The Tennessee Whole Plant Act

AN ACT to amend Tennessee Code Annotated, Title 4, Chapter 29; Title 36; Title 37; Title 39, Chapter 17; Title 40; Title 43, Chapter 27; Title 50; Title 53; Title 55; Title 57; Title 63; Title 66; Title 67; Title 68, Chapter 7; and Title 71, relative to cannabis.

This is a working policy draft, not a filed bill, and its Tennessee workgroup audit is under way. The Office of Legal Services renders it into the form of a Tennessee bill and assigns its sections to the Code. Statute citations are drawn from the Tennessee Code Annotated and the public chapters of the 113th and 114th General Assemblies, and are verified where load-bearing; the Tennessee Drafting Record lists each citation, each conforming amendment, and where its text was read. Not legal advice.

Section 1. Short title

This Act may be cited as the Tennessee Whole Plant Act.

Section 2. Findings and purpose

The General Assembly finds that cannabis is one plant; that regulating it by botanical origin rather than by intoxicating potential has produced overlapping agencies, an intoxicating product line sorted by a dry-weight threshold rather than by what it does, and no in-state access to cannabis for medical use for Tennesseans whose providers would recommend it; and that pending and ongoing federal action exposes the plant to private enclosure unless a public-domain record is built now, at minimum in parallel with that action.

The purpose of this Act is to:

1) sort cannabis first by end use and classify herbal cannabis items by intoxicating potential at the labeled dose rather than by botanical origin;

2) conform Tennessee's product, testing, labeling, and authentication standards to a common national standard so the state is interoperable when interstate commerce opens;

3) build the medical use of cannabis as public-health infrastructure from its first day rather than as a product silo;

4) protect small and noncommercial cultivation as a defensible commons and keep the plant and its traditional preparations in the public domain, building the public record now rather than waiting on any federal scheduling change;

5) protect the person from criminal and civil penalty for responsible use, possession, home cultivation, and noncommercial sharing; and

6) place the sector under one purpose-built coordinating body.

Section 3. Definitions

Tennessee Code Annotated, Section 68-7-101, is amended by deleting the section and substituting the definitions set out in this section, which serve as the anchor definitions for the cannabis laws of this state. Where Title 43, Chapter 27, Part 1 or Title 57, Chapter 7 uses a term defined in this section to refer to cannabis or an herbal cannabis item, that term has the meaning given here, except that a term § 57-7-102 defines continues to have the meaning § 57-7-102 gives it, as conformed by this section. This section does not change the meaning of a term used in title 39, chapter 17, part 4 or in title 67 for any substance or purpose other than cannabis.

The definitions in this section sit on two axes. Register, commercial versus noncommercial, is a paired vocabulary for the same physical acts, set by commercial purpose. Track, herbal versus industrial, is set by end use. Plant-level terms sit above both.

This section adopts a common vocabulary for cannabis, its constituents, and its preparations. A term defined here that this Act does not otherwise use is available for use in rules adopted under this Act, in other law of this state, and by another jurisdiction adopting this Act. A reference in this Act to a producer, processor, manufacturer, distributor, retailer, or laboratory is a reference to the corresponding term defined in this section.

As used in this Act:

(1) "Adulterated" means, with respect to an herbal cannabis item, that the item bears or contains a contaminant, residue, or other substance in excess of the applicable standard; that its strength, purity, identity, or composition differs from what its label represents; or that it was produced, processed, manufactured, or held under conditions that do not meet the applicable standard.

(2) "Adverse event" means an undesirable experience associated with the use of an herbal cannabis item, including an unexpected effect, an interaction with another substance, an overconsumption, a poisoning, an allergic reaction, or a hospitalization.

(3) "Age-gated specialty retail" means the sale of an intoxicating herbal cannabis item by a licensed cannabis retailer, to a person 21 years of age or older whose proof of age the retailer has inspected at the point of sale, at one of the following:

(a) Premises that limit entry to persons 21 years of age or older, as § 57-7-104(b)(1) provides;

(b) Premises holding a license or permit for the sale of alcoholic beverages for consumption on the premises, issued under § 57-4-102 or § 57-4-201 as § 57-7-104(b)(2) describes, including a bar or a restaurant, where the item is sold for consumption on the premises and is kept behind the bar or counter, subject to Section 4(25);

(c) Premises licensed under § 57-3-204 as a retail package store; or

(d) Premises at which a licensee produces, processes, or manufactures herbal cannabis items and sells to consumers under the co-location terms of § 57-7-104(b)(4).

(4) "Artificially derived cannabinoid" means a cannabinoid produced by a chemical reaction that changes the molecular structure of a substance derived from cannabis. This term operates solely as a production-method disclosure for labeling and testing and does not determine how a cannabinoid or cannabinoid product is classified or whether it may be sold. Decarboxylation of a naturally occurring cannabinoid acid by heat alone is not a conversion under this definition, and the resulting cannabinoid is not artificially derived.

(5) "Associated compounds" means the constituents of the cannabis plant other than cannabinoids, including terpenes within the meaning of this section, flavonoids, and other phytochemicals, whether or not the effect of a particular constituent has been characterized.

(6) "Attending provider" means a physician licensed under title 63, chapter 6 or chapter 9, an advanced practice registered nurse holding a certificate of fitness to prescribe under title 63, chapter 7, or a physician assistant licensed under title 63, chapter 19, who assesses a person for the medical use of cannabis under Section 7. "Provider's authorization" means the written authorization of an attending provider, based on clinical assessment, for a person's medical use of cannabis.

(7) "Attenuate" means, with respect to a compound, to reduce the effect of another compound.

(8) "Broad spectrum" means a preparation or product that retains the profile of the associated compounds of the source plant while removing or reducing one or more cannabinoids, including the intoxicating cannabinoids.

(9) "Cannabinoid" means any chemical compound of the cannabinoid class, whether it occurs naturally in cannabis, is derived from cannabis, or is produced by synthesis or conversion. The source or method of production of a cannabinoid does not determine how it is regulated.

(10) "Cannabinoid concentrate" means a substance obtained by separating cannabinoids from cannabis by a mechanical process, a chemical process using a non-hydrocarbon-based solvent such as water, vegetable glycerin, vegetable or animal oils, isopropyl alcohol, or ethanol, or a chemical process using carbon dioxide without high heat or pressure.

(11) "Cannabinoid edible" means food or potable liquid into which a cannabinoid concentrate, cannabinoid extract, or fresh or dried cannabis leaves or flowers have been incorporated.

(12) "Cannabinoid extract" means a substance obtained by separating cannabinoids from cannabis by a chemical process using a hydrocarbon-based solvent such as butane, hexane, or propane, or a chemical process using carbon dioxide with high heat or pressure.

(13) "Cannabinoid product" means a finished good intended for human or animal consumption or use that contains one or more cannabinoids or any part of the cannabis plant. It is the commercial finished good on the herbal cannabis track, and includes, without limitation, an edible, a beverage, a tincture, a capsule, a topical or transdermal, and an inhalable product.

(14) "Cannabis" means the plant Cannabis sativa L., every part of the plant whether growing or not, and its seeds, without regard to delta-9-tetrahydrocannabinol concentration.

(15) "Cannabis distributor" means a person that distributes herbal cannabis items to a person other than a consumer. This is the licensee termed a wholesaler in Title 57, Chapter 7; the wholesaler license under § 57-7-106(f) is retitled the distribution license by this Act, and its authority to distribute is unchanged.

(16) "Cannabis flowers" means the flowers of the plant Cannabis sativa L.

(17) "Cannabis leaves" means the leaves of the plant Cannabis sativa L.

(18) "Cannabis manufacturer" means a person that manufactures a finished cannabis product from an intermediate.

(19) "Cannabis processor" means a person that processes cannabis into an intermediate.

(20) "Cannabis producer" means a person that produces cannabis. Producing applies to cannabis grown for herbal or industrial end use. Where this Act treats the two differently, it refers to an herbal cannabis producer or an industrial cannabis producer, and an industrial cannabis producer is subject to this Act only to the boundary set in Section 13.

(21) "Cannabis retailer" means a person that retails herbal cannabis items to a consumer.

(22) "Cannabis seeds" means the seeds of the plant Cannabis sativa L.

(23) "Ceremonial use of cannabis" means the use of cannabis as an element of a rite, observance, or practice of a religious, spiritual, or cultural tradition, and includes growing, handling, preparing, possessing, transporting, and sharing cannabis with a participant in that rite, observance, or practice for that use. Whether a use is ceremonial is determined by the role cannabis holds in the rite, observance, or practice, and not by the product, its form, its route of consumption, or the tradition observed.

(24) "Certificate of analysis" means the report of an accredited testing laboratory stating the results of the testing this Act requires for a batch or lot.

(25) "Combination product" means a product that combines a device with a cannabinoid substance that the device meters or delivers.

(26) "Commercial purpose" means a purpose involving financial consideration beyond the recovery of the actual costs of noncommercial cultivation, handling, or preparation. Cost reimbursement under Section 7 does not by itself establish a commercial purpose.

(27) "Consumer" means a person who purchases, acquires, owns, holds, or uses herbal cannabis items other than for the purpose of resale.

(28) "Control" means the power, held directly or indirectly and whether or not exercised, to direct or cause the direction of the management, policies, or operations of a person, including through ownership of voting interests, a management or services agreement, a licensing agreement, a real property agreement, a supply agreement, a security interest or a debt instrument convertible into an ownership interest, an option or other right to acquire an ownership interest, a right to a share of revenue or profits, or a right to approve or veto ordinary business decisions.

(29) "Deliver" means the actual, constructive, or attempted physical transfer from one person to another of an herbal cannabis item, whether or not there is an agency relationship. Whether a transfer is commercial or noncommercial is determined under the terms distribute or share, retail or provide.

(30) "Delta-9-tetrahydrocannabinol" or "delta-9-THC" means (6aR,10aR)-6,6,9-trimethyl-3-pentyl-6a,7,8,10a-tetrahydro-6H-benzo[c]chromen-1-ol.

(31) "Delta-9-tetrahydrocannabinolic acid" or "delta-9-THCA" means (6aR,10aR)-1-hydroxy-6,6,9-trimethyl-3-pentyl-6a,7,8,10a-tetrahydro-6H-benzo[c]chromene-2-carboxylic acid.

(32) "Designated caregiver" means a person 21 years of age or older whom a patient designates, on registration with the Commission under Section 7, to obtain, possess, transport, prepare, and administer cannabis for the patient's medical use, and, for a patient under 18 years of age, the patient's parent or legal guardian.

(33) "Designated cooperative" means a noncommercial association through which patients or growers share the cost and the product of cultivation on a cost-recovery basis, and in which a patient may participate in cultivation. A designated cooperative and its growers cultivate for the cooperative's patient participants and do not thereby engage in commercial production.

(34) "Designated grower" means a person 21 years of age or older whom a patient designates to produce cannabis for that patient, registered with the Commission under Section 7. A designated grower grows for the patient and may be reimbursed for costs under Section 7 without engaging in commercial production. A patient may designate a grower, designate a cooperative and its growers, or participate in cultivation with a cooperative.

(35) "Distribute" means to transfer herbal cannabis items to a person other than a consumer for a commercial purpose. The noncommercial transfer of cannabis between adults or between patients is to share.

(36) "Dose" means a specified amount of an herbal cannabis item, or of a constituent of one, taken at a discrete point in time. Where a dose is stated for an item, it is stated for the item as administered and accounts for every constituent measurable in it, including each cannabinoid and each associated compound.

(37) "Duration of effect" means the period over which a product's effect persists.

(38) "Endocannabinoid system" means the physiological signaling system of endogenous cannabinoids and their receptors.

(39) "Financial consideration" means value given or received directly or indirectly, through sales, barter, trade, fees, charges, dues, contributions, or donations. It does not include cannabis transferred within the noncommercial and

personal-use allowances of Section 8(1), or the recovery of the actual costs of noncommercial cultivation, handling, or preparation under Section 7.

(40) "Full spectrum" means a preparation or product that retains the characteristic profile of the cannabinoids and associated compounds of the source plant, including its intoxicating cannabinoids.

(41) "Grow" means to produce cannabis for a noncommercial purpose. See produce.

(42) "Handle" means to process cannabis for a noncommercial purpose. See process.

(43) "Herbal cannabis" means the fresh or dried flower and leaf of cannabis intended for cannabinoid consumption or use. Herbal cannabis is classified by intoxicating potential at the labeled dose under this Act and includes intoxicating material.

(44) "Herbal cannabis items" means herbal cannabis, cannabinoid products, cannabinoid concentrates, and cannabinoid extracts. These are the members of the herbal cannabis track. Seeds, stalks, roots, fiber, grain, and the commodities and products derived from them are industrial cannabis inputs under Section 13 when grown, processed, or manufactured for a non-cannabinoid end use, and are not herbal cannabis items in that use.

(45) "Homegrown" means grown by a person 21 years of age or older for noncommercial purposes.

(46) "Household" means a housing unit and any place in or around a housing unit at which the occupants of the housing unit are producing, processing, possessing, or storing homegrown cannabis, cannabinoid products, cannabinoid concentrates, or cannabinoid extracts.

(47) "Housing unit" means a house, an apartment, or a mobile home, or a group of rooms or a single room that is occupied as separate living quarters, in which the occupants live and eat separately from any other persons in the building and that has direct access from the outside of the building or through a common hall.

(48) "Immature cannabis plant" means a cannabis plant that is not flowering.

(49) "Impairment" means a diminishment or loss of control of mental faculties or physical capabilities.

(50) "Industrial cannabis," commonly known as hemp, means cannabis grown, processed, or manufactured for a non-cannabinoid end use, including fiber, grain, seed, and stalk and the intermediates and products derived from them. Industrial cannabis is regulated as an agricultural commodity and is not classified by delta-9-THC concentration. Industrial cannabis is subject to this Act only to the boundary set in Section 13.

(51) "Intermediate" means material transformed from cannabis by processing that is not yet a finished cannabis product or a finished industrial product. On the herbal cannabis track an intermediate includes a cannabinoid concentrate and a cannabinoid extract. On the industrial cannabis track an intermediate includes fiber, grain, seed, and stalk material. An intermediate is the output of processing and the input to manufacture.

(52) "Intoxicating cannabinoid" means a cannabinoid that has intoxicating potential at its labeled dose, as determined under the standards and threshold the Commission adopts by rule in conformance with the recognized national standard, and, until that standard is recognized, under the interim standard in Section 15.

(53) "Intoxicating cannabinoid product" means a cannabinoid product that has intoxicating potential at its labeled dose.

(54) "Intoxicating herbal cannabis item" means an herbal cannabis item that has intoxicating potential at its labeled dose.

(55) "Intoxicating potential" means the capacity of a cannabis plant or an herbal cannabis item to produce intoxication at its labeled dose, determined by genetic markers, including the functional status of the THCA synthase gene, by cannabinoid content, by associated-compound content, by the interaction of the item's constituents, and by formulation and route of administration. Intoxicating potential determines the classification of a cannabinoid or product under Section 4 and the boundary of the industrial cannabis track under Section 13.

(56) "Intoxication" means a transient condition following the administration of a substance in which the acute pharmacological effects of the substance disturb consciousness, cognition, perception, affect, behavior, or other psycho-physiological function, and that resolves with time. Intoxication is a form of acute impairment, and impairment is not necessarily intoxication. Intoxication does not require euphoria.

(57) "Labeled dose" means the dose stated on a product's label as a single serving, comprising the item's constituents in the proportions the item contains them. A stated dose smaller than the amount the item is designed and marketed to be taken at one time is not a labeled dose for any purpose of this Act. Until the Commission sets the dose under Section 4(5), the item is classified and labeled at the amount it is designed and marketed to be taken at one time.

(58) "Legacy operator" means a person who produced, handled, or prepared cannabis in this state before the state first authorized commercial cannabis activity, and who is recognized under Section 6(13).

(59) "Licensee" means a person that holds a license issued under § 57-7-106 or a hemp producer license issued under

§ 43-27-102, or a license, permit, registration, endorsement, or other authorization issued under this Act, including a self-distribution endorsement, an incubator facility license, a shared-use manufacturing facility license, a transporter license, or a delivery license under Section 10.

(60) "Licensee representative" means an owner, director, officer, manager, employee, agent, or other representative of a licensee, to the extent the person acts in a representative capacity.

(61) "Manufacture" means to transform a cannabis intermediate, including a cannabinoid concentrate or extract, into a finished cannabis product, or to transform an industrial cannabis intermediate into a finished industrial product, for a commercial purpose. Manufacture does not include producing or processing, and does not include packaging, repackaging, labeling, or relabeling by itself. The same activity carried on for a noncommercial purpose is to prepare.

(62) "Mature cannabis plant" means a cannabis plant that is not an immature cannabis plant.

(63) "Medical use of cannabis" means the use of cannabis for a therapeutic purpose; provider authorization by clinical assessment establishes eligibility for the medical use program but is not a precondition of medical use.

(64) "Misbranded" means, with respect to an herbal cannabis item, that its label or labeling is false or misleading in any particular, including as to cannabinoid content, potency, labeled dose, ingredients, allergens, onset of action, duration of effect, production method, or testing status; that it omits information the applicable standard requires; or that it is offered under the name of another item.

(65) "Noncommercial" means not dependent or conditioned upon the provision or receipt of financial consideration, and cost recovery under Section 7 does not make an act commercial.

