



PA Bipartisan House Cannabis Regulation Bill HB 20 — Detailed Bill Summary

Rep. Emily Kinkaid's HB 20 is a bipartisan bill to legalize, regulate, and tax cannabis for adults 21 and older in the Commonwealth. It would expunge records, release prisoners, and prevent discrimination against responsible cannabis consumers in regards to occupational and professional licensing, employment, child custody, and medical care. HB 20 would also allow registered patients to discreetly and securely cultivate medical cannabis plants at home. A new Keystone Cannabis Authority would license and regulate privately operated cannabis businesses. Existing medical cannabis businesses could convert to also serve adult-use consumers for a fee. Up to 72 additional dispensary licenses could be issued initially, including to impacted and diverse applicants, along with up to 10 microcultivation licenses. Adult-use cannabis sales would be taxed at 13%.

Possession Limit

Starting 90 days after passage, allows adults 21 and over to:

- Possess, use, purchase, and transport up to 2.5 ounces of cannabis, 1,000 milligrams of THC in infused products, and 15 grams of cannabis concentrate.
- Share cannabis with other adults, within legal limits.
- Vaporize cannabis concentrate anywhere smoking is allowed.

Prohibited Acts and Penalties

- Cannabis could not be smoked in a public place, though the penalty is unclear.
 - Municipalities may authorize on-site consumption at or in dispensaries.
- Cannabis use may be prohibited by anyone in lawful possession of property.
- Cannabis must be in a "cannabis container" and reasonably inaccessible while in a motor vehicle that is moving, unless it's a motor vehicle open to the public.
- No one under 21 may enter limited access areas, where cannabis is sold.
- A person who transfers cannabis to a person under 21 can be disqualified from buying cannabis. Dispensaries will be notified of prohibited persons.
- HB 20 does not:
 - allow home cultivation, except by registered patients and caregivers.
 - allow cannabis use "knowingly in close physical proximity to an individual younger than 21 years of age."
 - allow anyone to undertake an action while under the influence of cannabis if doing so would be negligent or malpractice.
 - allow cannabis possession in schools, school buses, correctional institutions, or a residence that is used for permitted childcare or social services.
 - allow cannabis to be used in a motor vehicle, including a parked vehicle.
 - allow driving or boating while using cannabis or being under the influence.
 - authorize or require an individual or business to violate federal law, "including the ability to consume cannabis in public housing or on college or university campuses."

Civil Protections for Responsible Cannabis Consumers and Limitations

- Provides non-discrimination protections for adults who responsibly use cannabis, including related to occupational and professional licensing, child custody, child welfare, firearms ownership, and medical care, including organ transplants.
- Provides some protections for employees from being discriminated against by employers for being responsible cannabis consumers:
 - An employee cannot be fired or disciplined for testing positive for cannabis based on a random drug test.
 - Provides drug screening “may be permissible” for safety-sensitive positions, which are positions an “employer reasonably believes presents a potential risk” to the employee or others if performed while under the influence of cannabis, and which include driving, childcare, patient care, and firefighting.
 - “Except as otherwise specifically provided by law,” an employer cannot refuse to hire someone due to a positive test for cannabis.
 - Creates an exception for if it conflicts with federal law, if the position is funded by a federal grant, and if it conflicts with a collective bargaining agreement.

Removing Jail Time for Minors in Possession

- Removes possible jail time for possession of cannabis by those under 21 years of age and changes the penalty to a summary offense carrying:
 - for a first offense, a fine of no more than \$500.
 - for second or subsequent offense, a fine of no more than \$1,000.
- The minor may be admitted to adjudication alternatives or a preadjudication disposition.
- In the case of minors under the age of 18, a parent or guardian will also be notified.

