

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Human Services to which was referred Senate Bill No.
3 14 entitled “An act relating to single dose, child-resistant packaging and
4 labeling of marijuana-infused edible or potable products sold by a registered
5 dispensary” respectfully reports that it has considered the same and
6 recommends that the House propose to the Senate that the bill be amended as
7 follows:

8 First: By striking out Sec. 1 in its entirety and inserting in lieu thereof a
9 new Sec. 1 to read:

10 Sec. 1. 18 V.S.A. § 4472 is amended to read:

11 § 4472. DEFINITIONS

12 As used in this subchapter:

13 ~~(1)(A)~~ “Bona fide health care professional-patient relationship” means a
14 treating or consulting relationship of not less than ~~six~~ three months’ duration,
15 in the course of which a health care professional has completed a full
16 assessment of the registered patient’s medical history and current medical
17 condition, including a personal physical examination.

18 (B) The ~~six-month~~ three-month requirement shall not apply if:

19 (i) a patient has been diagnosed with:

20 ~~(A)~~(I) a terminal illness;

21 ~~(B)~~(II) cancer ~~with distant metastases~~; or

1 ~~(C)~~(III) acquired immune deficiency syndrome.

2 (ii) a patient has been diagnosed with a debilitating medical
3 condition by a health care professional in another jurisdiction in which the
4 patient has been formerly a resident and the patient, now a resident of
5 Vermont, has the diagnosis confirmed by a health care professional in this
6 State or a neighboring state as provided in subdivision (6) of this section, and
7 the new health care professional has completed a full assessment of the
8 patient’s medical history and current medical condition, including a personal
9 physical examination.

10 (iii) a patient who is already on the registry changes health care
11 professionals three months or less prior to the annual renewal of the patient’s
12 registration, provided the patient’s new health care professional has completed
13 a full assessment of the patient’s medical history and current medical
14 condition, including a personal physical examination.

15 * * *

16 (4) “Debilitating medical condition,” provided that, in the context of the
17 specific disease or condition described in subdivision (A) or (B) of this
18 subdivision (4), reasonable medical efforts have been made over a reasonable
19 amount of time ~~without success~~ to relieve the symptoms, means:

20 (A) cancer, multiple sclerosis, positive status for human
21 immunodeficiency virus, acquired immune deficiency syndrome, **glaucoma**, or

1 the treatment of these conditions, if the disease or the treatment results in
2 severe, persistent, and intractable symptoms; or

3 (B) a disease, medical condition, or its treatment that is chronic,
4 debilitating, and produces ~~severe, persistent, and~~ one or more of the following
5 intractable symptoms: cachexia or wasting syndrome; ~~severe~~ chronic pain;
6 severe nausea; or seizures.

7 (5) “Dispensary” means a nonprofit entity business organization
8 registered under section 4474e of this title which acquires, possesses,
9 cultivates, manufactures, transfers, transports, supplies, sells, or dispenses
10 marijuana, marijuana-infused products, and marijuana-related supplies and
11 educational materials for or to a registered patient who has designated it as his
12 or her center and to his or her registered caregiver for the registered patient’s
13 use for symptom relief. A dispensary may provide marijuana for symptom
14 relief to registered patients at only one facility or location but may have a
15 second location associated with the dispensary where the marijuana is
16 cultivated or processed. Both locations are considered to be part of the same
17 dispensary.

18 (6) “Financier” means a person, other than a financial institution as
19 defined in 8 V.S.A. § 11101, who makes an investment in, or a gift, loan, or
20 other financing to, another person with the expectation of a financial return. If

1 a financier is a business organization, as used in this chapter, the term
2 “financier” includes each owner and principal of that organization.

3 ~~(6)(7)~~(A) “Health care professional” means an individual licensed to
4 practice medicine under 26 V.S.A. chapter 23 or 33, an individual licensed as a
5 naturopathic physician under 26 V.S.A. chapter 81 ~~who has a special license~~
6 ~~endorsement authorizing the individual to prescribe, dispense, and administer~~
7 ~~prescription medicines to the extent that a diagnosis provided by a naturopath~~
8 ~~under this chapter is within the scope of his or her practice, an individual~~
9 certified as a physician assistant under 26 V.S.A. chapter 31, or an individual
10 licensed as an advanced practice registered nurse under 26 V.S.A. chapter 28.