(66) "Non-intoxicating cannabinoid" means a cannabinoid that is not an intoxicating cannabinoid under this section.

(67) "Non-intoxicating cannabinoid product" means a cannabinoid product that is not an intoxicating cannabinoid product.

(68) "Non-intoxicating herbal cannabis item" means an herbal cannabis item that is not an intoxicating herbal cannabis item.

(69) "Onset of action" means the time from administration to the beginning of a product's effect.

(70) "Personal use" means the noncommercial use, possession, cultivation, or sharing of cannabis by a person 21 years of age or older.

(71) "Potency" means the amount of a cannabinoid required to produce a defined effect in a person. Potency is not a fixed attribute of a cannabis item. For a whole-plant or spectrum preparation the relationship between amount and effect is not linear: other constituents of the finished item attenuate or potentiate the effect, and the response varies with the person's own biology. Potency is therefore a moving target rather than a measurement. The measurable attribute of an item is its cannabinoid concentration, and the attribute this Act classifies by is intoxicating potential.

(72) "Potentiate" means, with respect to a compound, to increase the effect of another compound.

(73) "Premises" means the physical location at which a licensee conducts an activity this Act or Title 57, Chapter 7 licenses, including the enclosed areas used in the business at that location and any outdoor area licensed for production, processing, distribution, or retail sale. Premises does not include a primary residence, and does not include a vehicle used to deliver or transport herbal cannabis items.

(74) "Prepare" means to manufacture cannabis for a noncommercial purpose. See manufacture.

(75) "Process" means to transform cannabis into an intermediate, including a cannabinoid concentrate or extract on the herbal cannabis track or a fiber, grain, seed, or stalk intermediate on the industrial cannabis track, for a commercial purpose. Process does not include packaging or labeling. The same activity carried on for a noncommercial purpose is to handle.

(76) "Produce" means to grow, cultivate, plant, or harvest cannabis for a commercial purpose. Produce does not include the drying of cannabis by a cannabis processor that is not otherwise producing cannabis, or the growing of an immature cannabis plant by a processor, distributor, or retailer that received the plant from a licensed producer. The same activity carried on for a noncommercial purpose is to grow.

(77) "Propagate" means to grow immature cannabis plants or to breed or produce cannabis seeds.

(78) "Provide" means the noncommercial furnishing of cannabis to a consumer or a patient. See retail.

(79) "Psychoactive" means having an effect on the central nervous system. A substance may be psychoactive without producing intoxication and without producing impairment. Psychoactivity neither establishes nor precludes classification under Section 4.

(80) "Psychotropic" has the meaning given "psychoactive" in this section.

(81) "Public place" means a place to which the general public has access, including a street, sidewalk, park, playground, school, place of amusement, an area used in connection with public passenger transportation, and the common areas of a multiunit building or lodging establishment other than a residence or a room designated for residence. Section 9(8) provides for venues and rooms designated for consumption.

(82) "Registry identification cardholder" or "patient" means a person whom an attending provider has authorized for the medical use of cannabis under Section 7 and who is registered with the Commission under that section. "Patient" is the short form used throughout this Act.

(83) "Remediation" means a process applied to cannabis or an herbal cannabis item that has failed a required test, for the purpose of bringing it into conformance with the applicable standard. This subdivision does not govern the remediation of an abated illicit-cultivation site under Section 11(6)(f).

(84) "Retail" means to sell herbal cannabis items to a consumer. The noncommercial furnishing of cannabis to another adult or a patient is to provide.

(85) "Sacramental use of cannabis" means ceremonial use of cannabis in which cannabis is itself the sacred element or offering of the rite, observance, or practice. Sacramental use of cannabis is ceremonial use of cannabis for all purposes of this Act. An item does not become the sacred element of a rite, and its sale does not become ceremonial use of cannabis, because it contains cannabis or a cannabinoid or is labeled or marketed for ceremonial use.

(86) "Scale tier" means a band of operator scale that the Commission establishes by rule, measured by volume of production or sales. The threshold under Section 11(3) is the upper boundary of the lowest scale tier. A reference in this Act to an operator at a lower scale tier is a reference to an operator below the highest tier the Commission establishes.

(87) "Share" means the noncommercial transfer of cannabis between adults or between patients, without financial consideration beyond cost recovery. See distribute.

(88) "Small operator" means an operator whose volume falls below the threshold under Section 11(3). Small producer has the corresponding meaning for a producer.

(89) "Terpene" means any chemical compound of the terpene or terpenoid class, whether it occurs naturally in cannabis, is derived from cannabis, is derived from another botanical source, or is produced by synthesis. The source or method of production of a terpene does not determine how it is regulated.

(90) "Total delta-9-tetrahydrocannabinol" or "total delta-9-THC" means the sum of the concentration or mass of delta-9-THCA multiplied by 0.877 plus the concentration or mass of delta-9-THC. This is the quantity Title 57, Chapter 7 calls total theoretical THC content at § 57-7-102(15). This value is a measurement used in labeling and testing and does not by itself determine whether cannabis or a cannabinoid product is regulated under this Act.

(91) "Total intoxicating cannabinoid equivalent" means, with respect to an herbal cannabis item, the sum of the intoxicating cannabinoids it contains, each counted at its equivalence to delta-9-tetrahydrocannabinol as the Commission sets by rule on human evidence, and including the acid form of each at the conversion ratio the Commission sets by rule.

(92) "Whole-plant preparation" means a preparation that retains the characteristic profile of the cannabinoids and associated compounds of the source plant. It is the characterization unit under Section 6 and the public-domain registry, and is distinct from a cannabinoid product, which is the commercial finished good. A whole-plant preparation may be full spectrum or broad spectrum.

Conforming cross-references.

The acts and actors in this section apply to all cannabis on either track. The commercial acts, to produce, process, manufacture, distribute, and retail, require a license; the noncommercial acts, to grow, handle, prepare, share, and provide, are protected under Section 8. There is no track-specific actor: a producer, processor, manufacturer, distributor, or retailer is identified as herbal or industrial by the end use of what is produced, processed, or manufactured. The license types under § 57-7-106 are conformed to these terms: the supplier license is the license of a producer, processor, or manufacturer, and whether producing, processing, and manufacturing are separately endorsed within one license is set by the Commission by rule; the wholesaler license is the distribution license; and the retailer license is the retail license. This is a title and terminology change and does not alter what a license issued before the effective date authorizes.

Section 57-7-102 is amended so that "hemp-derived cannabinoid product" and "HDCP," wherever they appear in Title 57, Chapter 7 or another law of this state, mean an intoxicating herbal cannabis item, or an item subject to Section 4(24), whatever the source plant. Title 57, Chapter 7, including its license requirement, its retail locations, and its display, labeling, and serving rules, therefore reaches the items that intoxicate or impair, and does not reach a non-intoxicating herbal cannabis item, which is sold in general retail under Section 4(3) and the standards the Commission adopts. The definition of "hemp-derived cannabinoid" at § 57-7-102(3), including its exclusions of tetrahydrocannabinolic acid above three-tenths of one percent, of tetrahydrocannabiphorol, and of synthetic

cannabinoids at § 57-7-102(3)(C)(xi) through (xiii), is repealed as a classification standard of this state. The exclusion at § 57-7-102(3)(C)(i) through (viii) of cannabidiol and the other non-intoxicating cannabinoids it lists is carried forward as a non-intoxicating herbal cannabis item under Section 4(3), and the exclusions at § 57-7-102(3)(C)(ix) and (x) are industrial cannabis under Section 13. The measurement defined at § 57-7-102(15) is retained as the total delta-9-THC defined in this section. Section 57-7-102(9), as amended by Chapter 698 of the Public Acts of 2026, and § 57-7-102(16) are amended so that a supplier may also sell to a licensed retailer under a self-distribution endorsement under Section 10(14), and so that a wholesaler's role is one a supplier may also perform for its own items.

Section 43-27-101 is amended so that "hemp" is governed by "industrial cannabis" as defined in this section, and so that the three-tenths of one percent delta-9-THC threshold in § 43-27-101(3) and the hemp concentrate threshold in § 43-27-101(4) are repealed as the classification standard of this state. This does not affect the federal plan administered under Sections 5(7) and 13(7).

Section 39-17-402(16) is amended by deleting the subdivision and substituting a provision that cannabis regulated under this Act is not a controlled substance, so that § 39-17-402(16)(A) through (F), including the hemp cross-reference at (16)(C), the university research exclusion at (16)(E), and the cannabis oil exclusion at (16)(F), no longer operate as the definition of a controlled substance. A product approved as a prescription medication by the United States Food and Drug Administration remains subject to § 39-17-403 as (16)(D) now provides. The research the (16)(E) exclusion protected continues under Section 7. Wherever the Tennessee Code Annotated uses the term defined in § 39-17-402(16) to refer to the plant or its preparations, the Tennessee Code Commission substitutes "cannabis."

The definitions of "bona fide practitioner-patient relationship," "medical cannabis program," "practitioner," "qualifying medical disease or condition," and "valid letter of attestation" enacted by Chapter 577 of the Public Acts of 2021 and now codified at § 68-7-101 are repealed, so that the medical use of cannabis no longer depends on a listed condition or on a letter of attestation.

Section 4. Classification by intoxicating potential

(1) There is one regulated market for herbal cannabis items in this state. Every herbal cannabis item, whether herbal cannabis, a cannabinoid concentrate or extract, or a cannabinoid product, is classified as intoxicating or non-intoxicating by its intoxicating potential at the labeled dose, under Section 3 and the standards adopted under Section 15. Classification does not depend on whether a cannabinoid is naturally occurring, derived from cannabis, or artificially derived, or on whether the source plant was formerly designated hemp or was a controlled substance. Classification accounts for the item as administered, including the interaction of its constituents at the labeled dose.

(2) Except as Sections 7(10), 10(3) and 10(23) provide, an intoxicating herbal cannabis item may be sold only by a licensed retailer, only to a person 21 years of age or older, only through age-gated specialty retail, and subject to the safety, testing, cannabinoid concentration, packaging, labeling, and authentication requirements adopted under Section 15.

(3) Except as subsections (24) and (32) of this section provide, a non-intoxicating herbal cannabis item may be sold in general retail, subject to the testing, labeling, and authentication requirements adopted for non-intoxicating items under Section 15. A cannabidiol item and the other items excluded from regulation by § 57-7-102(3)(C)(i) through (viii) as it read before the effective date of this Act are non-intoxicating herbal cannabis items unless the Commission finds otherwise under Section 15(3)(c). A non-intoxicating herbal cannabis item sold in general retail does not require a license under Title 57, Chapter 7.

(4) Industrial cannabis is regulated as an agricultural commodity under Title 43, Chapter 27, as amended by this Act, by end use rather than by delta-9-THC concentration, and is not subject to the requirements applicable to herbal cannabis items.

(5) The Commission shall set the classification threshold, the test methods, and the product standards by rule, in conformance with the recognized national standard, and, until that standard is recognized, under the interim standard in Section 15. In setting the classification threshold the Commission is informed by product category, route of administration, onset of action, duration of effect, intoxicating potential, risk of accidental ingestion, the interaction of the item's constituents, including the attenuation or potentiation of an intoxicating cannabinoid by another cannabinoid or by an associated compound, the needs of patients under Section 7, scientific evidence, and adverse-event and poison-control data. The testing standard applies across the supply chain, to cultivation inputs, to in-process and intermediate material, and to the finished product. A packaging, labeling, advertising, health-claim, recall, or safety requirement of this section that by its nature applies to herbal cannabis sold as flower applies to that item as the Commission provides by rule, so that no herbal cannabis item is unregulated by reason of being sold as flower. Where the Commission finds that an item's stated dose is smaller than the amount the item is designed and marketed to be taken at one time, the Commission sets the dose at which the item is classified, and the item is labeled at that dose.

(6) A cannabinoid product intended for administration to an animal is classified by intoxicating potential under this section, is subject to product standards appropriate to animal use and to veterinary oversight, and is regulated as a

cannabinoid product rather than as industrial cannabis.

(7) A non-intoxicating herbal cannabis item that meets the applicable standard may be sold in and shipped through interstate commerce to the extent federal law allows. This Act does not restrict the interstate movement of non-intoxicating herbal cannabis items. The interstate movement of intoxicating herbal cannabis items is governed by Section 15 and remains intrastate until federal law permits otherwise.

(8) A person under 21 years of age may not enter the age-restricted sales floor of premises described in Section 3(3)(a). A person under 21 who is accompanied by a parent or legal guardian may enter no further than the pickup window or designated counter, which is also where an 18-to-20 patient obtains medicine under Section 7. At premises described in Section 3(3)(b) through (d), where persons under 21 may lawfully be present, an intoxicating herbal cannabis item is kept behind a barrier as § 57-7-104(d) provides, displayed only where § 57-7-104(c) permits, and not within the reach of a person under 21, and is sold only after proof of age is inspected at the point of sale. This subsection does not authorize a purchase by, or a sale or furnishing to, a person under 21; Section 7 governs supply to a patient under 21.

(9) Packaging. An herbal cannabis item shall be sold at retail in child-resistant, tamper-evident packaging. This requirement does not depend on the item's classification. The child-resistant effectiveness standard of 16 CFR 1700.15(b)(1), tested in accordance with 16 CFR 1700.20, that § 57-7-110(a)(1)(A) applies to hemp-derived items, is retained and applies to every herbal cannabis item, and the Commission sets further packaging standards by rule appropriate to each item form. A multi-serving item is portioned, scored, or marked so that each labeled dose can be identified, by the method the Commission sets by rule for each item form.

(10) Copycat products. A cannabinoid product may not be manufactured, packaged, labeled, or marketed to imitate a candy, snack, or other product marketed to children, or to imitate an established commercial brand. The prohibitions of § 57-7-110(c), on marketing that appeals primarily to persons under 21 years of age, and of § 57-7-110(f)(3), on an edible formed into the shape of an animal or cartoon character, are retained and apply to every herbal cannabis item.

(11) Marketing and advertising. The Commission sets marketing and advertising standards by rule, including limits on placement, such as near schools and other places where persons under 21 years of age gather, and on content that appeals to persons under 21 years of age. No advertising of an herbal cannabis item may be false or misleading.

(12) Health and effect claims. A representation of a therapeutic or health effect of an herbal cannabis item is limited to what the applicable standard and the evidence support, as the Commission provides by rule. An unsubstantiated health claim is prohibited. Until the Commission adopts that rule, the prohibition on health-related claims in labeling and marketing at § 57-7-110(e) is retained as the standard for intoxicating herbal cannabis items and items subject to subsection (24) of this section, and every other herbal cannabis item is held to the prohibition on an unsubstantiated claim in this subsection. Clinical guidance, education, and communication between a provider and a patient under Section 7 are not labeling or marketing for purposes of this subsection.

(13) Inhalable products. The Commission sets heightened requirements for inhalable herbal cannabis items by rule, including device and hardware safety, restriction of additives that are unsafe when inhaled, and limits on features that appeal to persons under 21 years of age. Until the Commission acts, Tenn. Comp. R. & Regs. 0100-15-.04(1)(a) and (2) are retained as the interim standard: the prohibitions on nicotine and dimethylsulfoxide apply to every herbal cannabis item, and the restrictions on inhalable ingredients, including the prohibitions on vitamin E acetate, medium-chain triglycerides, polyethylene glycol, propylene glycol, and 2,3-butanedione, apply to every inhalable item.

(14) Complaints, adverse events, and recalls. The Commission establishes by rule procedures for product complaints, adverse-event reporting, and the recall of unsafe herbal cannabis items. A licensee shall maintain a complaint system and shall investigate a complaint that may involve contamination, mislabeling, a variance between the labeled dose and the item, an adverse event, or a product defect. The Commission shall maintain a channel by which a consumer, a patient, or a caregiver may report an adverse event directly, and shall publish adverse-event data in de-identified form; information identifying a person who reports or who is the subject of a report is confidential. A licensee shall maintain a recall plan and shall verify the effectiveness of a recall it conducts. The Commission, with the Department of Health and the poison control center serving the state, collects and publishes in de-identified form data on unintended exposures to herbal cannabis items, including, where known, the item's form, its labeled dose, whether a licensee sold it, and its source, and uses that data with the adverse-event data under this subsection in reviewing standards under subsection (34) of this section.

(15) Testing laboratories. The Commission accredits cannabinoid testing laboratories and sets conflict-of-interest and quality standards by rule. A testing laboratory shall be independent of the licensees whose items it tests. A laboratory, and a person holding an ownership or control interest in a laboratory, may not hold an undisclosed interest in a licensee whose items the laboratory tests, accept compensation contingent on a passing result, or falsify, manipulate, conceal, or substitute a result or a sample. A laboratory shall report a failed result to the Commission directly, within the time the Commission sets by rule, whether or not the item is retested elsewhere. A laboratory registered with the Alcoholic Beverage Commission under § 57-7-107 and Tenn. Comp. R. & Regs. 0100-15-.06 on the effective date remains registered until the Commission accredits laboratories under this subsection.

