



Pennsylvania's State-Run Cannabis Stores Bill Summary of HB 1200

On May 4, 2025, Rep. Rick Krajewski and House Health Committee Chair Dan Frankel introduced HB 1200, the Cannabis Health and Safety Act, which would charge the Pennsylvania Liquor Control Board with running state cannabis stores and licensing private cannabis growers, processors, transporters, on-site consumption lounges, and labs. Cannabis flower would be capped at 25% THC, concentrates would be limited to 200 milligrams per package, and other cannabis products would be limited to 25 milligrams of THC per package.

Possession of small amounts of cannabis would be downgraded to a fine-only summary offense until sales begin (*if they begin*, which is uncertain given federal law). If and when sales begin, adults 21 and older could possess modest amounts of cannabis. They could also apply for permits to grow two mature plants at home. HB 1200 would also vacate and create a state-initiated expungement process for all cannabis sentences and records. It would tax cannabis at 12% and invest 50% of the revenue in community reinvestment, with additional funding for substance abuse education and treatment and the General Fund.

Decriminalization, Legalization, and Possession Limits

- Until cannabis sales are scheduled to begin, cannabis would be decriminalized.
 - During that time, adults' possession of up to 30 grams of cannabis and eight grams of hashish would be a summary offense carrying a fine up to \$250.
- Beginning 90 days after the Liquor Control Board publishes a notice that it plans to start sales in 90 days, adults could possess up to 42.524 grams of cannabis flower (just under 1.5 ounces), up to 5 grams of cannabis concentrate, cannabis products with up to 500 milligrams of THC, or an "equivalent" combination of them.
- After the Liquor Control Board issues rules, adults may apply for home cultivation permits to grow up to two mature and two immature plants.
 - They would pay a fee of \$100 per year.
 - Plants must be at the adult's residence, in an enclosed and secure space.
 - The two-mature and two-immature-plant cap applies to households.
- Decriminalizes possessing up to three times the possession limit.
 - Imposes fines of up to \$250 for possessing up to double the limit (just under three ounces), and up to a \$500 fine for possessing up to three times the limit (just under 4.5 ounces).
 - Possession of more than three times the possession limit is a third degree misdemeanor, carrying up to a year in prison. Possession of more than 10 times the possession limit (about 15 ounces) is a second degree misdemeanor
- Removes existing criminalization of unimpaired drivers for testing positive for cannabis or metabolites, with the exception of commercial drivers.

Penalties

- Smoking cannabis in a public space would carry a fine of up to \$100 for a first offense and up to \$200 for a subsequent offense.
- HB 1200 imposes both criminal and civil penalties on illegal cannabis sales — including the sale of cannabis seeds.
- Imposes a civil penalty of up to \$10,000 for each offense for illegal sales and cultivation.
- Creates RICO-like penalties, allowing up to three times actual damages for anyone harmed by the illegal cultivation or sale of cannabis.

Removing Jail Time for Minors in Possession

- Reduces the penalty for minors possessing cannabis from possible jail time to a civil fine. Those under 21 possessing cannabis would be punished:
 - for a first offense, a warning, a fine of up to \$25, or a diversionary program
 - for a second offense, a fine of up to \$100, and a diversionary program.
 - for a subsequent offense, a fine of up to \$250 and a diversionary program.

Civil Protections for Cannabis Consumers

- Includes protections for discrimination against responsible cannabis consumers, including in reference to denial of benefits, medical care — including organ transplants, child custody or visitation, child welfare, discipline from an occupational or professional licensing body, firearms ownership, and revocation of parole and probation.
- Provides a person cannot be disciplined or fired for using cannabis outside of work or for testing positive for metabolites, with exceptions for if it is required by federal law. However, it also says it does not "prevent an employer from disciplining an employee or terminating employment of an employee for violating an employer's employment policies or workplace drug policy if the policies were disclosed to the employee."

Charges Liquor Control Board with Running Cannabis Stores and Regulating Adult-Use Licensees

- The Liquor Control Board would be charged with establishing and running adult-use cannabis stores and would license and regulate private cannabis cultivators, processors, labs, on-site consumption facilities, and transporters.
 - Cannabis stores could be newly established locations operated by the board or they could be collocated with existing Pennsylvania Liquor Stores.
 - The board could issue up to \$100 million in bonds to fund the opening of cannabis stores and hiring to staff them, and to provide initial funding for the Cannabis Business Development Fund.
- Adds two members to the Liquor Control Board, who are appointed by the governor, one with expertise in cannabis markets and one with expertise in public health.
- The board's duties related to regulating private businesses would include:
 - setting procedures to issue, deny, renew, suspend, and revoke licenses
 - establishing rules including related to security and surveillance; packaging, processing and branding regulations to prevent products from appealing to minors; labeling and packaging requirements including "clear and understandable health and safety information, warning labels, serving sizes and child resistant packaging;" health and safety standards; worker protections; restrictions on advertising; diversion controls; recordkeeping; and procedures and requirements for testing