11 (B) ~~Except for naturopaths, this~~ This definition includes individuals
12 who are professionally licensed under substantially equivalent provisions in
13 New Hampshire, Massachusetts, or New York.

14 ~~(7)(8)~~ “Immature marijuana plant” means a female marijuana plant that
15 has not flowered and which does not have buds that may be observed by visual
16 examination.

17 ~~(8)(9)~~ “Marijuana” shall have the same meaning as provided in
18 subdivision 4201(15) of this title.

19 ~~(9)(10)~~ “Mature marijuana plant” means a female marijuana plant that
20 has flowered and which has buds that may be observed by visual examination.

1 (11) “Owner” means:

2 (A) a person who has a direct or beneficial ownership interest of ten
3 percent or more in a business organization, including attribution of the
4 ownership interests of a spouse, parent, spouse’s parent, sibling, and
5 children; or

6 (B) a person who has the power to direct, or cause the direction of,
7 the management and policies of a business organization, including through the
8 ownership of voting securities, by contract, or otherwise.

9 ~~(10)~~(12) “Possession limit” means the amount of marijuana collectively
10 possessed between the registered patient and the patient’s registered caregiver
11 which is no more than two mature marijuana plants, seven immature plants,
12 and two ounces of usable marijuana.

13 (13) “Principal” means a person who has the authority to conduct,
14 manage, or supervise the operation of a business organization, and includes the
15 president, vice president, secretary, treasurer, manager, or similar executive
16 officer of a business organization; a director of a business corporation,
17 nonprofit corporation, or mutual benefit enterprise; a member of a nonprofit
18 corporation, cooperative, or member-managed limited liability company; a
19 manager of a manager-managed limited liability company; and a general
20 partner of a partnership, limited partnership, or limited liability partnership.

1 ~~(11)~~(14) “Registered caregiver” means a person who is at least 21 years
2 ~~old who has never been convicted of a drug-related crime~~ of age, has met
3 eligibility requirements as determined by the Department in accordance with
4 this chapter, and who has agreed to undertake responsibility for managing the
5 well-being of a registered patient with respect to the use of marijuana for
6 symptom relief.

7 ~~(12)~~(15) “Registered patient” means a resident of Vermont who has
8 been issued a registration card by the Department of Public Safety identifying
9 the person as having a debilitating medical condition pursuant to the provisions
10 of this subchapter. “Resident of Vermont” means a person whose domicile is
11 Vermont.

12 ~~(13)~~(16) “Secure indoor facility” means a building or room equipped
13 with locks or other security devices that permit access only by a registered
14 caregiver, registered patient, or a principal officer or employee of a dispensary.

15 (17) “Terminal illness” means an incurable and irreversible disease
16 which would, within reasonable medical judgment, result in death.

17 ~~(14)~~(18) “Transport” means the movement of marijuana and
18 marijuana-infused products from registered growing locations to their
19 associated dispensaries, between dispensaries, to registered patients and
20 registered caregivers in accordance with delivery protocols, or as otherwise
21 allowed under this subchapter.

1 (c) The Department shall maintain a separate secure electronic database
2 accessible to law enforcement personnel 24 hours a day that uses a unique
3 identifier system to allow law enforcement to verify that a person or entity is a
4 registered patient, a registered caregiver, a dispensary, ~~or the principal officer,~~
5 ~~a board member~~ an owner, principal, or financier of a dispensary, or an
6 employee of a dispensary.