(16) Cannabinoid concentration, dose, onset, and duration labeling. Cannabinoid concentration and dose labeling are set by rule. The label shall state the item's cannabinoid profile, reporting by name each cannabinoid identified at or above the reporting level the Commission sets by rule, whether naturally occurring or formed during production, the method of production where the item contains an artificially derived cannabinoid or a cannabinoid produced by synthesis, its associated-compound profile, and its total intoxicating cannabinoid equivalent at the labeled dose, on methods the Commission sets by rule. The label of an herbal cannabis item shall state its onset of action and its duration of effect where those apply to the item's form and route of consumption. The labeling requirements of § 57-7-110(a)(1)(C), as amended by Chapter 698 of the Public Acts of 2026, including the milligrams per serving and per package, the batch number, the expiration date, and the quick-response code linking to the certificate of analysis, are retained, and the Commission applies them by rule to every herbal cannabis item, except that the impairment warning of § 57-7-110(a)(1)(C)(ii) applies only to intoxicating herbal cannabis items and items subject to subsection (24) of this section. This Act does not impose a statutory cannabinoid concentration ceiling. Classification by intoxicating potential is governed by this section and the standards adopted under Section 15. The per-serving, per-package, per-container, per-cartridge, per-pouch, and flower-weight limits of § 57-7-110(a)(1)(B), (a)(3) through (a)(5), (f)(1), (f)(2)(A), and (f)(2)(C), and the container-volume limit of § 57-7-110(f)(2)(B) other than its keg provision, are repealed as limits fixed in statute and continue in force, for intoxicating herbal cannabis items and items subject to subsection (24) of this section, as interim rules of the Commission until the Commission sets dose and package standards under subsection (5) of this section. They do not apply to an item a patient obtains through the program under Section 7(9).

(17) Adulterated and misbranded items. An adulterated or misbranded herbal cannabis item may not be sold, offered for sale, or delivered to a consumer, and may not be transferred except as the Commission authorizes for testing, remediation, reclassification, or destruction under subsection (19) of this section. A representation of production method, including a representation that a cannabinoid is or is not artificially derived within the meaning of Section 3(4), is part of the item's labeling for purposes of this subsection. Production method does not thereby determine how an item is classified or whether it may be sold. A representation that an item is full spectrum or broad spectrum within the meaning of Section 3 is part of the item's labeling for purposes of this subsection.

(18) Sampling and certificates of analysis. A sample submitted for required testing shall be collected by the testing laboratory or by a sampler the Commission authorizes, under a documented chain of custody, and may not be selected by the licensee whose item is tested. A certificate of analysis shall state the laboratory and its accreditation, the licensee submitting the item, the item and its batch or lot, the dates of sample collection, sample receipt, and testing, the test methods used, the cannabinoid profile, reporting each identified cannabinoid by name as the label does, the method of conversion or synthesis disclosed under subsection (31) of this section, the associated-compound profile, the total intoxicating cannabinoid equivalent at the labeled dose, and the cannabinoid concentration results, the contaminant results, whether each test was passed or failed, any limitation or qualifier on a result, and any remediation under subsection (19) of this section. A certificate is accessible to the person who obtains the item, and its identity, cannabinoid concentration, and safety results are characterization data under Section 6 and Section 7.

(19) Failed tests: quarantine, remediation, reclassification, or destruction. Cannabis or an herbal cannabis item that fails a required test shall be quarantined. A person holding quarantined material may not transfer, sell, deliver, alter, or destroy it except as the Commission authorizes. The Commission may authorize remediation only where remediation can be performed safely, the method is disclosed, and the remediated material passes the test it failed; the remediation and the method used shall appear on the certificate of analysis. Retesting may not be used to obtain a passing result for material that has not been brought into conformance. Material that does not conform to the standard for the channel it was intended for, but that conforms to the standard for another channel under this section, is reclassified into that channel rather than destroyed.

(20) Intermediates. An intermediate or in-process material may be transferred only to a licensee, to an accredited testing laboratory, or as the Commission authorizes, and may not be sold or delivered to a consumer or represented as a finished item.

(21) Manufacturing and handling standards. (a) The Commission shall set standards for the production, processing, manufacture, handling, and storage of herbal cannabis items, in conformance with the recognized national standard and, until that standard is recognized, the interim standard under Section 15. (b) The standards apply at commercial scale and are scaled to the operator and to the risk of the item and its route of consumption. (c) A person growing, handling, or preparing cannabis for a noncommercial purpose is not subject to the standards under this subsection. (d) A pharmaceutical manufacturing standard applies only to an operator that elects federal registration under Section 12, and only to the line of business to which the election applies.

(22) Age restrictions conformed to classification. An age restriction of state law applicable to the sale, furnishing, purchase, possession, or use of cannabis or an herbal cannabis item applies to an intoxicating herbal cannabis item, to an item subject to subsection (24) of this section, and to an item sold under subsection (32)(c) of this section. It does not apply to any other non-intoxicating herbal cannabis item and is repealed as applied to such an item. Section 57-7-103(b) is amended accordingly. This subsection does not affect § 57-7-103(b)(7), which concerns employment of a person under 18 years of age, and that provision is not repealed or narrowed by this subsection.

(23) Associated compounds and terpenes. An associated compound that contains no cannabinoid, including an isolated terpene, is regulated on the same terms as the identical compound derived from another botanical source or produced synthetically. It is not an herbal cannabis item, and is not subject to the requirements applicable to herbal cannabis items, by reason of its derivation from cannabis. It may be sold in and shipped through interstate commerce to the extent federal law allows, on the same terms as a non-intoxicating herbal cannabis item under subsection (7) of this section. The Commission may require that an associated compound derived from cannabis meet the testing and labeling standards applicable to a non-intoxicating herbal cannabis item, and may not condition its sale on a requirement that does not apply to the identical compound from another source.

(24) Impairment parity. A non-intoxicating herbal cannabis item that produces impairment at its labeled dose on human evidence is sold under the same retail restrictions, and carries the same labeling, as an intoxicating herbal cannabis item, except that the label states that the item impairs at its labeled dose and does not state that the item is intoxicating. It is not an intoxicating herbal cannabis item for any other purpose of this Act. The Commission makes the finding on human evidence, states the evidence relied on, and revisits the finding when new human evidence warrants.

(25) Cannabinoids and alcoholic beverages. The prohibition of § 57-7-110(d) on a cannabinoid item mixed or infused with, or otherwise used as an ingredient in, beer or an alcoholic beverage is retained and applies to every herbal cannabis item, whatever its classification. A premises described in Section 3(3)(b) may sell an intoxicating herbal cannabis beverage or other item for consumption on the premises beside the alcoholic beverages it serves, and may not combine the two in one serving, one container, or one menu item. The keg provision of § 57-7-110(f)(2)(B), permitting sale by the glass at such premises, is retained. This subsection does not reach alcohol used as a solvent, carrier or preservative in preparing an herbal cannabis item that is not itself held out as a beverage, including a tincture or an extract, and does not prohibit the manufacture or sale of such an item.

(26) Retained Tennessee standards. The following provisions of Title 57, Chapter 7 already classify by intoxicating potential or by conduct rather than by origin, are retained, and apply to the items Title 57, Chapter 7 reaches under Section 3, as the Commission conforms them by rule: the proof-of-age requirements of § 57-7-103(b)(1) through (b)(3) as applied to intoxicating herbal cannabis items and items subject to subsection (24) of this section, which are amended so that they do not reach supply to a registered patient under Section 7(15) or Section 7(20), or furnishing under Section 8(15) or Section 8(16)(f); the prohibition on sampling on public streets, sidewalks, and parks at § 57-7-103(b)(6); the display, signage, barrier, self-checkout, and vending-machine provisions of § 57-7-104(c) and (d) and § 39-17-1507(a); the testing and certificate-of-analysis requirements of § 57-7-107; the transportation documentation requirements of § 57-7-109, except the requirements of § 57-7-109(a)(1)(A) that an item be traced to hemp produced under a federal plan and of § 57-7-109(a)(1)(B) that it not exceed the former cannabinoid limits, which no longer apply to an item produced and sold in this state; the storage requirement of § 57-7-110(b); the beverage closure requirements of § 57-7-110(a)(2), as amended by Chapter 698 of the Public Acts of 2026; the brand registration requirement of § 57-7-112; the civil penalty schedule of § 57-7-106(d); and the school-distance provision of § 57-7-106(b)(3), including the measurement from exterior wall to exterior wall and the protection of a location that offered items for sale on December 31, 2023.

(27) Origin rules repealed. The following provisions sort cannabinoid items by origin, by molecule, or by a concentration threshold rather than by intoxicating potential, and are repealed: § 57-7-114(a)(1) through (3), which prohibit an item above three-tenths of one percent total THC or total theoretical THC, an item containing a synthetic cannabinoid, and an item containing tetrahydrocannabiphorol; and the declaration of § 57-7-101 that the manufacture, sale, and distribution of hemp-derived cannabinoid products is strictly prohibited unless specifically provided for. A cannabinoid formerly reached by § 57-7-114 is classified by intoxicating potential under this section. A compound that the Commission finds unsafe on the evidence is an adulterant under subsection (17) of this section, whatever its source. A cannabinoid produced by synthesis that is identical to a compound the cannabis plant produces is classified by intoxicating potential under this section like any other cannabinoid. A synthetic compound that the cannabis plant does not produce and that is listed in Schedules I through V of the state schedules under §§ 39-17-403 through 39-17-414 is not made an herbal cannabis item by this Act and remains a controlled substance.

(28) Delivery and shipping. The prohibitions on shipping and delivery to a consumer at § 57-7-106(b)(4) and (b)(5) and § 57-7-113 are amended so that they do not reach delivery by a licensee holding a delivery license under Section 10(23), delivery to a patient by a program supplier under Section 7(10), or shipment of a non-intoxicating herbal cannabis item under subsection (7) of this section. A delivery of an intoxicating herbal cannabis item is completed only on inspection of proof of age at the point of handoff, on terms the Commission sets by rule. The prohibition otherwise continues.

(29) Cannabinoid inputs across license types. A cannabinoid concentrate, cannabinoid extract, isolated cannabinoid, or other intermediate produced or processed under one license type, including a hemp producer license under § 43-27-102 or an industrial cannabis license under Section 13, may be transferred to a licensee of another type for use in an herbal cannabis item, on these conditions: the input is tested under subsections (15) and (18) of this section before transfer, or before use where the receiving licensee tests it; the transfer is recorded in the inventory and authentication data under Section 10(14), so that the input is traceable from its source license to the finished item;

and the finished item is classified by its own intoxicating potential at its labeled dose under subsection (1) of this section. An input is not excluded from use, and a finished item is not classified differently, by reason of the license type under which the input was produced. Section 13(4) governs the point at which an industrial crop becomes herbal cannabis.

(30) Inputs from outside the state. (a) Cannabis, an intermediate, or another input to an herbal cannabis item that was produced or processed outside this state, including outside the United States, may enter the licensed supply chain of this state only to a licensee and only as federal law permits its movement into the state. (b) The input shall trace to a lot tested by an accredited laboratory under a recognized standard, or, for seed, a clone, or tissue culture, to a lot whose intoxicating potential is declared. Seed, clones, and tissue culture that are hemp under federal law may move across state lines as federal law permits, and on receipt are classified and declared under Section 13(8) like any other planting stock. (c) On receipt the input is recorded under subsection (29) of this section, and the input and any item made from it are classified by intoxicating potential under subsection (1) of this section, without regard to how the input was designated where it was produced or under federal law. (d) Retesting on receipt is set by risk. An input from a lot tested under a recognized standard, by a laboratory independent of the seller and on a sample collected under conditions equivalent to those of subsection (18) of this section, is not retested from scratch. The Commission may require retesting by rule according to the risk of the input, its intended route of consumption, and the reliability of the testing behind it, and may require it of any lot. (e) This subsection does not authorize any movement across a state or national boundary that federal law does not permit, and does not open interstate commerce in intoxicating herbal cannabis items, which Section 15 governs.

(31) Byproducts of conversion and synthesis. (a) Where an herbal cannabis item or an input to one contains an artificially derived cannabinoid or a cannabinoid produced by synthesis, the testing standard under subsection (5) of this section includes the products of the conversion or synthesis other than the intended cannabinoid. A product that is an identified cannabinoid, including an isomer of the intended cannabinoid, is reported by name in the cannabinoid profile and counted in the item's classification under subsection (1) of this section, and is not treated as an impurity by reason of how it formed. Any other reaction product, and the residual reagents, catalysts, acids, and solvents used, is held to the applicable standard like any other contaminant. (b) The licensee shall disclose the method of conversion or synthesis to the testing laboratory, and the certificate of analysis under subsection (18) of this section states the results. (c) An unidentified product of the conversion or synthesis present above the level the Commission sets by rule makes the item adulterated until the product is identified and the applicable standard permits it at that level. (d) A constituent that occurs naturally in the cannabis plant is not an adulterant by reason of being uncharacterized. (e) Classification remains by intoxicating potential under subsection (1) of this section and not by method of production.

(32) General-retail package condition. (a) A non-intoxicating herbal cannabis item in a food form may be sold in general retail only if its whole package, treated as its labeled dose, does not have intoxicating potential under Section 15(3). A food form is an item made to be eaten or drunk as a food or beverage is, or made to look or taste like one, including candy, gummies and other chewables, chocolate, baked goods, snacks, gum, and beverages. (b) For an item of any other form, the Commission may set by rule a package limit, stated as total intoxicating cannabinoid equivalent per package, by the risk of that form and its route of administration. Until the Commission does, the item is held to its labeled dose. (c) An item that does not meet paragraph (a) of this subsection or a limit under paragraph (b) of this subsection is not prohibited. It may be sold only as subsection (2) of this section permits an intoxicating herbal cannabis item to be sold, and it is not an intoxicating herbal cannabis item for any other purpose of this Act. (d) The per-serving and per-package limits retained under subsection (16) of this section apply to intoxicating herbal cannabis items and items subject to subsection (24) of this section and are not limits under this subsection. (e) This subsection applies only to general retail. It does not limit the package of an item sold under subsection (2) of this section, except as subsection (16) of this section provides for intoxicating herbal cannabis items and items subject to subsection (24) of this section until the Commission sets its own standards. (f) An item in general retail on the effective date of this Act that does not meet this subsection may continue in general retail until the closing date under Section 14(16)(a), after which Section 14(16)(e) applies to it as to intoxicating inventory.

(33) Health information. (a) The Commission, with the Department of Health, sets by rule the health information that accompanies herbal cannabis items, by classification and item form. (b) The information rests on the Department of Health's current statements of the evidence, distinguishes effects the evidence establishes from associations it has not shown to be causal, and attributes a risk to the cannabinoid, the dose, the frequency of use, the route of administration, or the age of the person where the evidence does, rather than to cannabis generally. (c) The Commission decides by rule which information appears on the label and which is delivered at the point of sale, by notice, by a scannable link, or through the retail staff education under Section 7(18). (d) The information is reviewed under subsection (34) of this section.

(34) Review of standards. Every [period], the Commission reviews the standards it has set under this section, including the dose, package, packaging, labeling, inhalable, and health-information standards, against the adverse-event and unintended-exposure data under subsection (14) of this section, the human evidence, and the national standard, and publishes the review. On the evidence, the Commission may tighten or relax a standard, and the Commission may revise a standard between reviews when the evidence warrants.

(35) Added substances. Where human evidence shows that a substance other than cannabis or a cannabinoid, added to an herbal cannabis item, interacts with a cannabinoid in a way that harms the person who consumes it, the Commission may by rule restrict or prohibit adding that substance to an herbal cannabis item, states the evidence relied on, and revisits the rule when new human evidence warrants. Subsection (25) of this section governs alcohol. This subsection does not reach a substance that occurs naturally in the cannabis plant, or the protected noncommercial acts under Section 8(1).

Section 5. The Commission

(1) The medical cannabis commission created by § 68-7-102 is reconstituted as the Tennessee Cannabis Commission, referred to in this Act as the Commission, the purpose-built coordinating body for the regulation of cannabis, cannabinoid products, and industrial cannabis, independent of any single regulated agency, and is not absorbed into the Alcoholic Beverage Commission, the Department of Health, or the Department of Agriculture. Throughout this Act, "the Commission" means the Tennessee Cannabis Commission, and the Alcoholic Beverage Commission, the Department of Health, the Department of Agriculture, the Department of Revenue, and the Department of Mental Health and Substance Abuse Services are referred to by those names, so that "commission" is not used alone in this Act to mean an agency. In Title 57, "commission" continues to mean the Alcoholic Beverage Commission.

(2) The Commission administers the unified framework established by this Act and sets the product, safety, testing, labeling, and authentication standards across herbal cannabis items and the medical use program in Sections 4 and 7, in conformance with the recognized national standard under Section 15. The Alcoholic Beverage Commission licenses and inspects cannabis producers, processors, manufacturers, distributors, and retailers under Title 57, Chapter 7 as amended by this Act; the Department of Health supports the medical use program and the health-related boards; the Department of Agriculture administers cultivation; and the Department of Mental Health and Substance Abuse Services administers prevention and treatment. Each administers within its competence under that framework, and the Department of Revenue administers tax. Section 39-17-1509(g), which gives the Alcoholic Beverage Commission and the Department of Revenue administrative oversight of hemp-derived cannabinoid products, is amended so that their oversight extends to the items Title 57, Chapter 7 reaches under Section 3 and is exercised within the framework and subject to review under subsection (8) of this section.

(3) The Commission's first charge is to deliver the standards under Section 4 and an implementation plan under Section 14.

(4) The Commission shall establish a single licensing portal for the state that eliminates duplicative state and local dual-licensing.