Keystone Cannabis Authority

- Establishes a Keystone Cannabis Authority (KCA), with a seven-member board as the licensing and regulatory authority for both medical and adult-use cannabis.
 - Three members would be appointed by the governor and one member would be appointed by each of the four legislative caucuses.
 - One of the governor’s appointees would represent labor and one would represent individuals involved in social and economic equity.
 - KCA board members would be paid up to 75% the pay of legislators, with cost-of-living increases.
 - Requires the Authority to adopt ethics provisions for board members and employees, including related to financial interests and gifts.
- The Authority’s first board meeting will be within 90 days of its appointment.
- The Authority will also have an executive director and staff.
- The Medical Marijuana Program Fund will be transferred to the Authority within 90 days.
- Moves the Department of Health’s regulatory control over medical cannabis to the Authority.
- The Authority will set fees, timelines, and minimum requirements, and set up a competitive scoring process for applications.
- Allows the formation of advisory committees and subcommittees on issues including public health and wellness, community safety and well-being, the judicial and carceral systems, education, employment, business and entrepreneurship, agriculture and food systems, and medical cannabis program efficiency.

- Starting January 1, 2026, and each year thereafter, the Authority must issue a report that includes the amount of cannabis sales, plants cultivated, price per gram, and whether public safety concerns were resolved.
- The Authority may establish a state testing laboratory, which may serve as a reference laboratory, establish standard operating procedures, and conduct compliance testing.

License Types

- The Keystone Cannabis Authority will issue at least five types of adult-use cannabis business permits, to:
 - dispensing organizations
 - cultivation centers, which may also make infused products
 - micro-cultivation centers, which are limited to 3,000 square feet of canopy space for flowering plants and which may also make infused products
 - warehousing and distribution
 - testing labs

Cannabis Licensing — Existing Medical Businesses

- Within 90 days of passage, licensed medical cannabis growers/processors are authorized to also grow and sell adult-use cannabis if they pay a licensing fee of \$250,000.
- Within 90 days of passage, licensed medical cannabis dispensaries are authorized to also sell adult-use cannabis if they pay a fee of \$100,000 per permit.
 - Permits, and the conversion fees, cover up to three dispensing locations.
- The Authority will have 90 days from passage to issue new temporary regulations. Existing medical businesses can begin adult-use sales whether or not these rules have been issued.
- Existing medical businesses will have 180 days from the passage of a new temporary regulation to comply with the temporary regulation.

Cannabis Licensing — New Permits

- The Keystone Cannabis Authority (KCA) shall issue up to 60 dispensary permits to social equity applicants.
 - Applicants could file up to three applications.
- After January 1, 2026, the Authority shall issue up to 12 additional dispensary permits to disadvantaged businesses, diverse businesses, or small businesses.
- Each year, the Authority will publish a list of surrendered or revoked dispensary permits and make them available to social and economic equity applicants, disadvantaged businesses, diverse businesses, or small businesses.
- For the new dispensary permits:
 - Each permit is for a single location. (Medical cannabis dispensary permits are for up to three locations.)
 - There is no minimum number of permits it must issue.
 - There is no deadline for these permits to be issued.
 - The locations are dual use, for both adult-use consumers and patients.
 - The Authority will set fees.
 - Each applicant would have to submit proof they own or rent the premises.
- The Authority may issue up to 10 microcultivation permits initially, and may change the number after a comprehensive market analysis.

- The Authority will set fees.
- Microcultivators may share space with dispensaries if they have separate vaults where cash and cannabis are sold, but cannot have more than 50% shared ownership.
- There is no deadline for these permits to be issued.
- The Authority may issue new cultivation permits after a comprehensive market analysis.
 - If new cultivation permits are issued, microcultivation permits would be given the first opportunity.
 - The Authority would determine the application requirements and selection criteria if it allows more cultivation permits.
- Within 180 days, the Authority would commission a comprehensive market analysis, which must be completed within a year. Every three years thereafter, the Authority would conduct a new comprehensive market analysis.
- The Authority will issue warehousing and distribution permits.
 - The initial application fee is \$2,500 and the annual renewal fee is \$5,000.
 - At least 51% of an applicant's ownership must be held by people with Pennsylvania residency for at least two years prior to applying.
- Most new permits will be issued pursuant to a merit-based scoring system, with three different people scoring each application.
- Microcultivation applicants and new dispensary applicants must submit applications that include fees, proof they own or have a valid lease for the location, a business plan, a facilities plan, a community engagement plan, the local zoning ordinance, and — if applicable — proof of approval of the local zoning office.
 - Final approval is contingent upon the construction and an inspection.
- These requirements are not listed for new cultivation center applicants or warehouse or distribution applicants.
- Laboratories must be accredited and approved by the Authority. They cannot have any financial or management interest in most types of cannabis businesses, though the prohibition does not extend to warehouse and distribution licenses.