7 * * *

8 Third: By striking out Sec. 4 in its entirety and inserting in lieu thereof a
9 new Sec. 4 to read:

10 Sec. 4. 18 V.S.A. § 4474e is amended to read:

11 § 4474e. DISPENSARIES; CONDITIONS OF OPERATION

12 (a) A dispensary registered under this section may:

13 (1) Acquire, possess, cultivate, manufacture, transfer, transport, supply,
14 sell, and dispense marijuana, marijuana-infused products, and
15 marijuana-related supplies and educational materials for or to a registered
16 patient who has designated it as his or her dispensary and to his or her
17 registered caregiver for the registered patient's use for symptom relief.

18 (A) Marijuana-infused products shall include tinctures, oils, solvents,
19 and edible or potable goods. Only the portion of any marijuana-infused
20 product that is attributable to marijuana shall count toward the possession
21 limits of the dispensary and the patient. The Department of Public Safety shall

1 establish by rule the appropriate method to establish the weight of marijuana
2 that is attributable to marijuana-infused products. A dispensary shall dispense
3 marijuana-infused products in child-resistant packaging as defined in 7 V.S.A.
4 § 1012.

5 (2)(A) Acquire marijuana seeds or parts of the marijuana plant capable
6 of regeneration from or dispense them to registered patients or their caregivers
7 or acquire them from another registered Vermont dispensary, provided that
8 records are kept concerning the amount and the recipient.

9 (B) Acquire, purchase, or borrow marijuana, marijuana-infused
10 products, or services from another registered Vermont dispensary or give, sell,
11 or lend marijuana, marijuana-infused products, or services to another registered
12 Vermont dispensary, provided that records are kept concerning the product, the
13 amount, and the recipient. Each Vermont dispensary is required to adhere to
14 all possession limits pertaining to cultivation as determined by the number of
15 patients designating that dispensary and may not transfer eligibility to another
16 dispensary.

17 (3)(A) Cultivate and possess at any one time up to 28 mature marijuana
18 plants, 98 immature marijuana plants, and 28 ounces of usable marijuana.

19 However, if a dispensary is designated by more than 14 registered patients, the
20 dispensary may cultivate and possess at any one time two mature marijuana

1 plants, seven immature plants, and four ounces of usable marijuana for every
2 registered patient for which the dispensary serves as the designated dispensary.

3 (B) Notwithstanding subdivision (A) of this subdivision, if a
4 dispensary is designated by a registered patient under 18 years of age who
5 qualifies for the registry because of seizures, the dispensary may apply to the
6 Department for a waiver of the limits in subdivision (A) of this subdivision (3)
7 if additional capacity is necessary to develop and provide an adequate supply
8 of a product for symptom relief for the patient. The Department shall have
9 discretion whether to grant a waiver and limit the possession amounts in excess
10 of subdivision (A) of this subdivision (3) in accordance with rules adopted
11 pursuant to section 4474d of this title.

12 (4) With approval from the Department and in accordance with patient
13 delivery protocols set forth in rule, transport and transfer marijuana to a
14 Vermont postsecondary academic institution for the purpose of research.

15 (b)(1) A dispensary shall may be operated on a for profit or nonprofit basis
16 for the mutual benefit of its patients but need not be recognized as a tax
17 exempt organization by the Internal Revenue Service.

18 (2) A dispensary shall have a sliding-scale fee system that takes into
19 account a registered patient's ability to pay.

1 (c) A dispensary shall not be located within 1,000 feet of the property line
2 of a preexisting public or private school or licensed or regulated child care
3 facility.

4 (d)(1) A dispensary shall implement appropriate security measures to deter
5 and prevent the unauthorized entrance into areas containing marijuana and the
6 theft of marijuana and shall ensure that each location has an operational
7 security alarm system. All cultivation of marijuana shall take place in an
8 enclosed, locked facility which is either indoors or otherwise not visible to the
9 public and which can only be accessed by ~~principal officers~~ the owners,
10 principals, and employees of the dispensary who have valid registry
11 identification cards. The Department of Public Safety shall perform an annual
12 on-site assessment of each dispensary and may perform on-site assessments of
13 a dispensary without limitation for the purpose of determining compliance with
14 this subchapter and any rules adopted pursuant to this subchapter and may
15 enter a dispensary at any time for such purpose. During an inspection, the
16 Department may review the dispensary's confidential records, including its
17 dispensing records, which shall track transactions according to registered
18 patients' registry identification numbers to protect their confidentiality.