(5) Clinical and licensing boards advise the Commission on standards and on provider practice and do not control market entry or the market itself.

(6) As the framework matures, the Commission may consolidate administration into a single agency on a schedule it establishes, subject to approval by the General Assembly of any transfer of a function assigned by statute to another agency.

(7) The Department of Agriculture has primary authority over the cultivation of cannabis until the Commission assumes it under this Act. As part of that authority, the Department administers the state hemp plan approved by the United States Department of Agriculture under § 43-27-104, so that a grower who seeks federal legality and access to interstate commerce, banking, and crop insurance may obtain and maintain it. Federal program requirements apply to a grower's federal status and do not classify cannabis or cannabinoid products under the law of this state.

(8) The Commission reviews the rules and significant actions of the administering agencies for consistency with the unified framework and for their effect on other segments of the sector. An agency shall submit to the Commission a proposed rule or significant action affecting cannabis. An action that conflicts with the framework, or that adversely affects another segment of the sector without coordination, does not take effect until the agency conforms it or the Commission resolves the conflict.

(9) The Commission may adopt rules under the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, subpoena witnesses and records, and compel reports from the administering agencies, and shall maintain a forward-looking coordination function across the whole sector, including production, products, medical use, consumer access, and the economic and tourism dimensions of cannabis. Nothing in this subsection limits a constitutional protection against unreasonable search or seizure.

(10) Local authority over premises. A municipality or county retains time-place-manner and siting authority over commercial cannabis premises, and this Act does not preempt local zoning. The craft and farm-direct tier under Section 10 and social consumption under Section 9 operate subject to local time, place, and manner regulation, and the local tax option under Section 11 continues, subject to the ceiling under Section 11(8). A municipality or county may decline to host commercial cannabis premises within its jurisdiction by ordinance or resolution of its legislative body. Local time-place-manner authority is bounded and may not be exercised as a de facto prohibition on premises a locality has not declined to host.

(11) Patient access notwithstanding a local premises decision. A municipality or county that declines to host commercial cannabis premises under subsection (10) of this section may not by that choice extinguish a patient's access to cannabis for medical use through delivery, a program supplier under Section 7, or a designated grower or designated cooperative. The routes protected by this subsection reach a patient who resides where no premises operate.

Commission composition (amending § 68-7-103). The Commission consists of twenty-one voting members. The heads of the five administering agencies, the Commissioner of Agriculture, the Commissioner of Health, the director of the Alcoholic Beverage Commission appointed under § 57-1-105, the Commissioner of Revenue, and the Commissioner of Mental Health and Substance Abuse Services, or their designees, serve ex officio. The Speaker of the Senate appoints one member of the Senate and the Speaker of the House of Representatives appoints one member of the House of Representatives. The remaining fourteen members are appointed as follows. The Governor appoints six: one representative of local government; one representative of law enforcement; a cannabis researcher; a consumer and public-interest member; a professional in the prevention or treatment of cannabis misuse; and a representative of tribal governments, appointed from among persons nominated jointly or severally by the federally recognized Indian tribes with historical ties to Tennessee. The Speaker of the Senate appoints four: one representative of industrial cannabis operations producing fiber, grain, or seed; one representative of non-intoxicating cannabinoid product operations; a registered patient or the designated caregiver of a registered patient; and an attorney licensed in this state whose practice includes the criminal defense of persons charged with cannabis offenses. The Speaker of the House of Representatives appoints four: one representative of intoxicating cannabinoid product operations; a designated grower or cooperative grower; a health care provider or clinician with subject-matter expertise in cannabis, whether or not in active practice; and a representative of labor, from an organization representing workers. The appointing authorities shall coordinate so that each grand division is represented by at least three members and so that the membership reflects the diversity of the state. A member other than the representative of tribal governments shall have been a resident of this state for at least two years before appointment. During the transition, the industry seats are filled from the current programs: the industrial seat from a producer licensed under § 43-27-102, and the cannabinoid product seats from licensees under § 57-7-106 and from operations selling the items excluded by § 57-7-102(3)(C)(i) through (viii) as it read before the effective date. Until the first patients and designated growers are registered under Section 7, the patient seat may be filled by a person who held a valid letter of attestation or a diagnosis under § 39-17-402(16)(F) as it read before the effective date, or by the parent or legal guardian of such a person, and the grower seat by a person with documented experience cultivating cannabis for cannabinoid end use. Every seat votes, including the ex officio seats. Section 68-7-103, which sets the commission's membership, is amended to read as this paragraph provides: its appointments by the Speakers, including the requirement that each appoint a physician and a pharmacist, and its appointments by the Governor as amended by Chapter 817 of the Public Acts of 2026, including the nonvoting specialist in substance abuse prevention, are superseded by the composition set out in this paragraph, and its minimum age of thirty years and its bar on membership by a person with an economic interest in a business enterprise devoted to medical or recreational cannabis or hemp are repealed. Section 68-7-104 is amended so that the requirement that all meetings be held in Nashville and the requirement of five affirmative votes to adopt or report out a recommendation are repealed, and subsection (14) of this section governs meetings and voting. Section 68-7-107, which attaches the commission to the Department of Health for administrative matters, is repealed. Subsection (13) of this section supersedes the conflict-of-interest policy and disclosures of § 68-7-108. Section 68-7-102(b), which provides that the chapter does not authorize a medical cannabis program and that no license may issue until the plant is removed from Schedule I of the federal Controlled Substances Act, is repealed, and the study, recommendation, and annual report duties of § 68-7-109 are superseded by Section 14.

(12) Terms, attendance, and removal. (a) Members serve staggered terms. The term of office of an appointed member is four years, and no appointed member may serve more than two consecutive full terms. Of the members first appointed under this Act, the terms are staggered so that an approximately equal number expire in each of the first four years. An appointed member serves until a successor is appointed and qualified. (b) A member may be removed for cause, including neglect of duty, malfeasance, a conviction bearing on fitness for the seat, a material conflict of interest not disclosed, or not resolved by recusal, under subsection (13) of this section, or absence from more than fifty percent of the scheduled meetings in a twenty-four-month period, as § 68-7-103 already provides, without good cause. (c) A member subject to removal shall receive written notice of the grounds and an opportunity to respond before removal, unless immediate removal is necessary to protect the integrity of the Commission. (d) A vacancy is filled for the remainder of the term by the appointing authority for that seat, and from the segment or constituency the seat represents.

(13) Ethics, disclosure, and recusal. (a) A member shall disclose publicly, on appointment and on any change, each ownership, employment, consulting, professional, contractual, and immediate-family relationship the member holds with a person regulated under this Act. (b) The interest a member holds by virtue of the segment the member's seat represents does not disqualify the member from service or from voting on a standard, a rule, or a matter of general application. Such a member shall not participate in an adjudication, a licensing action, or an enforcement action concerning the member's own operation, an operation in which the member holds an interest, or a direct competitor of either, and shall state the recusal on the record. (c) A person employed by the Commission, and a hearing officer,

contractor, or consultant engaged by it, may not hold a financial interest in, be employed by, receive compensation from, or act as a lobbyist for a person regulated under this Act. (d) A member, hearing officer, or employee participating in an adjudication may not communicate about its merits with a party, a party's representative, or a person with a direct financial interest in its outcome, outside the proceeding. (e) A member or employee may not solicit or accept a gift, hospitality, travel, meal, loan, or other thing of value from a person regulated under this Act. (f) The Commission shall maintain and publish a log of meetings and substantive communications between a member or senior employee and a lobbyist or a representative of an applicant or licensee concerning a pending rule, standard, licensing matter, or policy matter, except where publication would compromise an enforcement action or disclose information confidential under subsection (15) of this section. (g) For two years after leaving the Commission, a member, the executive director, chief counsel, a hearing officer, or an employee exercising substantial authority may not accept employment, compensation, or a financial interest from a person regulated under this Act.

(14) Meetings, public participation, and voting. (a) The Commission meets in public under title 8, chapter 44, provides an opportunity for public comment at each regular meeting, and publishes its approved minutes. (b) The following require the affirmative vote of a majority of all seats, whether or not filled or present: adoption of a standard under Section 4; adoption or amendment of a rule of general application; adoption of criteria governing licensure or market entry; adoption of any limit on entry under Section 10; and approval of a consolidation or transfer of administration under subsection (6) of this section. (c) During its first two years, the Commission shall hold public meetings in each grand division of the state, including rural areas and the communities where cannabis enforcement fell most heavily. (d) The Commission is domiciled in Nashville and retains the executive director provided by § 68-7-106.

(15) Records, confidentiality, and transparency. (a) The records of the Commission are public records under title 10, chapter 7, except as this Act or other law provides. (b) The following are confidential: information identifying a patient, a designated caregiver, a designated grower, or a participant in a designated cooperative; information identifying a provider who authorizes the medical use of cannabis, except as the provider consents or as the Commission determines may be disclosed without compromising patient access or provider safety; a security plan, an alarm or surveillance specification, or other information whose disclosure would create a risk of theft, diversion, or breach; and information identifying a person who reports an adverse event or a violation. (c) A certificate of analysis is not confidential, and the identity, cannabinoid concentration, and safety results it states are characterization data under Section 6. Only information on a certificate that is neither characterization nor safety data may be withheld, and only as the Commission provides by rule. (d) The Commission shall publish aggregate and de-identified data on licensing, market concentration, patient access, testing, adverse events, and enforcement, and shall adopt standards protecting the security of the data it holds.

(16) Agency support and coordination. (a) An administering agency shall provide the Commission the administrative, technical, laboratory, enforcement, and data support the Commission requires to carry out this Act, on terms set by interagency agreement. (b) The Commission and the administering agencies shall avoid duplicative inspections, conflicting standards, and inconsistent reporting requirements, and shall resolve a duplication or conflict under subsection (8) of this section. (c) The review under subsection (8) of this section applies to an action taken under this section, and an agency's competence within the framework does not authorize an action inconsistent with it.

(17) Hearing officers. A contested case under this Act, including a proceeding under subsection (8) of this section, is conducted under the contested case provisions of title 4, chapter 5, part 3, by an administrative judge assigned from the administrative procedures division of the office of the secretary of state, who issues an initial order under § 4-5-314. The Commission reviews the initial order as § 4-5-315 provides, and shall identify and explain on the record any modification it makes to a finding of fact. An administrative judge under this subsection is subject to subsection (13) (c) through (e) of this section, and is independent of the Commission by assignment.

(18) Performance review. Five years after the effective date, and on the same interval thereafter, the Comptroller of the Treasury shall review the performance of the Commission and the implementation of this Act, including delivery of the standards under Section 4, market concentration under Section 10, patient access under Section 7, and the currency of the public-domain record under Section 6, and shall report publicly to the General Assembly. The review is conducted independently of the Commission, and is in addition to review under the Tennessee Governmental Entity Review Law, compiled in title 4, chapter 29.

(19) Products advisory committee. The Commission shall convene a standing products advisory committee of persons with expertise in pharmacology, analytical chemistry, toxicology, clinical practice, and product manufacturing, to advise on the classification threshold and test methods under Section 4, on a submission under Section 6(9), and on a product safety question the Commission refers. The committee advises and does not exercise licensing, enforcement, or adjudicatory authority.

Subcommittees. The Commission convenes a standing subcommittee of peers for every seated sector, so that each member represents the considered position of the member's subcommittee rather than an individual view. A group affected by this Act that has no seat sits on the subcommittee of the closest seat, including: local public health departments, the chief medical officer of the Department of Health, and the Board of Pharmacy, under the

Department of Health seat; counties and municipalities under the local government seat; members of the General Assembly beyond the two seated, under the legislative seats; the communities most harmed by prohibition under the consumer and public-interest seat; public agricultural research institutions, including the University of Tennessee Institute of Agriculture and the College of Agriculture of Tennessee State University, under the industrial cannabis seat; and testing laboratories under the researcher seat. Testing laboratories also have a direct route to the Commission on accreditation, testing costs, and the rules that govern laboratories, by which they may place such a matter before the Commission without the researcher subcommittee's endorsement. Any subcommittee may place a matter before the full Commission, and the Commission shall take it up and decide it on the record. Before the Commission adopts a product standard under Section 4, a rule of general application, or a limit on market entry under Section 10, each standing subcommittee's position is entered in the record of the action.

Additional seats. The Commission may by rule add not more than four seats beyond those listed, on a finding entered in the record that a constituency affected by this Act is not represented and that a subcommittee cannot meet the need. For each seat added the Commission states the constituency, the appointing authority, and the term, convenes a subcommittee for it, and the total number of voting members remains odd. The Commission reports each seat added to the General Assembly.

Continuity and immediate operation. A person serving on the medical cannabis commission on the effective date of this Act continues to serve for the remainder of the term for which the person was appointed, in the seat under this section that most nearly corresponds to the seat the person held and to the person's appointing authority, and is eligible for reappointment to that seat. The specialist in substance abuse prevention appointed under § 68-7-103(a)(3), as amended by Chapter 817 of the Public Acts of 2026, continues in the seat for a professional in the prevention or treatment of cannabis misuse, as a voting member. A person whose seat has no counterpart under this section serves the remainder of the term as an additional member, and that seat lapses at the end of the term. Subsection (12)(b) of this section governs removal during that remainder. The Commission is constituted and may act when a majority of the seats are filled, and a vacancy does not prevent the members then serving from acting. The Commission shall begin the work charged to it under Section 14 on the effective date, and may not defer that work pending appointment of the remaining members.

Sunset entry (amending § 4-29-250). The entry for the medical cannabis commission in § 4-29-250(a) is amended to read "Tennessee cannabis commission, created by § 68-7-102," and the Commission terminates on June 30, 2029, unless continued under title 4, chapter 29.

Section 6. The public domain

(1) The Commission shall recognize a public-domain reference standard for cannabis and its preparations: a publicly available, non-proprietary characterization of the plant, its cannabinoids and associated compounds, and its whole-plant preparations, including analytical methods, that any person may use and no person may exclusively own. The Commission recognizes the reference standard recognized under federal law where there is one, and otherwise each standard or body of characterization that meets subsection (3) of this section, and adopts a part itself only where nothing that qualifies covers it. The Commission keeps a permanent, dated, publicly accessible copy of each recognized entry as it stood when recognized.

(2) The Commission shall recognize a public-domain registry of whole-plant preparations characterized against the reference standard. Entry in the registry establishes a preparation as publicly known and is the route by which a person may place a preparation in the public domain; entry is open to any person and is required of no person. The registry is the characterization backbone for the common standard under Section 15. The Commission shall recognize an existing registry that meets the criteria in subsection (3) of this section rather than establish a duplicative state registry.

(3) A reference standard or registry is recognizable under this section only if it is:

(a) Publicly available without fee and open to use, and a registry to entry, by any person, without proprietary restriction on the reference standard, the characterization methods, or the entries, with its steward's permission for the Commission to keep the permanent public copy under subsection (1) of this section;

(b) Maintained so that entries, once made, remain publicly accessible and function as prior art; and

(c) Interoperable with the common standard under Section 15, so that a preparation characterized in one recognizing jurisdiction is recognized in another.

A reference standard or registry that conditions access, characterization, or entry on a proprietary product, method, license, or purchase is not recognizable under this section.

(4) The reference standard and the registry are prior art. A whole-plant preparation is characterized as the entire botanical mixture, including its cannabinoids and its associated compounds and the interaction among them, rather than as a single constituent, and the characterization of the mixture is what the standard and the registry record. A preparation characterized and entered before a patent claim may not be removed from public use by that claim.

(5) No rule, standard, or requirement under this Act may be satisfied only through a proprietary product, method, cultivar, or registry. Conformance must be achievable using the public reference standard.

(6) The Commission shall recognize and protect the noncommercial ecosystem, personal and cooperative cultivation, seed saving, and noncommercial sharing, as the living source of the public-domain record. The protection reaches the persons who sustain it, including home cultivators, patients, designated caregivers, designated growers, and designated cooperatives.

(7) No act under federal law with respect to a cannabinoid, a whole-plant preparation, or a product containing either, including an approval, a period of exclusivity, a registration, or a scheduling action, removes the plant, a naturally occurring cannabinoid, or any cannabis preparation containing one, from lawful non-pharmaceutical production and sale under this Act. A period of exclusivity continues to bar an application that relies on the approved drug, and does not otherwise reach the plant or its preparations.

(8) Positive protection. (a) The Commission shall establish appellations of origin, heritage-strain designations, and geographic indications recognizing regional, traditional, and community producers. (b) A designation under this subsection may be held by a community, a producer association, a tribe, or another body that presents itself as the holder of the tradition, community, or region the designation names. The Commission recognizes a body that presents itself and does not determine which body speaks for a tradition. The Commission provides by rule for competing claims to the same designation. (c) A holder sets the conditions of use of its designation, may license its use, and may charge for it. (d) A designation may not be assigned, sold, pledged as collateral, or exclusively licensed to a person outside the community, tradition, or region it names, and does not pass to a creditor, a receiver, or a transferee under Section 10(19). (e) A person may not use a designation without meeting its conditions of use, and may not represent an herbal cannabis item as arising from a tradition, community, or region from which it does not arise. A representation contrary to this paragraph is a misbranding under Section 4(17). (f) A designation under this subsection is a right in the name and in the conditions of its use. It is not a right in a preparation, a cannabinoid, a method, or a cultivar, and does not limit subsection (4) of this section or the use by any person of the reference standard and the registry. (g) A commercial use of an herbal cannabis item that represents traditional or community knowledge, a heritage variety, or a traditional preparation method shall attribute it accurately. Benefit-sharing for traditional or community knowledge is determined by the holder of a designation under this subsection and by agreement, and is not set by the Commission.