Fostering Equity and Diversity in the Cannabis Industry

- Within the Keystone Cannabis Authority, HB 20 establishes an Office of Social Equity which reports directly to the governor. The office will promote and encourage full participation by individuals from disproportionately impacted communities and work to positively impact those communities. It will also consult with and assist the Authority with the Community Opportunity Fund.
- Issues up to 60 dispensaries to social and economic equity applicants initially, plus up to 12 additional single-location dispensary permits to disadvantaged businesses, diverse businesses, or small businesses.
 - Defines a social and economic equity applicant as an applicant with 75% ownership and control by individuals from disproportionately impacted areas, people arrested for non-violent cannabis offenses, close family members of people arrested for cannabis offenses, or veteran-owned small businesses.
 - Disproportionately impacted areas (DIAs) are defined as geographic areas reflecting a disparate enforcement of cannabis prohibition during a certain time period.
- Allows permitting and application fees to be waived if a social equity applicant, and everyone with a 10% or greater ownership interest, had less than \$750,000 in income in the prior year.
- If a social equity applicant sells or transfers their permit to someone who does not qualify as

one between one and five years after it starts operations, the new permittee must pay back any waived fees, grants, and/or loans the applicant received.

- Creates a Community Opportunity Fund to:
 - provide social equity applicants with low- and no-interest loans and grants.
 - provide technical training and assistance and outreach.
 - perform studies on participation in the cannabis industry by minorities, women, veterans, or individuals with disabilities, and barriers to their participation.
 - assist community organizations, reentry programs, workforce development, and other community or advocacy programs in disproportionately impacted areas.
- Community Opportunity Fund grants are made on a competitive annual basis.
- Allocates the following to the Community Opportunity Fund:
 - at least 80% of the Medical Marijuana Program Fund, within 90 days.
 - all fees to allow medical businesses to convert to adult-use.
 - 30% of the tax revenue.

Local Role

- Local governments may enact reasonable rules governing the time, place, manner, and number of cannabis businesses, including minimum distance limitations between cannabis business establishments and sensitive locations.
 - They may not enact ordinances to prohibit a cannabis business establishment from locating within their jurisdiction.
- “Growers/processors” are subject to the same municipal regulations and zoning as processing and production facilities in the same zoning district.
- Dispensaries are subject to the same municipal regulations and zoning as commercial facilities in the same zoning district.
- No local government may “unreasonably prohibit the use of cannabis” authorized by the bill.

Agreement With Labor Unions

- Each social and economic equity applicant and microcultivation applicant will have to submit with its application an agreement between the applicant and a bona fide labor union that wants to represent its workers. An executed agreement becomes a material condition of its license.
 - A labor peace agreement includes the labor union and its members agreeing “to the uninterrupted delivery of services to be rendered pursuant to this contract and to refrain from actions intended to or having the effect of interrupting such services.” This appears to prevent strikes.
- An executed labor peace agreement is a condition of applying for and holding all licenses for adult-use cannabis.
- It is not clear if an executed labor peace agreement is required before medical businesses can convert 90 days after the bill’s passage.

Regulations

- Rules must be promulgated no longer than 180 days after the promulgation of temporary regulations.
 - Gives permittees 180 days to comply with any new regulation.
- The Keystone Cannabis Authority will consult with industry stakeholders and promulgate rules:
 - including related to security, seed-to-sale tracking, integrating the medical program,