19 * * *

20 (f) A person may be denied the right to serve as an owner, a principal
21 officer, board member, financier, or employee of a dispensary because of the

1 person's criminal history record in accordance with section 4474g of this title
2 and rules adopted by the Department of Public Safety pursuant to that section.

3 (g)(1) A dispensary shall notify the Department of Public Safety within 10
4 days of when ~~a principal officer, board member, an owner, principal, financier,~~
5 or employee ceases to be associated with or work at the dispensary. His or her
6 registry identification card shall be deemed null and void, and the person shall
7 be liable for any penalties that may apply.

8 (2) A dispensary shall notify the Department of Public Safety in writing
9 of the name, address, and date of birth of any proposed new ~~principal officer,~~
10 ~~board member~~ owner, principal, financier, or employee and shall submit a fee
11 for a new registry identification card before a new ~~principal officer, board~~
12 ~~member~~ owner, principal, or employee begins his or her official duties related
13 to the dispensary and shall submit a complete set of fingerprints for the
14 prospective ~~principal officer, board member~~ owner, principal, financier, or
15 employee.

16 (h) A dispensary shall include a label on the packaging of all marijuana that
17 is dispensed. The label shall:

18 (1) ~~identify~~ Identify the particular strain of marijuana ~~contained therein.~~
19 Cannabis strains shall be either pure breeds or hybrid varieties of cannabis and
20 shall reflect properties of the plant. ~~The label also shall~~

1 (2) Identify the amount of tetrahydrocannabinol in each single dose
2 marijuana-infused edible or potable product.

3 (3) ~~contain~~ Contain a statement to the effect that the State of Vermont
4 does not attest to the medicinal value of cannabis.

5 (i) Each dispensary shall develop, implement, and maintain on the premises
6 employee policies and procedures to address the following requirements:

7 (1) a job description or employment contract developed for all
8 employees which includes duties, authority, responsibilities, qualification, and
9 supervision;

10 (2) training in and adherence to confidentiality laws; and

11 (3) training for employees required by subsection (j) of this section.

12 (j) Each dispensary shall maintain a personnel record for each employee
13 that includes an application for employment and a record of any disciplinary
14 action taken. Each dispensary shall provide each employee, at the time of his
15 or her initial appointment, training in the following:

16 (1) the proper use of security measures and controls that have been
17 adopted; and

18 (2) specific procedural instructions on how to respond to an emergency,
19 including robbery or violent incident.

20 (k)(1) No dispensary, ~~principal officer, board member or owner, principal,~~
21 ~~financier,~~ or employee of a dispensary shall:

1 (A) acquire, possess, cultivate, manufacture, transfer, transport,
2 supply, sell, or dispense marijuana for any purpose except to assist a registered
3 patient with the use of marijuana for symptom relief directly or through the
4 qualifying patient's designated caregiver;

5 (B) acquire usable marijuana or marijuana plants from any source
6 other than registered dispensary ~~principal officers, board members~~ owners,
7 principals, or employees who cultivate marijuana in accordance with this
8 subchapter;

9 (C) dispense more than two ounces of usable marijuana to a
10 registered patient directly or through the qualifying patient's registered
11 caregiver during a 30-day period;

12 (D) dispense an amount of usable marijuana to a qualifying patient or
13 a designated caregiver that the ~~principal officer, board member~~ owner,
14 principal, or employee knows would cause the recipient to possess more
15 marijuana than is permitted under this subchapter;

16 (E) dispense marijuana to a person other than a registered patient
17 who has designated the dispensary to provide for his or her needs or other than
18 the patient's registered caregiver.

19 (2) A person found to have violated subdivision (1) of this subsection
20 may no longer serve as ~~a principal officer, board member~~ an owner, principal,
21 financier, or employee of any dispensary, and such person's registry

1 identification card shall be immediately revoked by the Department of Public
2 Safety.