(9) The reference standard and the registry are kept current. The Commission reviews them on a fixed schedule and maintains an open submission path by which any person may present a newly characterized, naturally occurring cannabinoid, chemotype, or whole-plant preparation, with the characterization and safety data that establish it, for addition to the public-domain record. The Commission acts on a complete submission within a fixed period. A naturally occurring cannabinoid or preparation is not foreclosed for the sole reason that the record has not yet been updated to include it.

(10) Conformance and entry distinguished. (a) Conformance to the reference standard and its analytical methods is required of a person subject to a testing, labeling, or authentication requirement of this Act. (b) Entry of a preparation in the registry is voluntary. No license, registration, authorization, or benefit under this Act may be conditioned on entry. (c) Characterization and safety data generated by testing this Act requires are disclosed under Sections 4(18) and 7 and inform the reference standard. That disclosure is not entry under subsection (2) of this section. (d) A preparation not entered in the registry does not receive the prior-art protection of subsection (4) of this section by reason of this Act.

(11) No proprietary claim in the public record. The reference standard, the registry, and the characterization and safety data they carry are not subject to a claim of trade secret, proprietary formulation, or confidential business information, notwithstanding any other law, including title 10, chapter 7. A person may hold a proprietary interest in a process, a formulation, or a brand, and that interest does not reach the identity, cannabinoid concentration, or safety characterization of a cannabis preparation entered in or submitted to the public record. Nothing in this section limits the patentability of an invention that meets the requirements of federal patent law.

(12) Reference laboratory. The Commission shall establish or designate a reference laboratory to perform the analytical work supporting the reference standard under this section, to serve as the referee laboratory for a disputed result under Section 4, and to make its methods and characterization data publicly available. The laboratory is funded under Section 11.

(13) Recognition of legacy operators. (a) The Commission shall establish a legacy operator designation recognizing a person who produced, handled, or prepared cannabis in this state before the state first authorized commercial cannabis activity. For purposes of this subsection, that date is the effective date of this Act, the first date on which the law of this state authorizes commercial activity in cannabis without regard to its former designation as hemp. (b) A person qualifies on documentation of that practice, established by any one or more of: participation in a medical cannabis program of another state, a cooperative or collective, or a caregiver or grower registry; a state or local registration, permit, license, or tax filing, including a license under § 43-27-102 or under former Title 43, Chapter 27, Part 2, or under § 57-7-106; a documented role in the supply of a religious, spiritual, or cultural tradition; an entry in

the registry under subsection (2) of this section; or a record of an enforcement contact, seizure, forfeiture, arrest, or charge, whether or not it resulted in a conviction. (c) Entry in the registry under subsection (2) of this section may not be required for a designation under this subsection. (d) Where documentary evidence is unavailable, the Commission may accept attestation by two or more persons with personal knowledge of the practice, made under penalty of perjury. (e) A designation under this subsection is personal to the holder, may not be assigned, sold, pledged as collateral, or transferred, and does not pass to a creditor or to a transferee under Section 10(19). (f) A designation under this subsection qualifies the holder for the small-operator support under Section 10 on terms the Commission sets by rule, and a benefit so claimed is subject to Section 10(16). (g) A designation under this subsection is not a license and does not authorize an activity for which this Act requires a license.

(14) Physical reference materials. (a) The reference laboratory under subsection (12) of this section holds and makes available physical reference materials for the reference standard: for a whole-plant preparation, a reference lot of the characterized preparation, with assigned values, a stated uncertainty, and a stated stability life; and for a single cannabinoid or associated compound, a certified reference material where an accredited producer of one exists, and a reference material with assigned values otherwise. (b) The reference laboratory makes them available to any person at not more than the cost of producing and distributing them, without restriction on their use. (c) The reference laboratory retains a sample of each reference lot for the lot's stability life and makes it available for retesting and for comparison with a later lot. (d) Where a reference material needed to show conformance to a standard under this Act is available only from a single private source, or from none, the Commission shall produce or procure a public equivalent through the reference laboratory within 12 months after so finding. A reference material is available only if it is offered at a published price on terms that permit its routine use; a material supplied only to the supplier's own customers, or only under license, is not available. (e) Nothing in this subsection limits the commercial supply of reference materials by any person.

(15) Publicly funded data. (a) This subsection applies to a study of cannabis, a cannabinoid, or a whole-plant preparation conducted or supported in whole or in part with funds of this state under a funding agreement entered into after the effective date, including a study by the research center under Section 7. (b) Nonclinical and clinical data from such a study are published, and any person may use them for any purpose, including a submission to a federal or state regulator, without fee or restriction on use. Participant-level health data are released only in de-identified form, through a repository with controlled access where the risk of re-identification requires, and only as Section 7(17) permits. (c) Chemistry, manufacturing, and controls data from such a study remain confidential. The holder licenses them to any person on non-exclusive terms for use in a submission to a federal or state regulator, without royalty and at a published fee not exceeding the cost of maintaining them, on the same terms for every applicant, and shall issue a letter of authorization to reference a Drug Master File to any applicant on request. The data are provided as is, and neither this state nor the holder warrants them. Each funding agreement of this state for such a study so provides. (d) This subsection does not reach data generated without funds of this state, and does not require public disclosure of a trade secret or confidential commercial information. (e) Nothing in this subsection requires or permits the publication of traditional, ceremonial, or community-held knowledge, or of culturally sensitive information about a community, its practices, or its genetic resources, without that community's authority, as determined under the community's own governance and given with free, prior, and informed consent. Where a study's data include such knowledge or information, the community's authority governs whether, when, and in what form it is published or referenced, and de-identification of the data does not satisfy this paragraph. This paragraph is read with Section 8(16), subsection (8) of this section, and Section 16(7).

Section 7. Medical use of cannabis as public-health infrastructure

(1) The medical use program is public-health infrastructure for cannabis: patient, provider, and retail-staff education, clinical guidance, access, affordability, research, public-health education, including safe storage and the prevention and recognition of accidental ingestion, for consumers, parents, and caregivers, and outcomes reporting. It works alongside the herbal cannabis items regulated under Section 4 and is not a separate product market. Tennessee has had no medical use program; this section establishes one, and the Commission builds it as infrastructure from its first day rather than as a dispensary system later converted.

(2) The program supports institutional integration, so that hospitals, hospice and palliative care, nursing homes and assisted-care living facilities, schools and child-care settings, and other settings in which a person receives care accommodate the medical use of cannabis rather than exclude it, on standards the Commission sets for administration, storage, documentation, and safety appropriate to each setting. A facility licensed under title 68, chapter 11 may adopt reasonable restrictions on the form and manner of administration on its premises and may not prohibit a patient's medical use as a class.

(3) A person may engage in the medical use of cannabis on the authorization of an attending provider based on clinical assessment, for any condition the provider determines cannabis may benefit. No list of qualifying conditions applies: the definition of "qualifying medical disease or condition" in § 68-7-101, the condition lists in § 39-17-402(16)(F)(i) and (ii), and the requirement of a letter of attestation are repealed. The assessment may be made by a provider coordinating with the person's primary care provider or, where the person has no primary care provider, by a provider who conducts an evaluation consistent with the standard of care. Authorization may not be conditioned on a

pre-existing or continuing treatment relationship, on a minimum number of visits, on a showing that conventional treatment has failed, or on the provider being of a particular specialty. A provider's authorization is in writing, dated and signed by the provider, and identifies the patient and the provider, on a form the Commission sets by rule. A provider's authorization is the certification or other document state law deems sufficient for purposes of 21 CFR 1301.13(k)(5).

(4) Provider protection. (a) A licensing board may not impose discipline on a provider for authorizing, recommending, or discussing the medical use of cannabis based on clinical assessment, for registering with the Commission or participating in the program, for stating a professional opinion that a person may receive therapeutic or palliative benefit from cannabis whether or not the provider authorizes its use, or for participating in research authorized under this Act. This paragraph reaches the Board of Medical Examiners under title 63, chapter 6, the Board of Osteopathic Examination under title 63, chapter 9, the Board of Nursing under title 63, chapter 7, the board licensing physician assistants under title 63, chapter 19, the Board of Pharmacy under title 63, chapter 10, and every other board that licenses a provider. (b) A provider who authorizes the medical use of cannabis consistent with the clinical guidance the program adopts is not civilly liable on that basis alone. The safe harbor reaches only the authorization decision made within that guidance and does not affect liability for negligence outside it. (c) Nothing in this subsection limits a licensing board from acting against a provider for failing to conduct an evaluation, for an evaluation that departs from the standard of care, for fraud, for falsifying a record, or for authorizing without an evaluation.

(5) No compelled participation. A provider is not required to authorize the medical use of cannabis, to participate in the program, or to hold a particular view of cannabis as a condition of licensure, employment, or participation in a health plan or facility. This subsection does not permit a provider to obstruct a person's access to another provider or to the program, and a provider who declines shall so inform the person.

(6) Access by a provider's authorization may not be conditioned on a federal prescription or on the provider's or an operator's registration with the federal Drug Enforcement Administration.

(7) The two pathways. (a) A person may obtain cannabis for a therapeutic purpose through the medical use program under this section, by prescription from a provider authorized to prescribe a cannabis product under federal and state law, or both. This Act does not create, condition, or limit prescriptive authority, and does not require a person to use either pathway. (b) Neither pathway is a precondition for the other. Participation in the program is not a basis to deny, delay, or condition a prescription, and holding or having held a prescription is not a basis to deny, delay, or condition participation in the program or access to a designated grower, a designated cooperative, or a program supplier. (c) A licensing board may not impose discipline on a provider for prescribing a cannabis product the provider is authorized to prescribe, and subsection (4) of this section applies to prescribing as it applies to authorization. (d) The approval, registration, or scheduling of a cannabinoid or a cannabis product as a drug under federal law, and its availability by prescription for a condition, do not make the program pathway unavailable, clinically disfavored, or a lesser standard of care for that condition. Section 6(7) states the corresponding rule for the product. (e) For purposes of the law of this state, an authorization under this section and a prescription for a cannabis product are equivalent evidence that a person's use of cannabis is therapeutic. A right, protection, accommodation, or benefit under this Act or under Section 9 that turns on a person's therapeutic use is available on either. (f) The program shall pursue coverage and reimbursement parity between the two pathways under subsection (8) of this section, so that the pathway a person uses is determined by clinical judgment rather than by which one a payer covers. (g) The Commission shall publish plain-language guidance for providers, patients, and retail staff on the two pathways, what each requires, what each provides, and the consequences of each, and shall include that guidance in the education required under subsection (18) of this section. The guidance for operators is published under Section 12(5). (h) Nothing in this subsection requires or authorizes a person to dispense outside the channel federal law requires for the pathway used. A prescription is filled through the channels federal law permits; an authorization is served through the program and its registered suppliers.

(8) Enrollment in the program carries no registration fee for any patient. Cannabis authorization may be delivered within ordinary clinical care and billed and reimbursed as such, and the program shall provide pathways for insurance, public-payer, and federal health payer reimbursement and integration with the TennCare program under title 71, chapter 5. Nothing in this section requires that authorization occur only in a dedicated visit or prohibits a provider from offering authorization on a direct-pay basis, and a patient may seek reimbursement directly. This Act does not set the fee a provider charges for a patient visit.

(9) The quality of herbal cannabis items is uniform for all consumers. A patient may access herbal cannabis items, including quantities, cannabinoid concentrations, and combination products, not available to non-patients, with clinical support through the program.

(10) A licensed producer, processor, manufacturer, distributor, or retailer may register as a program supplier. Program-supplier registration authorizes the licensee to serve patients directly, including patient-specific production, patient-specific supply, and delivery to a patient outside a general retail transaction. Program-supplier registration is recorded as a medical use endorsement on the operator's license under this Act. A license limited to medical purposes under Section 10(29) may register as a program supplier. The license, as endorsed, is issued by the

Commission and authorizes the holder to manufacture, distribute or dispense cannabis for medical purposes, and is intended to constitute a "state medical marijuana license" within the meaning of 21 CFR 1300.01. A license limited to medical purposes under Section 10(29) and the instrument under Section 12(14)(e) are the only authorizations this Act limits to medical purposes. Each is held to the same product standard, testing, and taxation as every other license, and a registered line is kept separate from an operator's other lines only as federal registration requires. Section 12(14) states the effect of the endorsement for purposes of federal registration. Federal Schedule III compliance is a separate matter, available only through registration with the federal Drug Enforcement Administration under Section 12, which a licensee may elect and which carries the consequences stated there. Federal tax treatment under Section 280E of the Internal Revenue Code is not conferred by that election and is addressed at Section 12(8).

(11) Patient supply. (a) A licensee registered as a program supplier under subsection (10) of this section shall maintain a supply of the herbal cannabis items patients obtain through the program, including the forms patients commonly use and items offered at price points appropriate to sustained therapeutic use. (b) The Commission shall monitor the availability, form, and price of items obtained by patients through the program, and shall publish what it finds. (c) On a finding that supply, form availability, or price is materially impairing patient access, the Commission shall act, and may require a licensee serving both patients and consumers to reserve inventory for patients, authorize emergency supply measures, or adjust a requirement contributing to the impairment other than a testing, contamination, packaging, or age requirement under Section 4. (d) General-market conditions may not be permitted to materially impair the availability, affordability, or accessibility of the herbal cannabis items patients obtain through the program.

(12) A patient may grow cannabis beyond the amount authorized for adults generally, designate a grower, designate a cooperative and its growers, or participate in cultivation with a cooperative. A designated grower or designated cooperative grows for the patient, may be reimbursed for costs under this section without engaging in commercial production, and is exempt from commercial track-and-trace, subject to Section 8. The Commission sets the medical possession and cultivation limits by rule, and the limits are not less than twice the limits for personal use under Section 8(1)(c). Until the Commission sets them, the medical limits are twice the limits for personal use under Section 8(1)(c).

(13) Vetting of program participants. Where the Commission requires a background check of a designated caregiver, a designated grower, a participant in a designated cooperative, or a person registering as a program supplier, a cannabis offense that is or would be eligible for relief under Section 8 is not a basis for denial. A conviction may be considered only where it bears a direct and substantial relationship to the safety of a patient, and the Commission shall state the basis in writing.

(14) The program shall provide for telehealth authorization, recognition of patients authorized in other jurisdictions, and a patient-held record connecting authorization to ongoing care and outcomes. A person who holds a valid authorization, order, or recommendation for the medical use of cannabis from another state is recognized as a patient in this state for the period the Commission sets by rule, as § 39-17-402(16)(F) recognized the order of an issuing state for cannabis oil.

(15) Any retailer may serve patients. A patient who is 18 years of age or older but under 21 may obtain authorized medicine through a pickup window or designated counter that does not require entering the age-restricted sales floor, by delivery from a program supplier, or at the counter of premises described in Section 3(3)(d) after the patient's registration is verified. A patient under 21 does not obtain medicine at premises described in Section 3(3)(b) or (c). The 21-years-of-age requirement for the sales floor and for adult purchase is unchanged. A patient under 18 years of age accesses the program through a parent or legal guardian with provider oversight.

(16) The program is the state-licensed medical program of this state for purposes of any federal order or law that recognizes such a program, including the federal Schedule III order. State law protects a lawful handler who chooses not to register with the federal Drug Enforcement Administration to the extent federal law allows.

(17) Patient and consumer data. A patient owns the patient's own health and outcomes data. Participation in the research center and the patient-held record under this section is opt-in and revocable. Patient and consumer data collected under this Act is protected, is not sold or disclosed without consent except as law requires, and is governed by the principles of collective benefit, the patient's authority to control, responsibility, and ethics. The Commission's own reporting under this Act uses aggregate or de-identified data, and the Commission shall apply disclosure controls sufficient that a person is not identifiable from a published aggregate. Access to data for research is limited to de-identified data on terms the Commission sets by rule, except where the patient consents to identified use. The Commission shall adopt standards protecting the security of the data it holds. Registration as a patient is not reported to the controlled substance monitoring database under title 53, chapter 10, part 3.

(18) Education. The program provides cannabis and endocannabinoid system education for attending providers and other health care providers, and the Commission shall require baseline cannabis education for the licensee representatives of cannabis retailers, the retail staff who assist consumers and patients. The education covers effects, dosing, product types, safety, safe storage, and the medical use program, and the two pathways under

subsection (7) of this section, and the Commission sets the curriculum and the completion requirement by rule. At premises described in Section 3(3)(b), the requirement reaches the staff who sell herbal cannabis items and is coordinated with the server training the Alcoholic Beverage Commission already administers.

(19) Opening the program. (a) Within one hundred eighty days after the effective date, the Commission, with the support of the Department of Health, shall open registration of patients, designated caregivers, designated growers, and designated cooperatives, and shall issue registry identification cards. (b) A registration is valid for the term the Commission sets by rule, which is not less than one year, and is renewed on a provider's continuing authorization. (c) A person who on the effective date held the documentation that § 39-17-402(16)(F) required, including a valid letter of attestation, is registered as a patient on application, without a new assessment, for one year. (d) Until registration opens, a person who holds an attending provider's written authorization under subsection (3) of this section has the protections of a patient under this Act and under Section 9.