- product safety, packaging, ownership and financial disclosure, transfer of ownership, recordkeeping, advertising, inspections, transportation, curbside pickup, and home delivery from dispensaries.
- on enforcement procedures, including fines, suspensions, and revocations.
- governing procedures for investigation and enforcement of unregulated and unpermitted cultivating, processing, transporting, and dispensing of cannabis in Pennsylvania.
- Cannabis and cannabis products must be tested for microbiological contaminants, mycotoxins, pesticide active ingredients, heavy metals, residual solvent, active ingredients, and THC potency.
- Each cannabis establishment board member and worker must register with the Authority, be fingerprinted, and undergo a background check.
 - Anyone who diverted cannabis after the bill passes, or who otherwise intentionally dispensed cannabis in a manner against the law, will fail the criminal records check.
 - Individuals are also disqualified if they have a conviction for a violent felony.
 - Nonviolent criminal convictions related to cannabis are not disqualifying.
 - Permits and agent ID cards must be renewed every four years.
- Regulators may issue fines of up to \$5,000 per violation to businesses and agents.
- Permits and cards may not be reissued if the permittee or cardholder fails to file tax returns, fails to pay taxes, or willfully violates the cannabis regulation law or regulations.

Packaging, Product, and Labeling Regulations

- The Keystone Cannabis Authority will develop regulations governing labeling, packaging, and product safety, including requiring warnings, QR codes linking to more product information, requiring clearly delineated servings, prohibiting packaging and edibles likely to appeal to minors, and a universal symbol for cannabis.
- Warnings will include: “Cannabis consumption may impair the ability to drive or operate heavy machinery, is for adult use only and should not be used by pregnant or breastfeeding women. Keep out of reach of children.”
- Product safety rules will be consistent with best practices for food products.
- Packaging standards must include freshness, tamper-evidence, and limiting access to minors.
- The Authority may develop regulations related to refrigeration, hot-holding, and handling for infused products.
- Each cannabis-infused product must be registered with the Authority. They do not require pre-approval if they are consistent with rules.
- Packaging for infused products must be sealed in a child-resistant container or packaged in a label consistent with current standards.
- Each cannabis-infused product must include the total milligram content of THC, THCA, CBD, and CBDA, along with other ingredients, including any colors, artificial flavors, and preservatives. If applicable, any solvents or gases and the type of extraction must be disclosed, along with disclosure of compounds of chemicals used.
- Packages of cannabis and cannabis-infused products can include up to 500 milligrams of THC.
- Products with more than 70% THC must specify that they are high potency products.

Dispensary Regulations

- Dispensaries:
 - may not be within 1,500 feet of an existing dispensary, except that the buffer does not

- apply to existing medical dispensaries.
 - may not be in areas zoned residential.
 - may be open from 8 a.m. to 10 p.m., unless the locality provides otherwise.
 - must implement security requirements including continuous motion-activated video recording, seed-to-sale tracking, and an inventory point-of-sale system.
 - must have at least one agent-in-charge, with specified responsibilities including managing the store, accepting deliveries, recordkeeping, inventory and reconciliation, and staff training.
 - must have an approved recall policy.
 - must provide testing results upon request from consumers.
- Includes privacy protections for adult-use consumers, including that dispensaries may not record consumers' personal information without their consent.

Cultivation Regulations

- Cultivation must be in an enclosed, locked facility.
- Cultivation centers and micro-cultivation centers:
 - may not sell to anyone other than dispensaries.
 - may transport their own products or contract with a dispensary or lab to transport them.
 - must record physical inventory weekly.
 - cannot be in areas zoned residential.
 - must implement a security plan including facility access controls, perimeter intrusion detection, personnel identification, and 24-hour surveillance.
 - may not discriminate between dispensaries in the pricing of like products, though this does not prevent volume discounts.
 - must comply with all state and federal rules in pesticides, in addition to any Authority rules.
 - may manufacture edibles and other infused products.

Advertising Regulations

- The Authority will craft advertising “that balance the ability of a cannabis business establishment to engage in reasonable marketing and promotional activities” while not allowing advertising directed at minors and taking reasonable steps to ensure the audience is predominantly over 21.
- Regulations will not allow permittees to advertise in ways that are false or misleading, promote over-consumption, depict minors consuming, make unsupported health claims, or include images designed to appeal to a minor.
- The bill bans billboards within 500 feet of a school.