3 (3) The board of a dispensary shall be required to report to the
4 Department of Public Safety any information regarding a person who violates
5 this section.

6 (l)(1) A registered dispensary shall not be subject to the following,
7 provided that it is in compliance with this subchapter:

8 (A) prosecution for the acquisition, possession, cultivation,
9 manufacture, transfer, transport, supply, sale, or dispensing of marijuana,
10 marijuana-infused products, or marijuana-related supplies for symptom relief
11 in accordance with the provisions of this subchapter and any rule adopted by
12 the Department of Public Safety pursuant to this subchapter;

13 (B) inspection and search, except pursuant to this subchapter or upon
14 a search warrant issued by a court or judicial officer;

15 (C) seizure of marijuana, marijuana-infused products, and
16 marijuana-related supplies, except upon a valid order issued by a court;

17 (D) imposition of any penalty or denied any right or privilege,
18 including imposition of a civil penalty or disciplinary action by an
19 occupational or professional licensing board or entity, solely for acting in
20 accordance with this subchapter to assist registered patients or registered
21 caregivers.

1 (1) a nonrefundable application fee in the amount of \$2,500.00 paid to
2 the Department of Public Safety;

3 (2) the legal name, ~~articles of incorporation, and bylaws of the~~
4 dispensary and the organizational documents that create the dispensary, govern
5 its internal affairs, and govern relations between or among its interest holders;

6 (3) the proposed physical address of the dispensary, if a precise address
7 has been determined or, if not, the general location where it would be located;

8 (4) a description of the enclosed, locked facility where marijuana will be
9 grown, cultivated, harvested, or otherwise prepared for distribution by the
10 dispensary;

11 (5) the name, address, and date of birth of each ~~principal officer and~~
12 board member owner, principal, and financier of the dispensary and a complete
13 set of fingerprints for each of them;

14 (6) proposed security and safety measures, which shall include at least
15 one security alarm system for each location and planned measures to deter and
16 prevent the unauthorized entrance into areas containing marijuana and the theft
17 of marijuana;

18 (7) proposed procedures to ensure accurate record-keeping.

19 (d) Any time one or more dispensary registration applications are being
20 considered, the Department of Public Safety shall solicit input from registered
21 patients and registered caregivers.

1 (e) Each time a dispensary certificate is granted, the decision shall be based
2 on the overall health needs of qualified patients. The following factors shall
3 weigh heavily in the consideration of an application:

4 (1) geographic convenience to patients from throughout the State of
5 Vermont to a dispensary if the applicant were approved;

6 (2) the entity's ability to provide an adequate supply to the registered
7 patients in the State;

8 (3) the entity's ability to demonstrate ~~its board members' that its owners~~
9 ~~and principals have sufficient experience running a nonprofit organization or~~
10 business;

11 (4) the comments, if any, of registered patients and registered caregivers
12 regarding which applicant should be granted a registration certificate;

13 (5) the sufficiency of the applicant's plans for record-keeping, which
14 records shall be considered confidential health care information under Vermont
15 law and are intended to be deemed protected health care information for
16 purposes of the federal Health Insurance Portability and Accountability Act of
17 1996, as amended;

18 (6) the sufficiency of the applicant's plans for safety and security,
19 including the proposed location and security devices employed.

20 (f) The Department of Public Safety may deny an application for a
21 dispensary if it determines that an applicant's criminal history record indicates

1 that ~~the person's~~ association of an owner, principal, or financier with a
2 dispensary would pose a demonstrable threat to public safety.

3 (g) After a dispensary is approved but before it begins operations, it shall
4 submit the following to the Department:

5 (1) the legal name ~~and articles of incorporation~~ of the dispensary and the
6 organizational documents that create the dispensary govern its internal affairs,
7 and govern relations between or among its interest holders;

8 (2) the physical address of the dispensary;

9 (3) the name, address, and date of birth of each ~~principal officer and~~
10 board member owner, principal, and financier of the dispensary along with a
11 complete set of fingerprints for each;

12 (4) a registration fee of \$20,000.00 for the first year of operation, and an
13 annual fee of \$25,000.00 in subsequent years.