(20) Supply before the first licenses. (a) Because no operator is licensed to serve patients in this state on the effective date, a patient, a designated caregiver, a designated grower, and a designated cooperative may grow, handle, prepare, and share cannabis within the medical limits under subsection (12) of this section from the effective date. (b) A licensee under § 57-7-106 on the effective date may register as a program supplier under subsection (10) of this section as soon as registration opens, and may serve patients with the items its license then covers while the Commission establishes the remainder of the licensing framework. (c) The Commission shall prioritize program-supplier registration in each grand division in its first licensing round under Section 10(2).

(21) Research. A four-year institution of higher education that on the effective date was conducting a clinical research study under § 39-17-402(16)(E) may continue the study, without the concentration limit that subdivision imposed, and may be designated by the Commission as part of the research center under this section.

Subsidized testing. The account under Section 11 shall make the testing of cannabis destined for patients affordable, whether that cannabis is transferred to or among patients, designated growers, and designated cooperatives, or is supplied to patients directly by a licensee registered as a program supplier. Testing of product for the general market is borne by the commercial operator. A patient has access to the certificate of analysis for the cannabis the patient obtains. A certificate's identity, cannabinoid concentration, and safety results are characterization data that feed the public-domain reference standard under Section 6, are not proprietary, and are not withheld as confidential, notwithstanding any statute treating a certificate of analysis as confidential. The Commission may withhold by rule only information on a certificate that is neither characterization nor safety data.

Research center. The Commission shall establish or designate a cannabis research center. The center studies cannabis across the whole chain on an opt-in basis, from genetics and seed through cultivation, product, and patient outcome, drawing voluntarily from patients, designated growers, designated cooperatives, and commercial operators. It connects the genetic record under Section 13, the public-domain characterization under Section 6, and the patient-held outcomes record under this section. The research center compares single-constituent preparations against broad-spectrum and full-spectrum preparations at equivalent cannabinoid doses.

Section 8. The criminal-justice floor

(1) Protected noncommercial acts and unlicensed commercial conduct.

(a) A person 21 years of age or older commits no offense for the personal use or possession of cannabis, or for growing, handling, preparing, sharing, or providing cannabis for a noncommercial purpose, within the limits set under this Act. These are the protected noncommercial acts. Medical use by a patient is governed by Section 7.

(b) To produce, process, manufacture, distribute, or retail cannabis or herbal cannabis items for a commercial purpose without the license this Act requires is unlawful.

(c) The limits for personal use are these: a person 21 years of age or older may possess up to two ounces of herbal cannabis in a public place and up to ten ounces in the person's household, or the equivalent in other herbal cannabis items as the Commission sets by rule; may share up to one ounce of herbal cannabis, or its equivalent, with another person 21 years of age or older; and may grow up to six cannabis plants, of which no more than three may be mature, provided that no more than twelve plants are grown in one household regardless of the number of adults residing there. Because the commercial acts are set by commercial purpose under Section 3, the noncommercial acts in paragraph (a), including cost-recovery reimbursement under Section 7, are not commercial conduct and require no license.

(2) Impaired driving is governed by demonstrated impairment, not by the presence of a cannabinoid or its metabolites. Tennessee's driving-under-the-influence law at § 55-10-401(1) is already impairment-based, reaching a driver under the influence of a substance "that impairs the driver's ability to safely operate a motor vehicle," and it carries no per se cannabinoid threshold; this Act confirms that standard for cannabis rather than adding one. Enforcement is all-cause: the inquiry proceeds in order, whether the person was impaired by any cause, then the substance involved, then the lawfulness of that substance, determined after the fact.

(3) A conviction or sanction for impaired driving requires evidence of impairment at the time of driving. The presence of a cannabinoid or its metabolites, without evidence of impairment, is not sufficient. The state shall use validated all-cause impairment assessment, which measures impairment from any cause rather than the presence of a particular substance. The Commission, with the Department of Safety, the Tennessee Bureau of Investigation, and the Department of Health, identifies by rule the assessments that satisfy this subsection.

(4) A single course of conduct, and a single quantity of cannabis or cannabis plants, may not support convictions under more than one of the possession, cultivation, and delivery offenses, and the state shall elect a single charge. The drug-free zone enhancement of § 39-17-432, the inference from amount of § 39-17-419, and the mandatory minimum fines of § 39-17-428 do not attach to conduct within the personal and noncommercial limits of this Act.

(5) A cannabis-related charge or conviction may not by itself result in the suspension or revocation of a driver license. Section 55-50-501(a) contains no ground of revocation for a drug conviction other than one tied to impaired driving or to the use of a vehicle in a felony, and this subsection confirms that no such ground reaches cannabis by implication. Revocation for driving under the influence under § 55-10-401 is unaffected.

(6) A patient, a designated caregiver, a designated grower, a designated cooperative and its growers, and a person participating in cultivation with a cooperative commit no offense for growing, handling, preparing, obtaining, or transporting cannabis within the personal or medical limits of this Act, are not subject to commercial licensing or commercial track-and-trace, and do not become commercial by receiving cost reimbursement under Section 7.

(7) Unlicensed commercial conduct graded by scale. (a) Unlicensed commercial production, processing, manufacturing, distribution, and retail, and large-scale illicit production and trafficking, remain subject to enforcement. (b) A violation of subsection (1)(b) of this section is graded by the scale of the conduct: (i) involving not more than twenty ounces of herbal cannabis or its equivalent, twice the household possession limit under subsection (1)(c) of this section, or not more than twelve plants, it is a civil violation punishable by a fine of not more than five hundred dollars; (ii) involving more than that amount or number but not more than ten pounds of herbal cannabis or its equivalent, or not more than nineteen plants, it is a Class A misdemeanor; (iii) involving more than ten pounds but not more than seventy pounds, or not less than twenty nor more than ninety-nine plants, it is a Class E felony; and (iv) involving more than seventy pounds, or one hundred or more plants, it is a Class D felony. (c) A violation under paragraph (b)(iii) or (iv) of this subsection is punished one classification higher where the conduct is in furtherance of a criminal enterprise, involves a firearm, or involves sale to a person under 21 years of age. (d) The weight thresholds and plant counts of § 39-17-417(g)(1) through (g)(3), (i)(14), and (j)(14) as they apply to the plant and its preparations, and the small-amount distribution offense of § 39-17-418(b), are repealed and replaced by this subsection. (e) Nothing in this subsection limits a prosecution for an offense against a person, for a firearms offense, or for an offense involving a controlled substance other than cannabis.

(8) Prior cannabis convictions for conduct made lawful by this Act, or for conduct that would carry a lesser penalty under this Act, shall be set aside and expunged. For conduct made lawful by this Act the process is automatic, without fee, and does not require a petition. Sections 40-32-107 and 40-32-108 are amended accordingly, so that a conviction under § 39-17-417 or § 39-17-418 for conduct within the protected noncommercial acts, the personal limits, or the medical limits of this Act is expunged without a filing, without the clerk's fee under § 8-21-401, and without the waiting period of § 40-32-107(a)(3), and so that the limit on a prior expunction does not apply to relief under this section. Relief has the effect § 40-32-110 gives an expunction.

(9) No person may be denied a public benefit, and no lawful immigration consequence may attach, solely on the basis of conduct made lawful by this Act, to the extent state law governs.

(10) A person 18, 19, or 20 years of age commits no offense for the personal use or possession of cannabis. This subsection does not affect the prohibition on selling or furnishing cannabis to a person under 21 years of age or the requirements for the age-restricted sales floor, except as subsections (15) and (16) of this section provide; Section 7 governs supply to a patient under 21. Section 57-7-103(b)(4) is amended so that possession by a person 18, 19, or 20 years of age is not an offense, and so that a purchase or attempted purchase by such a person is a civil violation rather than a Class A misdemeanor.

(11) A person under 18 years of age is not subject to criminal penalty or delinquency adjudication for the noncommercial use or possession of cannabis, and is directed to a public-health and educational response.

(12) Any person who shows signs of misusing or abusing cannabis, regardless of age, may be directed to a public-health, educational, and, where appropriate, clinical response, including information on and referral to the medical use program where a condition may be present. This response is not a criminal penalty.

(13) Public consumption of cannabis is not a crime. A municipality, a county, or the state may regulate the time, place, and manner of public consumption and may impose a civil penalty, but may not impose a criminal penalty for public consumption, and no measure may authorize the criminalization of public cannabis consumption. Public cannabis consumption shall be regulated no more restrictively than public tobacco consumption. Section 39-17-310, which reaches a person who appears in a public place under the influence of an intoxicating substance to the degree that the person may be endangered, other persons or property are endangered, or the person unreasonably annoys

people in the vicinity, continues to apply on its own terms, as it does to alcohol. It is an offense of conduct while intoxicated, not of consumption.

(14) Cannabis and community supervision. Sections 40-11-116, 40-11-118, and 40-11-150 (pretrial release conditions), § 40-35-303(d) (probation conditions), and § 40-28-117 (parole conditions) are amended to effect this subsection. (a) Lawful cannabis use, by a patient or by a person acting within the protected noncommercial acts of this section, is treated no less favorably than the use of any other lawfully obtained medication in decisions on pretrial release, judicial diversion under § 40-35-313, probation, parole, and community supervision, unless the use is related to the offense or to a condition of supervision. (b) Lawful cannabis use is not, by itself, a basis to deny pretrial release, to deny or revoke diversion, to find a violation of probation, parole, or community supervision, to extend a term of supervision, or to deny early termination of supervision. (c) A court, the Board of Parole, or another supervising authority may not impose a blanket condition of cannabis abstinence. A condition restricting a person's lawful cannabis use requires an individualized finding, stated on the record, that the restriction is necessary in that person's case. (d) A positive test for cannabis or its metabolites, standing alone, does not establish impairment or a violation of a condition of supervision. (e) A person subject to a condition inconsistent with this subsection may petition to modify it. (f) A condition imposed on a sentence for an offense under § 55-10-401 is excepted and remains governed by its own terms.

(15) Consumption by a person under 21 under family supervision. (a) A person under 21 years of age may use and possess cannabis in a private residence, in the presence and with the consent of that person's parent, legal guardian, or spouse who is 21 years of age or older. (b) A person described in paragraph (a) of this subsection may furnish cannabis to the person for use under paragraph (a) of this subsection, and doing so is not a violation of the prohibition on furnishing cannabis to a person under 21 years of age. (c) No authorization or registration under Section 7 is required for use under paragraph (a) of this subsection. (d) Use under paragraph (a) of this subsection is not by itself a basis for the response under subsection (11) or subsection (12) of this section, for a report, referral, or investigation under the child-welfare law, or for a finding of abuse, neglect, endangerment, or unfitness in a custody, dependency, or child-welfare proceeding. (e) This subsection does not authorize a purchase by a person under 21 years of age, entry to the age-restricted sales floor, furnishing by a person other than as paragraph (b) of this subsection provides, or use outside a private residence.

(16) Ceremonial and sacramental use. (a) The protected noncommercial acts under subsection (1) of this section include ceremonial use of cannabis and sacramental use of cannabis, and extend to transporting cannabis to and from the place of a rite, observance, or practice and to sharing cannabis with a participant in it. (b) Sharing cannabis with a participant, without financial consideration beyond the recovery of actual costs, is not distributing or retailing and requires no license. Neither the number of participants, nor the regularity of the rite, observance, or practice, nor the receipt of a contribution that is not conditioned on the receipt of cannabis, establishes a commercial purpose. (c) A place while used for a rite, observance, or practice, and not open to the general public during that use, is not a public place for purposes of subsection (13) of this section. (d) No registration, recognition, membership in an organization, ordination, or showing of the age or lineage of a tradition is required for the protection of this subsection, and neither the Commission nor a court determines the validity or the antiquity of a religious, spiritual, or cultural tradition for purposes of this subsection. No person may be required to use an approved drug product, or a form of cannabis other than the one the rite, observance, or practice uses, as a condition of the protection of this subsection. (e) This subsection does not authorize selling cannabis to a person under 21 years of age, or furnishing cannabis to a person under 21 years of age except as paragraph (f) of this subsection provides. Subsection (11) of this section governs a person under 18 in any other case. (f) Participation by a person under 21 years of age. (i) A person under 21 years of age may participate in ceremonial use of cannabis, including consumption, in the presence and under the supervision of that person's parent or legal guardian, whether or not in a private residence. (ii) Furnishing cannabis for participation under subparagraph (i) of this paragraph, by the parent or legal guardian or by a person conducting the rite, observance, or practice with the consent of the parent or legal guardian, is not a violation of the prohibition on furnishing cannabis to a person under 21 years of age. (iii) Subsection (15)(d) of this section applies to participation under subparagraph (i) of this paragraph. (iv) This paragraph does not authorize furnishing cannabis to a person under 21 years of age by a person other than as subparagraph (ii) of this paragraph provides, or for a purpose other than ceremonial use. (g) The Commission may set by rule an allowance for the quantity a person may possess, transport, or grow for ceremonial use in excess of the limits under subsection (1)(c) of this section.

(17) Delivery of relief. (a) The Administrative Office of the Courts, the Tennessee Bureau of Investigation as the agency maintaining the state's central criminal record, the Department of Correction, the Board of Parole, and the courts of every level, including the general sessions and municipal courts in which most cannabis matters are heard, shall coordinate to identify records eligible for relief under subsection (8) of this section. (b) Within 180 days of the effective date of this Act, the Administrative Director of the Courts shall publish a plan for delivering relief, addressing record sources, offense-code identification, docket and disposition matching, municipal-ordinance and supervision-violation records, mixed cases, mistaken identity, error correction, notice, timelines, and the resources required. (c) A court that orders relief shall transmit the order to each agency holding the record, and the receiving agency shall give it effect. (d) Relief shall be completed within two years of the effective date of this Act. An

extension may be granted only on a public statement of the reasons, the progress made, the barriers encountered, and a revised timeline. (e) The person shall be notified that relief has been granted. Failure to notify does not invalidate the relief. (f) The Commission and the courts shall maintain a means by which a person may determine whether relief has been granted in that person's case.

(18) Duties of agencies holding records. (a) An agency that receives an order of relief shall update its records, databases, indexes, warrant systems, supervision systems, and public-access systems. (b) An agency may not republish or redisclose a record to which relief has been granted. (c) An agency shall maintain a process by which a person may request correction of a record not updated after relief. (d) The Tennessee Bureau of Investigation shall transmit notice of relief to any interstate or federal repository to which the record was reported.

(19) Petition for relief not granted automatically. (a) A person may petition for relief for a cannabis offense not reached by the automatic process under subsection (8) of this section. (b) There is a rebuttable presumption in favor of relief for a nonviolent cannabis offense where the conduct is lawful under this Act, has been decriminalized, or would carry a lesser penalty under this Act. (c) A hearing is not required unless the district attorney general objects, the court requires further information, or the petitioner requests one. (d) No fee may be charged. (e) Where full relief is not available, the court shall grant the greatest relief available under law.

(20) Duties of the district attorney general. (a) A district attorney general may not adopt a policy of opposing relief for eligible cannabis offenses as a class. (b) An objection to relief shall state a specific legal or factual basis. (c) A district attorney general may file, join, or stipulate to a petition for relief.

(21) Resentencing, release, and termination of supervision. (a) A person serving a sentence of incarceration, probation, parole, community supervision, or another criminal sanction for conduct made lawful by this Act, or for conduct that would carry a lesser penalty under this Act, is eligible for relief under this subsection. (b) The Department of Correction, county jails and workhouses, the Board of Parole, probation authorities, and the courts shall identify persons eligible under paragraph (a). (c) A petition may be filed by the person, by counsel, by the district attorney general, or by the custodial or supervising authority. (d) There is a rebuttable presumption in favor of relief where the person is serving solely for conduct made lawful by this Act. (e) On relief, the court may vacate the conviction, dismiss the charge, reduce the sentence, order release, terminate or modify supervision, redesignate the offense, or convert the offense to a civil violation. (f) A court may not impose a greater sentence on resentencing under this subsection. (g) No person shall remain incarcerated, detained, or under supervision solely for conduct made lawful by this Act. (h) The custodial and supervising authorities and community reentry providers shall coordinate release planning for a person granted relief. (i) Priority is given to a person serving the longest remaining term, and to a person sentenced under a weight-based tier of § 39-17-417, a drug-free zone enhancement under § 39-17-432, or a similar provision this Act repeals or narrows.

(22) Warrants and detainers. A court shall review an outstanding warrant or detainer based solely on cannabis conduct that is lawful under this Act or eligible for relief under this section, and shall recall or terminate it. An agency holding such a warrant or detainer shall give effect to the recall in its own systems.

(23) Records of a person under 18. (a) Relief under this section reaches a juvenile adjudication, a diversion record, a pretrial diversion or informal adjustment, a detention record, and a supervision-violation record based on cannabis conduct. (b) Records under this subsection are given priority in the delivery of relief. (c) The Department of Education shall issue guidance directing schools to remove or restrict access to student discipline records based solely on cannabis conduct. (d) Nothing in this subsection limits the public-health and educational response under subsections (11) and (12) of this section.