Taxation and Revenue Distribution

- Imposes 13% in taxes at retail — an 8% sales tax and a 5% excise tax.
 - The 8% sales tax appears to apply to medical cannabis.
- § 9199.1 directs all tax revenue to the Cannabis Regulation Fund, while §9199.2 (d) allocates the Cannabis Regulation Fund as follows:
 - 2% to the Authority for actual costs and expenses.
 - the remainder (which would be 98%) to the General Fund “to provide economic relief to this Commonwealth.”

- However, § 9199.2 (f) disburses the tax revenue as follows:
 - 30% to the Community Opportunity Fund for technical assistance, grants, loans, and incubation of social and economic equity applicants, and providing “of the revenue, 5% shall be deposited into the Agricultural Innovation Grant Program.”
 - 20% to the General Fund.
 - 15% for medical cannabis-related assistance: 5% to assist patients in need with the cost of medical cannabis, 5% for waivers or fee waivers for medical cannabis ID cards, and 5% for assisting caregivers with the cost of background checks.
 - 10% to municipalities with cannabis businesses, based on the number of permits.
 - 10% to the Cannabis Regulation Fund for program administration and community investment.
 - 10% to the Department of Drug and Alcohol Programs, 3% for drug use prevention, 3% for drug use treatment services, and 4% for community-based peer recovery support services.
 - 10% to the Pennsylvania Commission on Crime and Delinquency, to the local police departments based on need related to enforcing the law, and 5% to indigent defense.
 - 5% to the Department of Agriculture for farmland preservation and deposit in the Agricultural Innovation Grant Program.

Application and Renewal Fees and Revenue

- Medical cannabis dispensary permit holders would pay a one-time \$100,000 fee to convert to dual use. The existing permits apply to up to three locations.
 - Fifty dispensary permits are outstanding. This would bring in approximately \$5 million if they all convert.
- Medical cannabis growers/processors would pay a one-time \$250,000 fee to convert to dual use.
 - Up to 25 grower/processor permits are authorized, so this would bring in about \$6.25 million if they all convert.
- Cannabis licenses would be renewed every four years. Grower/processors fees would be \$10,000, and dispensary fees (which may apply to three locations for medical businesses that convert) are \$5,000.
- Warehousing and distribution permits would pay an initial application fee of \$2,500 and the annual renewal fee is \$5,000.
- The Authority would set fees for social equity applicants and other new dispensary applicants, microcultivation applicants, and for employees ID cards.
- Medical cannabis patients and caregivers would continue to be charged a \$50 processing fee, which could be waived for demonstrated financial hardship.

Cannabis Clean Slate: Expungement and Release

- Provides for the state-initiated expungement of arrest, prosecution, and conviction records for certain drug offenses. The covered offenses are as follows, if they were non-violent:
 - possessing or gifting up to 30 grams of cannabis or eight grams of hash, and
 - “the manufacture, delivery, or possession with intent to manufacture or deliver, a controlled substance.”
- Within six months of passage, the administrative office of Pennsylvania courts must transmit to the Pennsylvania state police central repository all records related to a covered arrest or conviction. The Pennsylvania State Police will have 30 days to flag if a record is not eligible for

expungement. The Court of Common Pleas will then order the expungement of all criminal history records.

- Anyone whose drug conviction was expunged will be released from incarceration.
- Also, anyone serving a sentence for cannabis-related conduct that would be legal if the bill was law can petition for dismissal of the sentence.
 - Any individual who previously had a conviction for cannabis-related conduct that is now legal and then had a subsequent conviction of any kind, for which their sentence may have been increased due to the prior cannabis conviction, can petition for dismissal of their conviction.
- The Bureau of Motor Vehicles must restore driving privileges that were suspended or revoked as a result of the individual's conviction.