14 (h) [Repealed.]

15 Fifth: By striking out Sec. 5 in its entirety and inserting in lieu thereof a
16 new Sec. 5 to read:

17 Sec. 5. 18 V.S.A. § 4474g is amended to read:

18 § 4474g. DISPENSARY REGISTRY IDENTIFICATION CARD;

19 CRIMINAL BACKGROUND CHECK

20 (a) Except as provided in subsection (b) of this section, the Department of
21 Public Safety shall issue each ~~principal officer, Board member~~ owner,

1 principal, and employee of a dispensary a registry identification card or
2 renewal card within 30 days of receipt of the person's name, address, and date
3 of birth and a fee of \$50.00. The fee shall be paid by the dispensary and the
4 cost shall not be passed on to a ~~principal officer, Board member~~ an owner,
5 principal, or employee. A person shall not serve as ~~principal officer, Board~~
6 ~~member~~ an owner, principal, or employee of a dispensary until that person has
7 received a registry identification card issued under this section. Each card shall
8 specify whether the cardholder is ~~a principal officer, Board member~~ an owner,
9 principal, or employee of a dispensary and shall contain the following:

- 10 (1) the name, address, and date of birth of the person;
- 11 (2) the legal name of the dispensary with which the person is affiliated;
- 12 (3) a random identification number that is unique to the person;
- 13 (4) the date of issuance and the expiration date of the registry
14 identification card;
- 15 (5) a photograph of the person.

16 (b) Prior to acting on an application for a registry identification card, the
17 Department of Public Safety shall obtain with respect to the applicant a
18 Vermont criminal history record, an out-of-state criminal history record, and a
19 criminal history record from the Federal Bureau of Investigation. Each
20 applicant shall consent to the release of criminal history records to the
21 Department on forms developed by the Vermont Crime Information Center.

1 (c) When the Department of Public Safety obtains a criminal history
2 record, the Department shall promptly provide a copy of the record to the
3 applicant and to the ~~principal officer and Board principals~~ of the dispensary if
4 the applicant is to be an employee. The Department shall inform the applicant
5 of the right to appeal the accuracy and completeness of the record pursuant to
6 rules adopted by the Department. A fingerprint-supported, out-of-state
7 criminal history record and a criminal history record from the Federal Bureau
8 of Investigation shall be required only every three years for renewal of a card
9 for a dispensary owner or principal.

10 (d) The Department of Public Safety shall comply with all laws regulating
11 the release of criminal history records and the protection of individual privacy.
12 No person shall confirm the existence or nonexistence of criminal history
13 record information to any person who would not be eligible to receive the
14 information pursuant to this subchapter.

15 (e) The Department of Public Safety shall not issue a registry identification
16 card to any applicant who has been convicted of a drug-related offense or a
17 violent felony or who has a pending charge for such an offense. ~~For purposes~~
18 ~~of~~ As used in this subchapter, “violent felony” means a listed crime as defined
19 in 13 V.S.A. § 5301(7) or an offense involving sexual exploitation of children
20 in violation of 13 V.S.A. chapter 64.

1 (f) The Department of Public Safety shall adopt rules for the issuance of a
2 registry identification card and shall set forth standards for determining
3 whether an applicant should be denied a registry identification card because his
4 or her criminal history record indicates that the person's association with a
5 dispensary would pose a demonstrable threat to public safety. The rules shall
6 consider whether a person who has a conviction for an offense not listed in
7 subsection (e) of this section has been rehabilitated. A conviction for an
8 offense not listed in subsection (e) of this section shall not automatically
9 disqualify a person for a registry identification card. A dispensary may deny a
10 person the opportunity to serve as a Board member or an employee based on
11 his or her criminal history record. An applicant who is denied a registry
12 identification card may appeal the Department of Public Safety's determination
13 in Superior Court in accordance with Rule 75 of the Vermont Rules of Civil
14 Procedure.