(24) Fines, costs, and collections. (a) An unpaid fine, cost, fee, or assessment arising solely from a cannabis offense relieved under this section, including a fine under § 39-17-428, is waived. (b) A collection action, civil judgment, wage garnishment, or account referral based solely on such an obligation shall be terminated. (c) The court shall notify any collection agency and any consumer reporting agency to which the obligation was referred. (d) Restitution owed to an identifiable person for harm other than the cannabis offense remains enforceable. (e) No outstanding financial obligation bars relief under this section.

(25) Effect of relief. (a) A person granted relief may respond to an inquiry as though the arrest, charge, conviction, adjudication, or record had not occurred. (b) The grant of relief creates no inference of guilt, dishonesty, impairment, or unfitness. (c) A person under contract with the state to conduct background screening for employment, housing, licensing, or a public program shall give effect to an order of relief.

(26) Collateral consequences. (a) A cannabis offense relieved under this section may not be the sole basis to deny, suspend, revoke, or restrict a right, privilege, benefit, license, permit, employment, housing, education, or public service. (b) A relieved cannabis offense, standing alone, is not evidence of abuse, neglect, endangerment, or unfitness in a custody, dependency, or child-welfare proceeding. Section 9(6) states the corresponding rule for lawful use.

(27) Character and fitness. The Commission, the Alcoholic Beverage Commission, and a licensing board acting under this Act or Title 57, Chapter 7, may not treat a cannabis offense relieved under this section, or conduct made lawful

by this Act, as evidence of bad moral character, lack of fitness, or business irresponsibility, unless case-specific facts establish a direct and substantial relationship to public safety, fraud, diversion, or regulatory compliance. Section 57-7-106(b)(2) and (f)(2), which make a person ineligible to hold an interest in a supplier, retailer, or wholesaler license during a sentence for, and for ten years after, a drug-related felony conviction, are amended so that they do not reach a cannabis offense eligible for relief under this section. Section 7(13) states the corresponding rule for the medical use program, and Section 10(5) provides the repair pathway this subsection protects.

Conforming amendments to Title 39, Chapter 17, Part 4, and related provisions.

(a) Section 39-17-415(a)(1) through (a)(3), which place the plant, tetrahydrocannabinols, and their synthetic equivalents in Schedule VI, and § 39-17-415(b) and (c), are repealed, so that cannabis and the cannabinoids classified under Section 4 are not controlled substances under § 39-17-402(4). Schedule VI is reserved.

(b) Section 39-17-403(d), as amended by Chapter 789 of the Public Acts of 2026, is amended so that its bar on rescheduling or deleting the plant following a federal action does not apply to cannabis regulated under this Act, which is a regulatory framework established by the General Assembly; cannabis regulated under this Act is removed from the state schedules by subdivision (a) of these conforming amendments, and a later federal action does not restore it to them. Section 12(7) states the rule.

(c) Section 39-17-402(12)(C) is amended by deleting the references to the plant, its concentrates and oils, hashish, and hashish oil, so that an object used to consume cannabis lawfully is not drug paraphernalia under § 39-17-425.

(d) Section 39-17-417 is amended by deleting the Schedule VI tiers at subdivisions (g)(1) through (g)(3), (i)(14), and (j)(14) as they apply to cannabis; Section 8(7) grades unlicensed commercial conduct.

(e) Section 39-17-418(b) is repealed, and § 39-17-418(a) does not reach cannabis.

(f) Section 39-17-428(b)(1) and (b)(2), which set mandatory minimum fines for misdemeanor offenses involving the plant or hashish, are repealed, and § 39-17-428(b)(3) does not reach a cannabis offense.

(g) Section 53-11-451 is amended so that cannabis and property connected with it are not subject to forfeiture by reason of conduct lawful under this Act, and so that the forfeiture of items sold in violation of § 57-7-103(a)(1) reaches only items sold without a license this Act requires.

(h) Title 67, Chapter 4, Part 28, the unauthorized substances tax, is amended so that it does not reach cannabis possessed, produced, or sold lawfully under this Act or within the personal or medical limits of this Act.

(i) Section 55-10-401 is amended only by the terminology substitution under Section 3.

Section 9. Civil protections for the person

(1) Employment. An employer may not refuse to hire, discharge, or otherwise discriminate against a person in compensation or terms of employment for the lawful off-duty use of cannabis or for authorized medical use. This does not prevent an employer from prohibiting use or possession during work, from acting on demonstrated impairment at work from any cause, or from applying a policy required by federal law, a federal contract, or a bona fide safety-sensitive position. Such a position does not by itself permit refusing to hire or acting against a person for a positive cannabis test without evidence of impairment, and pre-employment cannabis screening may not be used to deny employment except where federal law or a federal contract requires it. Consistent with subsection (9), the presence of cannabis or its metabolites without evidence of impairment is not a lawful basis for an employment decision.

(2) Housing. A landlord may not refuse to rent to, evict, or penalize a tenant for the lawful use, possession, or cultivation of cannabis, including the cultivation of the number of plants a household may lawfully grow and consumption outdoors on the premises. A landlord shall afford a cannabis consumer reasonable accommodation on terms no less favorable than those afforded to tobacco use, and may restrict the combustion of cannabis in the shared-air spaces of multiunit housing on the same terms it may restrict tobacco smoke.

(3) Education. A school may not refuse to enroll, expel, or otherwise penalize a person solely for that person's lawful use of cannabis or status as a patient, unless doing so would cause the school to lose a monetary or licensing-related benefit under federal law.

(4) Health care and organ transplant. (a) A person's use of cannabis under an authorization or a prescription under Section 7 shall be treated as the equivalent of the use of any other medication taken under the direction of a health care provider, and does not constitute the use of an illicit substance. (b) A person's lawful use of cannabis, or a positive cannabis test, does not by itself disqualify a person from medical care, pain management, behavioral health care, substance use treatment, or eligibility for or receipt of an organ transplant, and may not be made the basis of a required condition of abstention. (c) Individualized clinical judgment based on a genuine medical contraindication is not affected.

(5) Professional and occupational licensing. A licensing board may not deny, condition, suspend, revoke, or otherwise discipline a license solely on the basis of a licensee's lawful off-duty use of cannabis or of other conduct this Act

protects, including the protected noncommercial acts under Section 8(1) and authorization or medical use under Section 7. Demonstrated impairment while practicing remains actionable. Section 8(27) states the corresponding rule for a relieved cannabis offense.

(6) Parental and custody rights. A person's lawful use of cannabis, or a positive cannabis test, may not be treated as evidence of abuse, neglect, or unfitness, and creates no presumption of neglect or child endangerment, in a custody, dependency, or child-welfare proceeding, unless the person's conduct creates an unreasonable danger to the safety of the child as established by clear and convincing evidence.

(7) Public benefits. A person may not be denied a public benefit or public service solely on the basis of the lawful use of cannabis or conduct made lawful by this Act.

(8) Social consumption and consumption locations. Cannabis may be consumed at a venue licensed for social consumption, including a consumption lounge, for which the Commission establishes a license by rule and which meets the ventilation and air-quality standards the Commission sets with the Department of Health, and in a designated hotel or lodging room on the same terms as tobacco use. Off-premises sampling may be authorized by rule. Premises described in Section 3(3)(b) may permit consumption of an herbal cannabis item sold for consumption on the premises, subject to the Non-Smoker Protection Act, compiled in title 39, chapter 17, part 18, which reaches the smoking and vaping of cannabis as § 39-17-1802 provides when amended by paragraph (k) of the conforming amendments to this section. A venue or room licensed or designated under this subsection is not a public place for purposes of the prohibition on public consumption, and operates subject to local time, place, and manner authority under Section 5.

(9) Common rule. (a) The presence of cannabis or its metabolites, without evidence of impairment, is not evidence of impairment. (b) A protection under this section that applies to a person's lawful use of cannabis applies equally to a person's status as a patient or as the holder of an authorization or a prescription under Section 7, and to a person's ceremonial use of cannabis. (c) Consistent with Section 8, the inquiry is impairment first and all-cause: impairment is assessed from any cause rather than by the presence of a particular substance, and a test or policy that reaches cannabis while leaving comparable sources of impairment unaddressed is not an impairment measure for purposes of this section.

(10) Workers' compensation. A person's lawful use of cannabis, or a positive cannabis test, may not by itself reduce, deny, or disqualify a workers' compensation benefit or claim. A benefit may be affected only on evidence that impairment from cannabis caused or contributed to the injury, consistent with subsection (9).

(11) Relationship to other law. (a) Nothing in this Act reduces a right or remedy available under employment, housing, disability, civil rights, labor, public accommodation, consumer protection, tort, contract, or other generally applicable law. (b) Compliance with this Act does not immunize a person from liability for negligence, professional malpractice, product liability, fraud, or other conduct actionable under law.

Conforming amendments.

(a) Section 50-1-304(d), which protects an employee's lawful off-duty use of an agricultural product not regulated by the Alcoholic Beverage Commission, is amended so that the exclusion for products the Alcoholic Beverage Commission regulates does not reach the lawful use of cannabis, to effect subsection (1).

(b) Section 57-7-111 is amended so that its statements that the chapter does not require an employer to accommodate use in the workplace or work while under the influence are retained, and its statements that the chapter does not limit a drug-free workplace program and creates no cause of action for wrongful discharge or discrimination yield to subsection (1) of this section.

(c) Title 50, Chapter 9, the Drug-Free Workplace Program, is amended, at § 50-9-103(6) and § 50-9-106, so that a confirmed positive test for cannabis or its metabolites, without evidence of impairment, is not a basis for refusing to hire or for adverse action, and so that pre-employment testing for cannabis is not required, except where a regulation of the United States Department of Transportation, another federal law, or a federal contract requires it, to effect subsections (1) and (9).

(d) Section 50-6-110 is amended so that the use of cannabis lawful under this Act is not "illegal drug usage" under § 50-6-110(a), and so that the presumption of proximate cause in § 50-6-110(c)(1) does not arise from a confirmed positive test for cannabis or its metabolites alone, to effect subsection (10).

(e) Section 66-7-109(d) is amended so that conduct lawful under this Act is not drug-related criminal activity, and a new section is added to the Uniform Residential Landlord and Tenant Act, compiled in title 66, chapter 28, to effect subsection (2).

(f) A new section is added to title 49 to effect subsection (3).

(g) A new section is added to Title 68, Chapter 7, following § 68-7-109, to effect subsection (4).

(h) Section 63-6-214(b), including its grounds of discipline for a conviction relating to drugs under federal law at (b)(10) and for dispensing in violation of federal law at (b)(14), and the corresponding grounds in title 63, chapters 7, 9,

10, and 19, are amended so that conduct protected by Section 7 or by subsection (5) of this section is not a ground of discipline, to effect Section 7(4) and subsection (5).

(i) Section 36-6-106(a) is amended to effect subsection (6) in custody, so that the parental-fitness factor at § 36-6-106(a)(8) does not treat lawful use or a positive cannabis test as unfitness by itself. Section 37-1-102(b) is amended to effect subsection (6) in dependency, so that a parent's lawful use of cannabis or a positive cannabis test is not by itself evidence that a child is dependent and neglected under § 37-1-102(b)(13), and so that the ingestion of cannabis by a child, which the definition of severe child abuse at § 37-1-102(b)(27)(E) reaches as the ingestion of an illegal or controlled substance that results in a positive drug screen, is assessed under the unreasonable-danger standard of subsection (6) rather than treated as severe child abuse by reason of the positive screen alone.

(j) Section 71-3-1202 is amended so that the lawful use of cannabis, or a positive cannabis result on the drug test that section requires, is not by itself reasonable cause, a positive result, or a ground of ineligibility for benefits, to effect subsection (7).

(k) Section 39-17-1802(18) is amended so that "smoking" reaches lighted cannabis as it now reaches lighted hemp, and § 39-17-1804 is amended so that a venue licensed for social consumption under subsection (8) that limits entry to persons 21 years of age or older is an age-restricted venue. Local authority over age-restricted venues under § 39-17-1551(g) continues. This effects subsection (8).

(l) The exclusion of herbal cannabis items from the homemade food exemption of § 53-1-118, as § 57-7-106(f)(7) provides for hemp-derived items, is retained and applies to every cannabinoid edible.

Section 10. Economic justice and market structure

(1) Anti-consolidation. The Commission shall structure licensing, ownership, and market entry to prevent undue concentration and to protect independent producers, processors, manufacturers, distributors, and retailers. The Commission shall adopt limits on ownership concentration and on the accumulation of licenses across tiers, and shall adopt rules governing ownership, control, and financial interest under subsection (15) of this section. A numerical limit on the number of licenses is discretionary and is subject to subsection (21) of this section.

(2) Managed entry. Market entry is managed by the Commission to balance supply and demand and to protect small operators, and is not administered as a blanket cap that entrenches incumbents. The Commission shall conduct licensing rounds at intervals sufficient to support competition, consumer and patient access, and displacement of the unlicensed market, and may not convert incumbent licenses without limit. Because no operator is licensed to produce intoxicating herbal cannabis from a plant formerly outside the definition of hemp on the effective date, the Commission's first licensing round is open to new entrants and to licensees converting under subsection (6) of this section on equal terms, and gives the priority under Section 7(20)(c) to program suppliers in each grand division.

(3) Craft and farm-direct tier.

(a) A craft and farm-direct tier is established on the model of Tennessee's wineries licensed under title 57, chapter 3, permitting farm-direct sale, farm stands, cannabis farmers' markets, agritourism, on-site consumption where lawful under Section 9, participation in special events, and delivery, with parity to comparable alcohol privileges, including festival and event analogs. The temporary retail locations, including fairs, flea markets, and farmers markets, that Tenn. Comp. R. & Regs. 0100-16-.03 already permits are retained for this tier. This tier operates subject to local time, place, and manner authority under Section 5.

(b) Farm-direct endorsement. A licensee that produces herbal cannabis items may apply for a farm-direct endorsement on its license. The endorsement authorizes the privileges in paragraph (a) at the premises it names. It is recorded on the licensee's existing license and does not create a separate license, a separate licensee class, or a separate market.

(c) The Commission shall issue the endorsement to an applicant that sells at the endorsed premises only herbal cannabis items the applicant produced on land the applicant controls, and that meets the conditions the Commission sets by rule for public access to a production site. Those conditions shall address siting and setbacks, vehicle access and parking, water and sanitation, security and storage, and age verification at the point of sale. Where the applicant offers on-site consumption, Section 9 governs. Where the applicant seeks a special event or a temporary location, that authorization is separate from the endorsement, is limited in time, and is specific to the location, and the locations Tenn. Comp. R. & Regs. 0100-16-.03 permits are available on the terms that rule provides.

(d) The endorsement is available as of right to an applicant that meets the conditions of paragraph (c). The Commission may not deny or condition it on the ground that the applicant holds no retail license, on whether the applicant uses a distributor or a retailer, or on the number of endorsements already issued. A condition under paragraph (c) shall be no more burdensome than the condition applied to the comparable privilege under title 57, chapter 3.

(e) [Scope. A state sets two parameters here. First, whether the endorsement is open to any producer or only to one producing outdoors. Second, whether it is bounded by the applicant's scale, so that the tier serves small and

independent producers rather than becoming one more retail channel for the largest. This Act's own answer is that the tier is keyed to scale under subsection (16) of this section, and a state wanting a bright line states it here.]

(f) A patient authorized under Section 7 obtains herbal cannabis items at an endorsed premises on the terms Section 7 provides, and nothing in this subsection narrows that access.

(4) Small-operator support and reinvestment. The Commission shall provide small operators priority in licensing, technical assistance, fee relief, and access to capital, and shall direct a portion of cannabis revenue to reinvestment in the communities most harmed by prohibition, under Section 11.

(5) Repair pathway. A person who has a prior cannabis conviction for conduct made lawful by this Act, or who resides in a community the Commission identifies by rule, on enforcement and arrest data, as most harmed by prohibition, is eligible for the small-operator support in this section and for a licensing pathway that does not require purchasing an existing license. A cannabis offense that is or would be eligible for relief under Section 8 is not a basis to deny, condition, or revoke a license under this Act or under Title 57, Chapter 7. A conviction may be considered only where it bears a direct and substantial relationship to the licensed activity, and the Commission shall state the basis in writing.

(6) Existing operators. An existing operator transitioning into the unified framework is not required to re-qualify from zero. A license issued under § 57-7-106 and a hemp producer license issued under § 43-27-102 convert to the corresponding license under this Act, and the Commission shall provide a transition pathway that preserves standing and mitigates the cost of conforming, under Section 14.

(7) State tax relief. This state's decoupling of its taxation from the effect of Section 280E of the Internal Revenue Code is established under Section 11(5). Federal tax treatment under Section 280E follows the federal classification of the operator's activity, as stated in Section 12(8).

(8) Small-business access. The Commission shall provide small operators access to business support and financing pathways, and may not condition participation on a scale or capital requirement that only large operators can meet. The requirement of § 57-7-106(f)(1)(E)(iv) that an applicant for a wholesaler license document access to a minimum of seven hundred fifty thousand dollars is amended so that the financial capacity required is scaled to the size of the operation the applicant proposes, in bands the Commission sets by rule by volume, with seven hundred fifty thousand dollars as the requirement for the largest band and no band requiring more. The forms of proof § 57-7-106(f)(1)(E)(iv) accepts are retained. Subsection (24) of this section applies to the requirement.