- collecting fees and levy fines, which may be up to \$50,000 for each violation for category 1 processors and cultivators and up to \$10,000 or \$15,000 for other licensees
- acquiring or contracting with a seed-to-sale tracking vendor
- regulating cultivation in consultation with the Department of Agriculture
- providing compliance education
- conducting a comprehensive market analysis within 180 days and an updated analysis every three years, and evaluating if the license numbers are enough to meet demand every two years
- certifying social and economic applicants
- determining if a labor organization is a "bona fide labor organization," which includes considering whether they organize medical marijuana workers
- The board's duties as the sole operator of adult-use cannabis stores would include:
 - deciding which municipalities have cannabis stores and where they will be, plus leasing, furnishing, and equipping buildings
 - buying cannabis from processors and cultivators "at the lowest price and in the greatest variety reasonably obtainable"
 - fixing retail prices based on market supply and demand or, if it decides doing so is in the best interest of cannabis stores, "leasing shelf space and charging dispensing fee"
 - publishing prices each quarter
 - deciding "where and what classes, varieties and brands of cannabis seeds, cannabis flower and cannabis products are made available to the public"
 - establishing a point-of-sale system for cannabis stores
 - adopting rules to ensure equitable sale and distribution "when the demand is greater than the supply or supply is greater than demand"
 - setting procedures to promote products from microbusinesses and social and economic equity licensees
- Cannabis stores regulations include that:
 - stores cannot be within 1,000 feet of an elementary or secondary school or daycare.
 - stores will be announced before they are opened. If 100 taxpayers object based on proximity to schools, residences, or churches, there will be a hearing.
 - employees must have training on products, effects, storage, health and safety, security, prohibiting sales to minors, and inventory and tracking.
 - stores will have at least four signs about where to go for help finding a drug treatment provider, as well as brochures on the dangers of DUI, signs of substance use disorder, and other public health information; along with brochures with risks of high-THC cannabis.
 - Flower would be capped at 25% THC, concentrates would be limited at 200 milligrams of THC per package, and other cannabis products would be limited to 25 milligrams of THC per package and five milligrams per serving.
- Product regulations include:
 - flavors and shapes cannot appeal to minors, nor can products have a likeness to commercial products or beverages
 - mandating single color packaging "shall not incorporate any information, print, embossing, debossing, graphic or hidden feature, other than labeling required or permitted by the board."
 - at least $\frac{1}{3}$ of the face of the product must be labels with rotating health and safety warnings
 - requiring products to be put in resealable, child-resistant package prior to sale
 - banning images that are attractive to children, such as toys, action figures, emojis or

cartoon characters, and words or images depicting candy, gummies, or lollipops

- Advertising restrictions include:
 - bans on ads within 1,000 feet of schools, playgrounds, places of worship, recreation centers, libraries, or other places children congregate
 - bans on unsolicited internet pop-ups
 - bans on promoting cannabis for medical purposes
 - can only be where 85% of the audience is reasonably expected to be 21 or older
 - they must include a health warning determined by the board
- The state would establish a cannabis testing laboratory to serve as a reference library, establish standard operating procedures, conduct proficiency testing, and conduct compliance and stability testing, and auditing of products on cannabis stores' shelves. It will also test seized contraband.
- All cannabis workers would be required to complete a responsible cannabis training program, with at least four hours of instruction.

Cannabis Business Licensing

- The liquor control board is directed to issue licenses to:
 - 50 category 1 cultivators, which would have different tiers based on their canopy size, and a maximum of up to 125,000 square feet
 - 50 microcultivators, which would have different tiers based on canopy size, from 5,000 to 14,000 square feet
 - 50 processors
 - 50 microprocessors
 - up to 50 transporters
 - on-site consumption facilities
 - Plus two licenses of each type to a cannabis workers cooperative
 - It may increase these numbers based on market study.
 - Microprocessors and microcultivators can have no more than 10 employees.
 - If the board decides it is in Pennsylvania's best interest "due to exigent circumstances," including a need for cannabis supply, it may grant a cultivation and processor license to medical cannabis grower/processors.
 - If it does so, the grower/processors must pay a nonrefundable fee of \$15,000 plus a \$20 million fee for each license, which will be deposited in the General Fund.
 - These are in addition to the other licensees.
 - A labor peace agreement is an ongoing material condition of licensure.
 - Cultivation licensees will apply for a specific tier of license, based on canopy size.
 - They may apply to expand or reduce their tier by increments of 3,000 square feet. Applications will be granted or denied based on demand, the cultivator's ability to increase space, and its history of compliance or non-compliance.
 - The tier will be reduced if a cultivator sold less than 70% of what it cultivated the year prior. A microcultivator can't be reduced below 5,000 square feet.
 - It appears cultivators and processors cannot transport their own cannabis, only transporters can.
 - No one applying for a transporter license or holding an interest in one can have an interest in a medical marijuana organization.
 - On-site consumption licensees:
 - are only allowed in municipalities that affirmatively opt-in