Medical Cannabis Provisions

- Most of the medical cannabis law is recodified but remains largely the same.
- Makes the following improvements to the medical cannabis program:
 - allows physicians to certify patients for any condition they determine the patient may benefit from, rather than only an enumerated list.
 - allows edible products to be sold in the medical cannabis program, with up to 1,200 milligrams of THC.
 - allows patients who are 21 or older and Pennsylvania residents to grow up to five mature plants, provided that:
 - plants must be grown in an enclosed, locked space on the person's residential property. Landlords may prohibit cultivation. Patients must take reasonable precautions to keep plants secure from unauthorized access.
 - plants must be out of ordinary public view.
 - patients cannot share their home-grown cannabis.
 - the cap of five mature plants applies to households.
 - amounts of harvested cannabis exceeding 30 grams must be stored securely in the residence where the medical cannabis is grown.
 - repeats existing law that required the Department of Education to promulgate rules by October 17, 2017, on the use and possession of medical cannabis by students and employees at schools.
 - repeats existing law that required the Department of Human Services to promulgate rules by October 17, 2017, on the use and possession of medical cannabis by children in DHS-licensed childcare or social services and by employees at facilities which houses children adjudicated delinquent.
- List in the statute qualifying conditions the department of health approved administratively — anxiety disorders, chronic hepatitis C, dyskinetic and spastic movement disorder, neurodegenerative diseases, terminal illnesses, Tourette, opioid use disorder.
- Every 90 days, a patient can obtain a 90-day supply, or 192 medical cannabis units.
 - Defines a "medical cannabis unit" as 3.5 grams of dry leaf, 1 gram of concentrate, or 100 milligrams of THC infused into a pill, capsule, oil, liquid, tincture, or topical form.
- Allows edibles to be dispensed with up to 1,200 mg per package, vaporizers with up to 2 grams per package, and other concentrates with up to 3 grams.
- Allows the Authority to open applications for more medical cannabis permits if they are needed from disadvantaged businesses, diverse businesses, and small businesses. Promotes diversity in licensing.
- Includes existing language for licensing up to 25 growers/processors, up to 50 dispensaries, and

up to 10 clinical registrants that is in existing law.

- Clinical registrants must have at least \$15 million in capital and can have up to six dispensaries.
- Continues to:
 - require patients to keep medical cannabis that has not been used in the original package in which it was dispensed.
 - require patients and caregivers to possess an identification card whenever they are in possession of medical cannabis, but it specifies this isn't required for adult-use cannabis.
 - charge a \$50 annual fee (which may be waived for hardship) on patients and caregivers cards.
 - require new caregivers to undergo a background check, and to ban anyone with a conviction within five years for selling or possessing drugs.
 - impose misdemeanor penalties for patients possessing more than their limit, "adulterating" their medical cannabis, or who share medical cannabis, including with a legal adult-use consumer.
- Removes language allowing regulators to monitor prices and cap them if they are excessive.
- Removes language that dispensaries must have a physician, pharmacist, physician assistant, or certified nurse practitioner available in person or by video call to consult with patients.
- Removes mandatory two-hour training course for dispensary staff.
- Modifies language related to employment protections for medical cannabis patients and strengthens employment protections overall.

Hemp, Hemp-Derived THC, and Unlicensed Sales

- Defines cannabis as any smokeable or inhalable product with THC of any type, including synthetics, or with 2 milligrams per package for products. Prohibits sales outside of regulated business licensed under the bill and authorizes enforcement.
- Prohibits cannabinoids that are not "derived from naturally occurring biologically active chemical constituents."
- Provides the chapter doesn't interfere with the transportation of hemp through Pennsylvania for delivery out-of-state, if it is authorized by the USDA and federal law. Requires a manifest for hemp transportation.
- In addition to criminal penalties, unlicensed cannabis sales, cultivation, processing, and offering for sale will carry a civil penalty of up to \$10,000 for each offense. Each day is a separate offense.
 - Any business or consumer harmed by unlicensed cannabis commerce may get an injunction. They will be awarded three times their actual damages. Punitive damages are also possible.

Miscellaneous

- Removes marijuana from Schedule I.
- Repeals mandatory minimum sentences for cannabis.
- Provides that ordinary and necessary business expenses are deductible from state income taxes, as is the case for all other state-legal businesses.
- Exempts financial institutions from state criminal penalties for providing financial services to cannabis business establishments.
- Provides that contracts relating to the operation of a cannabis business establishment are enforceable.