15 (g) A registration identification card of ~~a principal officer, Board member~~
16 ~~an owner, principal~~, or employee shall expire one year after its issuance or
17 upon the expiration of the registered organization's registration certificate,
18 whichever occurs first.

1 Sixth: By striking out Sec. 7 (effective date) in its entirety and inserting in
2 lieu thereof Secs. 7–8 to read:

3 **Sec. 7. AUTHORITY FOR CURRENTLY REGISTERED NONPROFIT**
4 **DISPENSARY TO CONVERT TO FOR-PROFIT BUSINESS**

5 (a) Notwithstanding any contrary provision of Title 11B of the Vermont
6 Statutes Annotated, a nonprofit dispensary registered pursuant to 18 V.S.A.
7 chapter 86 may convert to a different type of business organization by
8 approving a plan of conversion pursuant to this section.

9 (b) A plan of conversion shall include:

10 (1) the name of the converting organization;

11 (2) the name and type of organization of the converted organization;

12 (3) the manner and basis for converting the assets of the converting
13 organization into interests in the converted organization or other consideration;

14 (4) the proposed organizational documents of the converted
15 organization; and

16 (5) the other terms and conditions of the conversion.

17 (c) A converting organization shall approve a plan of conversion by a
18 majority vote of its directors, and by a separate majority vote of its members if
19 it has members.

1 (d) A converting organization may amend or abandon a plan of conversion
2 before it takes effect in the same manner it approved the plan, if the plan does
3 not specify how to amend the plan.

4 (e) A converting organization shall sign a statement of conversion and
5 deliver it to the Secretary of State for filing. A statement of conversion shall
6 include:

7 (1) the name and type of organization prior to the conversion;

8 (2) the name and type of organization following the conversion;

9 (3) a statement that the converting organization approved the plan of
10 conversion in accordance with the provisions of this act; and

11 (4) the organizational documents of the converted organization.

12 (f) The conversion of a nonprofit dispensary takes effect when the
13 statement of conversion takes effect, and when the conversion takes effect:

14 (1) The converted organization is:

15 (A) organized under and subject to the governing statute of the
16 converted organization; and

17 (B) the same organization continuing without interruption as the
18 converting organization.

19 (2) Subject to the plan of conversion, the property of the converting
20 organization continues to be vested in the converted organization without
21 transfer, assignment, reversion, or impairment.

1 (3) The debts, obligations, and other liabilities of the converting
2 organization continue as debts, obligations, and other liabilities of the
3 converted organization.

4 (4) A court or other authority may substitute the name of the converted
5 organization for the name of the converting organization in any pending action
6 or proceeding.

7 (5) The organizational documents of the converted organization take
8 effect.

9 (6) The assets of the converting organization are converted pursuant to
10 the plan of conversion.

11 (g) When a conversion takes effect, a person who did not have personal
12 liability with respect to the converting organization and becomes subject to
13 personal liability with respect to the converted organization as a result of the
14 conversion has personal liability only to the extent provided by the governing
15 statute of the converted organization and only for those debts, obligations, and
16 other liabilities that the converted organization incurs after the conversion.

17 (h) When a conversion takes effect, a person who had personal liability for
18 a debt, obligation, or other liability of the converting organization but who
19 does not have personal liability with respect to the converted organization is
20 subject to the following rules:

1 (1) The conversion does not discharge any personal liability under this
2 title to the extent the personal liability was incurred before the conversion took
3 effect.

4 (2) The person does not have personal liability under this title for any
5 debt, obligation, or other liability that arises after the conversion takes effect.

6 (3) Title 11B continues to apply to the release, collection, or discharge
7 of any personal liability preserved under subdivision (1) of this subsection as if
8 the conversion had not occurred.

9 (i) A conversion does not require an organization to wind up its affairs and
10 does not constitute or cause the dissolution of the organization.

11 Sec. 8. EFFECTIVE DATE

12 This act shall take effect on July 1, 2016.

13

14

15 (Committee vote: _____)

16

17

Representative _____

18

FOR THE COMMITTEE