- can only purchase cannabis from the board, not directly from cultivators or processors
- cannot allow smoking indoors
- cannot allow alcohol consumption
- cannot be located within 1,000 feet of schools or daycares.
- must be limited to adults 21 and older
- can sell low-dose cannabis (up to 10% THC) for off-site consumption in amounts allowed by the board
- Licensing and application fees:
 - Levies a \$5,000 non-refundable application fee for category 1 cultivators, category 1 processors, transporters, and onsite consumption facilities.
 - Levies a \$2,500 non-refundable application fee for microcultivators and microprocessors.
 - Licensing fees for category 1 cultivators are calculated by multiplying the square footage of permitted canopy times \$1.50, with the renewal fees at \$0.75 per square foot.
 - Licensing for microcultivators are calculated by multiplying the square feet times \$0.50, with the renewal fees at \$0.25 per square foot.
 - Category 1 processors' licensing fees are \$50,000 and renewals are \$25,000.
 - Microprocessors' licensing fees are \$15,000 and renewals are \$7,500.
 - Transporters' licensing fees are \$10,000 and renewals are \$2,500.
 - Onsite consumption facility licensing fees are \$10,000 and renewals are \$5,000.
- Renewals are every three years.
- Application, licensing, and renewal:
 - Applications must include proof of financial fitness; information about the applicant, principals and anyone with a financial interest in the applicant; business and operations plans; emergency procedures; details of any other cannabis licenses they hold elsewhere; information on loans; disclosure of any arrests; payment of fees; a copy of a labor peace agreement; terms of any management services agreement; and a plan to hire justice-involved individuals, members of an impacted family, or members of a historically impacted community.
 - Category 1 cultivator and processor applications will be ranked and scored, including consideration of things including creation of living wage, full time permanent jobs, use of organized labor in construction, inclusion of justice-involved and impacted communities, and economic development.
 - Bonus points will be awarded to certified social and economic equity applicants and may be awarded if 51% or the workforce is justice involved or members of an impacted family or a historically impacted community.
 - The board will use a lottery process to license category 2 microcultivator and microprocessor licenses, transporters, and on-site consumption licenses. There will first be a pass/fail grade.
 - There will be two rounds, with the first solely for certified social and economic equity applicants.
 - Renewal applicants must submit proof of adherence to and continuation of a labor peace agreement and of any plans from their application to hire justice-

- involved individuals, members of an impacted family or members of a historically impacted community.
- Licenses can't be transferred unless they've received approval for renewal at least twice.
- If a social or economic equity applicant transfers to a non-social or economic equity applicant, the buyer must repay any outstanding loan, grant, or waived fee to the Cannabis Business Development Fund.
- Principals must undergo a background investigation and prove they are eligible for licensure and are "of good character, honesty and integrity."
- All essential employees must register with the board and submit fingerprints.
- Individuals can only hold an interest in one cannabis cultivator license, one processor license, one transporter, and one on-site consumption facility.

Social and Economic Equity

- Creates a Social and Economic Equity Office within the board and under the supervision of its director who must have at least five years of experience in civil rights advocacy or litigation or another area of social justice.
- Creates an all-volunteer Social and Economic Equity Advisory Board, which will include some agency heads, two people previously incarcerated for cannabis, and several other members.
- The Social and Economic Equity Office is charged with:
 - promoting inclusion of people qualified to be a social and economic equity applicants
 - "Social and economic equity applicants" are individuals with no more than 200% of the area median income in their county, with 65% ownership and control by individuals who are justice-involved, members of an impacted family, and/or residents for five of last 10 years of historically impacted communities
 - identifying historically impacted communities within six months
 - administering a competitive social and economic equity loan and grant program to further inclusion and participation by certified social and economic equity applicants
 - establishing an education and training program for social and economic equity applicants, including financial, technical, marketing, and business development training programs
 - establishing workforce recruiting and retention strategies for employees from historically impacted communities
 - "historically impacted communities" are geographic areas with among the highest rates of arrest, conviction, and incarceration related to cannabis or historical economic disinvestment, poverty, and negative health outcomes caused by cannabis use and enforcement
 - issuing reports, including on social and economic equity applicants certified and licenses, loans, and grants issued to them
- License and renewal fees for a certified social and economic equity licensee are 50% of the amount for other licensees or they may be waived by the board.
- After the board finalizes temporary rules but before accepting applications, it will conduct a series of regional informational sessions, including at least two in each of at least five regions.

