.

(3) Maintain or increase the diversity of medical marijuana products available.

(4) Provide to the Commissioner a product list with the maximum prices to be offered for all marijuana or marijuana products, and provide an updated list within 7 days when a new product is offered or the maximum price for any marijuana or marijuana product offered by the licensee is increased.

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(b) The licensee must agree and abide by the agreement to continue medical marijuana operations, maintain an adequate and diverse supply, and maintain justifiable pricing with respect to medical marijuana and medical marijuana products.

(c) Failure to abide by subsections (a) or (b) of this section is a violation of this chapter for which the Commissioner may fine the licensee or take any other action against the license authorized under § 1361 of this title.

§ 1335C. Conversion license for marijuana cultivation facilities.

(a) If a conversion license to operate a marijuana cultivation facility is granted to a compassion center under § 1335A of this title, the licensee and any successor licensee must, in addition to complying with any other requirements for the operation of a marijuana cultivation facility under this title or regulations promulgated by the Commissioner, provide monthly wholesale pricing information to the Commissioner.

(b) Failure to abide by this section is a violation of this chapter for which the Commissioner may fine the licensee or take any other action against the license authorized under § 1361 of this title.

§ 1335D. Conversion license for marijuana product manufacturing facility.

(a) If a conversion license to operate a marijuana product manufacturing facility is granted to a compassion center under § 1335A of this title, the licensee and any successor licensee must, in addition to complying with any other requirements for the operation of a marijuana product manufacturing facility under this title or regulations promulgated by the Commissioner, provide monthly wholesale pricing information to the Commissioner.

(b) Failure to abide by this section is a violation of this chapter for which the Commissioner may fine the licensee or take any other action against the license authorized under § 1361 of this title.

§ 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 sought is for a cultivation facility, the base conversion license fee is $200,000, which may be paid in quarterly installments over 12 months.

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) If the conversion license sought is for a retail facility, the applicant has submitted a signed attestation that the applicant will serve medical cardholders in accordance with Chapter 49A of Title 16, including a commitment to doing the following:

a. Selling tax-free marijuana to qualifying patients directly or through designated caregivers.

b. Selling up to 3 ounces of marijuana in any 14-day period to qualifying patients directly or through designated caregivers and up to a total of 6 ounces per month.

c. Providing home delivery to qualifying patients.

(8) 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) All funds derived from the issuance of conversion licenses shall only 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 24 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 license. This renewal fee is in lieu of any renewal fee that would be required to renew an open license other than a conversion license.