- The board will develop and implement strategies to recruit cannabis store employees and managers who reside in or are members of a historically impacted community.

Taxation and Revenue Distribution

- Imposes a 12% excise tax at the point-of-sale from cannabis stores.
 - This does not apply to sales from on-site consumption licensees.
 - Municipalities may impose up to a 3% tax on sales from on-site consumption licensees.
- Creates a Cannabis Revenue Fund, where the state cannabis excise tax proceeds and licensing fees will be deposited. The fund will be used for implementation-related expenses including by the Departments of Revenue, Agriculture, Community and Economic Development; the Office of Social and Economic Equity; the Pennsylvania State Police, the Office of Attorney General, and the Administrative Office of Pennsylvania Courts. Remaining funds would be distributed as follows:
 - 50% to the Communities Reimagined and Reinvestment Restricted Account
 - 10% to Substance Use Disorder Prevention, Treatment and Education, for youth education and prevention and for a campaign focused on the health impacts of cannabis and legal use
 - 5% to the Cannabis Business Development Fund
 - 2.5% to the Pennsylvania Minority Business Development Authority
 - 2% to Administrative Office of Pennsylvania Courts based on the number of cases vacated or expunged
 - The remainder to the General Fund

Communities Reimagined and Reinvestment Fund

- Creates a Communities Reimagined and Reinvestment account to make grants to reinvest in historically impacted communities or other identified communities.
- Appoints an advisory committee.
- The fund is established to address social, racial, health, criminal justice and economic disparities as a result of past drug policies, including to address the impacts of economic disinvestment, environmental discrimination, violence, and the historical overuse and discriminatory nature of criminal justice responses.
- It will engage with impacted communities, recommend programs to improve wellness and economic justice, and “invest in economic development, employment infrastructure, access to affordable housing, public recreation spaces, legal services, violence prevention, and mental and behavioral health.”
- Grants will be used for job placement and skills, mental health and behavioral health treatment, substance abuse disorder treatment, housing, financial literacy, nutrition services, after school and childcare services, legal services related to reentry, system navigation services, and linking to medical care.
- Grants can be made to groups, organizations, providers, and municipalities.

Cannabis Expungement, Dismissal, and Release

- Vacates every cannabis conviction and sentence prior to the effective date.

- Within 30 days of getting the list, courts will vacate cannabis convictions and sentences and expunge criminal history records.
- Prohibits charges under the Controlled Substances Act for cannabis unless the defendant is eligible for a mandatory minimum or sentencing enhancement.
 - Requires the charges' dismissal and no sentence to be imposed.
- Creates an automated expungement process.
 - For records with convictions, the process is to be completed within two years. Drug identification labs would send reports with information on all cases they analyzed with cannabis. Courts would then search for those cannabis cases.
 - For records without convictions, courts are to order the keepers of records to expunge and destroy arrest and criminal records and give the court an affidavit of expunged records. "the court shall seal the affidavit with the original order and each copy and shall not permit any person or agency, except the individual to whom the records pertain or their representative, to examine the sealed documents."
 - Expunged records can't be considered an arrest or prosecution, and divulging expunged information is a summary offense carrying up to 30 days, up to a \$500 fine, or both.
 - It also simplifies the expungement process for those who think their record has convictions that should be expunged, with no fee.

Miscellaneous

- The Pennsylvania Occupational Safety and Health Surveillance Program would study OSHA standards that apply to the cannabis industry and offer recommendations for new standards.
- Prohibits executive-level public employees, public officials, party officers, and their immediate family members from holding a financial interest in a cannabis applicant or licensee for two years after their tenure. Also prohibits them from soliciting or accepting a complimentary service or thing of value from cannabis licensees.
- Requires the Departments of Revenue, Agriculture, and Health, the Attorney General's office, and the state police to adopt a code of conduct to prevent conflicts of interest.
- Requires a biennial report from the Department of Drug and Alcohol Programs on some outcomes related to accidental ingestion of cannabis products by young children, and secondhand smoke concerns. It does not include anything related to health benefits or a review of substitution for other medications or alcohol.

Timeline

- The Liquor Control Board is required to promulgate temporary regulations within 180 days.
- Ninety days before it plans to start sales in at least two stores in each of five regions, the board would publish a notice.
- Cannabis will only be decriminalized — not legal — until 90 days after the board issues the notice it plans to begin sales in 90 days. (If it never announces sales begin, then cannabis is never legal.)
- Home cultivation permits would not be available until that time (90 days after the notice).