(9) Structural protections and interstate commerce. The protections in this section that limit consolidation and protect small and in-state operators are structural and apply without regard to origin. When interstate commerce opens under Section 15, these protections continue to apply to the extent consistent with federal law, and the Commission may not open the market in a manner that displaces the small operators this section protects.

(10) Financial access. No law of this state penalizes or discourages a financial institution, insurer, or professional-service provider from serving a person acting lawfully under this Act. Money, collateral, real or personal property, accounts, receivables, inventory, and proceeds derived from activity authorized under this Act are not proceeds of unlawful activity by reason of involving cannabis. A financial institution may take, perfect, and enforce a security interest in such property, and may seek the appointment of a receiver, foreclose, and take possession of collateral. A person that provides goods, services, real property, capital, insurance, professional services, security, transportation, or other lawful support to a person acting lawfully under this Act is protected on the same terms. The Commission supports access to banking, payment, and lending services for lawful operators, patients, growers, and cooperatives, to the extent state law governs. This subsection does not limit liability for fraud, for money laundering unrelated to activity authorized under this Act, for tax evasion, or for knowing diversion.

(11) Insurance. The Commission supports the availability of product-liability, crop, and property insurance for lawful cannabis activity, and the insurance and public-payer reimbursement pathways for medical use under Section 7.

(12) Workforce. A person employed in lawful cannabis activity is entitled to the workplace health, safety, and labor protections that apply to comparable agricultural, manufacturing, and retail work. The Commission, with the Department of Labor and Workforce Development, sets cannabis-specific workplace health-and-safety guidance by rule.

(13) State tax debt relief. The Commission and the Department of Revenue shall establish by rule a pathway for relief or restructuring of state tax debt accumulated by supply-chain operators during market price collapse, including liability under the wholesale tax of § 57-7-108. The terms are set in rule rather than in statute, and the Commission's review under Section 5 reaches a rule that comes out too thin to return operators to viability.

(14) Tiers retained; no mandatory third-party distribution. (a) Tennessee's tiered structure of supplier, wholesaler, and retailer licenses under § 57-7-106, conformed by Section 3 to the producer, processor, and manufacturer license, the distribution license, and the retail license, is retained. (b) No producer, processor, or manufacturer is required to distribute through a third-party distributor. A licensed producer, processor, or manufacturer is entitled on application to a self-distribution endorsement, under which it may distribute the herbal cannabis items it produces,

processes, or manufactures to licensed retailers and to other licensees, and remit the tax under § 57-7-108 on those items, without holding a separate distribution license or contracting with a distributor. The Commission may not deny, condition, or limit the endorsement on the ground that the applicant is not a third-party distributor, and may attach to it only the inventory, records, security, transport, and tax-remittance requirements that apply to a distributor, scaled under Section 10(8) to the volume the endorsement holder distributes. A self-distributing licensee may use a dedicated area of its licensed premises in place of the separate warehouse § 57-7-106(f)(1)(E)(i) requires of a distributor. (c) A retailer may purchase from a licensed distributor or from a licensee holding a self-distribution endorsement, and Tenn. Comp. R. & Regs. 0100-15-.04(4), 0100-15-.05, and 0100-16-.04(5) are conformed accordingly. Conforming amendments: § 57-7-102(9), as amended by Chapter 698 of the Public Acts of 2026, and § 57-7-102(16) are amended as Section 3 provides; § 57-7-106(b)(4) is amended so that its prohibition on shipping directly to a retail licensee does not reach delivery by a licensed distributor or by a licensee holding a self-distribution endorsement; § 57-7-112(c) and (d) are amended so that a supplier holding a self-distribution endorsement may deliver a registered brand to a retailer and the registration form names the endorsement holder in place of a wholesaler; and § 57-7-105(a)(2) is amended so that the inspection the Alcoholic Beverage Commission conducts at a wholesaler's facility before delivery to a retailer is conducted at the endorsement holder's licensed premises for items it self-distributes. (d) A licensee may hold licenses in more than one tier, as § 57-7-106(a) already contemplates, subject to the anti-consolidation limits in subsection (1) of this section and to the separation of premises or areas § 57-7-106(a) requires. The co-location terms of § 57-7-104(b)(4) are retained, and a co-located licensee holding a self-distribution endorsement need not contract with a distributor to remit the tax under § 57-7-108. (e) Product authentication is verification that an herbal cannabis item is what its label and its certificate of analysis state it to be and that it entered the regulated market lawfully. It runs on the reporting and inventory data that operators and agencies already maintain across the supply chain, including the brand registration under § 57-7-112 and the batch number and certificate link under § 57-7-110(a)(1)(C), in conformance with the common standard under Section 15, and does not depend on requiring goods to pass through a third-party tier.

(15) Ownership, control, and financial interest. (a) An applicant and a licensee shall disclose each person holding an ownership interest and each person holding control, including a person that holds a debt instrument convertible into an ownership interest, an option or other right to acquire an ownership interest, a management or services agreement, an intellectual property agreement that materially affects control, a real property agreement that materially affects control, or a right to a share of revenue or profits. (b) A license may not be issued, renewed, or transferred where the Commission determines that the ownership or control structure is designed to conceal a person holding control. (c) The Commission may reject an agreement, or require its modification, where the agreement is unconscionable, predatory, or coercive, or where it transfers control in substance to a person not disclosed under paragraph (a). (d) A limit adopted under subsection (1) of this section is applied to control as defined in Section 3, and not to ownership interests alone.

(16) Benefits keyed to scale or harm. (a) This subsection applies to a person claiming a reduced rate under Section 11(3), a craft and farm-direct privilege under subsection (3) of this section, a licensing pathway or support under subsection (5) of this section, a priority or exemption keyed to operator scale, or another benefit under this Act whose availability depends on the claimant's scale or documented harm. (b) A person claiming a benefit under paragraph (a) shall submit to review of ownership, control, and economic benefit, and shall disclose the agreements described in subsection (15)(a) of this section. (c) The benefit is not available where a person other than the person on whose qualification the benefit rests holds control or receives the predominant economic benefit of the licensed activity. (d) In determining control and economic benefit the Commission considers, without limitation, control over accounts, hiring, suppliers, or pricing; a right to approve or veto ordinary business decisions; nominal ownership without corresponding economic benefit; a right to acquire at less than fair value; an automatic transfer on a minor default; an undisclosed agreement; and a fee for management, consulting, licensing, or supply that is disproportionate to the value provided.

(17) No waiver; communication with the Commission. (a) An agreement may not require a person to waive a right conferred by this Act. (b) An agreement may not restrict a person's communication with the Commission. (c) A person may not retaliate against a person for communicating with the Commission, and retaliation is a violation of this Act.

(18) The license as an asset. (a) A license, permit, registration, or application under this Act does not create a property right, a vested right, or an entitlement beyond the rights this Act confers. (b) A license may not be pledged as collateral, and may not be transferred or foreclosed upon except as the Commission authorizes under subsection (19) of this section.

(19) Transfer and change of control. (a) A license may not be sold, assigned, leased, or otherwise transferred, and control of a licensee may not change, without the prior approval of the Commission. The bar on transfer at § 57-7-106(g) is amended to permit a transfer the Commission approves under this subsection. (b) An application for approval shall include an analysis of the effect of the transfer on market concentration. (c) The Commission shall establish a minimum period during which a license issued under subsection (5) of this section may not be transferred. (d) The Commission may approve a transfer that would otherwise be limited where necessary to prevent business failure, to preserve patient access, or to protect employment. (e) A transfer or change of control made

without approval is voidable.

(20) Dormancy and abandonment. (a) The Commission may classify a license as dormant where the licensee fails to commence or to maintain operations. (b) The Commission shall grant an extension for good cause, including delay in financing, construction, or local approval, litigation, supply disruption, or natural disaster. (c) A license may be treated as abandoned only after notice and an opportunity to cure.

(21) Market concentration. (a) Before adopting a numerical limit on the number of licenses, the Commission shall make written findings addressing demand, consumer and patient access, displacement of the unlicensed market, participation by small and independent operators, rural access, administrative capacity, and the risk of concentration. (b) The Commission shall review a numerical limit at intervals it sets by rule. (c) The Commission shall publish annually a report on market concentration, including ownership and control concentration, license transfers, and participation by operators at each scale tier. (d) The Commission shall maintain a public database of licenses and of the persons disclosed under subsection (15)(a) of this section, which incorporates the publication of wholesaler and supplier identities the Department of Revenue makes under § 57-7-115.

(22) Shared infrastructure. (a) The Commission shall license an incubator facility, which may provide facilities, shared services, equipment access, compliance support, technical assistance, and administrative support to a licensee. (b) The Commission shall license a shared-use manufacturing facility, at which more than one licensee may conduct processing or manufacturing. (c) A licensee using a shared-use facility remains responsible for its own compliance with this Act. (d) An incubator facility may not hold control of a licensee it serves except as disclosed to and approved by the Commission. (e) The Commission may require a facility licensed under this subsection that receives public funds to reserve capacity for operators at a lower scale tier and for licensees under subsection (5) of this section.

(23) Ancillary licenses. The Commission shall provide for a transporter license available to a person that is not otherwise a licensee, a delivery license available to a person that is not otherwise a retailer, and cooperative arrangements among licensees, which are not a designated cooperative under Section 3, through which licensees may share processing, distribution, testing, compliance, purchasing, and marketing.

(24) Financial assurance. Where the Commission requires a bond or other financial assurance, it shall provide alternative mechanisms available to operators at a lower scale tier.

(25) Capital access. (a) The Commission, with the Department of Financial Institutions and the Department of Economic and Community Development, shall establish a program to support lending to persons acting lawfully under this Act, which may include loan guarantees, loss reserves, collateral support, interest-rate reduction, linked deposits, and subordinate debt. (b) An account established for a loss reserve under this subsection does not revert at the end of a fiscal year. (c) Eligibility and priority under this subsection key on operator scale and on documented harm under subsection (5) of this section. (d) This subsection does not limit liability for fraud, for money laundering unrelated to activity authorized under this Act, for tax evasion, or for knowing diversion. (e) A financial institution participating in a program under this subsection may not deny access to that program's credit or services solely because of a prior cannabis conviction, or a conviction eligible for relief under Section 8.

(26) Financing terms. A person extending financing to a licensee at a lower scale tier, or to a licensee under subsection (5) of this section, shall provide a plain-language disclosure of the terms, including repayment obligations, collateral, default consequences, fees, rates, and any provision affecting control. Financing terms may not be used to obtain control not disclosed under subsection (15)(a) of this section.

(27) Noncooperation with inconsistent federal enforcement against financial services. (a) Except as federal law requires, no state agency, political subdivision, or employee acting in an official capacity shall expend funds, provide personnel, or use state resources to assist in a federal enforcement action against a financial institution, an insurer, a person providing support under subsection (10) of this section, or a person acting lawfully under this Act, solely because the person provided or received a financial service in connection with activity this Act authorizes. (b) This subsection does not apply to conduct involving distribution to a person under 21, diversion across state lines, violence, firearms trafficking, human trafficking, money laundering unrelated to activity authorized under this Act, tax evasion, or organized criminal activity; to compliance with a valid court order; or to cooperation required as a condition of federal funding. (c) This subsection does not create a right to obstruct a federal officer or a federal proceeding.

(28) License required. (a) No person may, for a commercial purpose, produce, process, manufacture or distribute an herbal cannabis item, or sell an herbal cannabis item at retail from age-restricted premises, except under a license issued under this Act. This requirement applies without regard to whether the item is intoxicating, and without regard to the botanical origin of the material from which it is made or its concentration of any cannabinoid. (b) A person who sells at general retail a non-intoxicating herbal cannabis item that was produced, tested and labeled under a license issued under this Act does not require a license under this Act for that sale. (c) The protected noncommercial acts under Section 8(1)(a) require no license. (d) Cannabis grown and handled as industrial cannabis is governed by Section 13.

(29) License scope. A license under this Act may be issued for full scope or limited to medical purposes, at the applicant's choice. Both are licenses of the same type. A license of full scope may carry a medical use endorsement under Section 7(10). A license limited to medical purposes authorizes only the manufacture, distribution, or dispensing of cannabis for medical purposes, is issued on the standards that apply to a license of the same type, and does not depend on holding, having held, or applying for a license of full scope. A license of either scope is held to the same product standard, testing, and taxation, obtains inputs and is held to Section 4 on the same terms except as Section 12(14)(c) provides for a registered line, and serves patients under Section 7 on the same terms. Where a licensee of one scope is under common ownership or control with a licensee of the other, subsection (1) of this section applies to them together. A licensee may change the scope of its license on application. No law of this state conditions a license limited to medical purposes, or a sale for medical purposes under one, on holding a license of full scope.

Section 11. Taxation and the Tennessee Cannabis Account

(1) The wholesale tax is retained and applies by intoxicating potential, not origin, at two tiers. The tax on the sale of herbal cannabis items at wholesale under § 57-7-108, at the rates of § 57-7-108(a), including the additional tax on the wholesale cost of an inhalable cartridge added by Chapter 1127 of the Public Acts of 2026, is retained and applies to every intoxicating herbal cannabis item, and to every item subject to Section 4(24), regardless of whether the item was formerly designated hemp. Section 57-7-108 is amended to add a tax on the sale at wholesale of non-intoxicating herbal cannabis items at [5] percent of the wholesale price. Section 57-7-108(a) and (b) are amended so that the tax on an intoxicating herbal cannabis item is imposed on its first sale in this state to a retailer and paid by the licensed distributor, or by the licensee holding a self-distribution endorsement under Section 10(14), that makes that sale, with the reporting § 57-7-108(c) requires, and so that a sale from one distributor to another is not taxed again. The tax on a non-intoxicating herbal cannabis item is imposed on its first sale in this state to a retailer and paid by the seller, which registers with the Department of Revenue for the purpose and does not by registering become a licensee under Title 57, Chapter 7. No tax is imposed on the cultivation of cannabis. Industrial cannabis is not an herbal cannabis item and is not subject to this tax. The tax is in addition to the sales tax under title 67, chapter 6, and the local tax under subsection (8) of this section, and the combined burden is reviewed under subsection (9) of this section. Rates are set, and reviewed under subsection (9) of this section, at a level that keeps the combined state, local, and any later federal burden below the point at which price returns buyers to the unlicensed market. (The rate on non-intoxicating items is a placeholder pending revenue modeling by the Department of Revenue and the Fiscal Review Committee. The rates on intoxicating items are the rates § 57-7-108(a) imposes today and are restated, not reset.)

(2) Two-tier taxation by intoxicating potential closes two gaps at once. It brings intoxicating items that were outside Title 57, Chapter 7 by reason of origin or of a concentration threshold, including high-THCA flower, into the taxed lane on the same terms as all intoxicating items, and it removes the incentive to formulate or label an item just below the intoxicating line, because non-intoxicating herbal cannabis items are taxed as well, at the lower rate. The rate review under subsection (9) of this section addresses whether the per-milligram, per-ounce, per-gallon, and cartridge rates of § 57-7-108(a) tax the same intoxicating dose differently by form, and recommends any adjustment to the General Assembly.

(3) The rate is graduated by scale. A producer, processor, manufacturer, distributor, or retailer whose volume falls below a threshold set by the Commission pays a reduced rate on the portion of production or sales below that threshold, and the reduction follows the item from a small producer, processor, or manufacturer through the distributor that sells it at wholesale, so that a small operator does not lose it by using a distributor rather than self-distributing. The threshold and the reduced rate are reviewed on the schedule under subsection (9) of this section, and are set so that the tax burden borne by a small or independent operator, as a share of revenue, does not exceed the burden borne by the largest operators. A reduction under this subsection is subject to subsection (10) of this section.

(4) A patient is exempt from the sales tax under title 67, chapter 6, and from the local tax under subsection (8) of this section, on the herbal cannabis items the patient obtains through the program, and title 67, chapter 6, part 3, is amended to add the exemption. The Department of Revenue shall by rule allow a program supplier a credit or refund of the tax under § 57-7-108 attributable to the items it supplies to patients, so that the tax under this section does not reach a patient's medicine.

(5) State decoupling from Section 280E. In computing net earnings or net loss for purposes of the excise tax under title 67, chapter 4, part 20, a licensee may deduct an expense that would be deductible under the Internal Revenue Code but for Section 280E of that Code, and § 67-4-2006 is amended accordingly. Federal tax treatment under Section 280E follows the federal classification of the operator's activity, as stated in Section 12(8).

(6) There is created in the state treasury a special account known as the Tennessee Cannabis Account, which receives the tax under this section and the fees under this Act, other than the license fees that § 57-7-106(e) and (f) (8) earmark for the Alcoholic Beverage Commission's administration of title 57, which continue as those subsections provide. The revenue this Act newly captures, from the non-intoxicating tier and from bringing intoxicating items

formerly outside Title 57, Chapter 7 into the taxed lane, is new revenue. Each fiscal year, the account first transfers to the general fund, to the Alcoholic Beverage Commission, and to the Department of Revenue the shares § 57-7-108(d) provides of an amount equal to the tax collected under § 57-7-108 in the fiscal year ending June 30, 2027, so that the existing distribution is not reduced, and § 57-7-108(d) is amended so that the tax is deposited in the account and distributed as this subsection provides. From the remaining revenue, and without reducing any existing dedication or any funding for prevention, treatment, and recovery services administered by the Department of Mental Health and Substance Abuse Services, the following cannabis-related obligations are funded first, in this order:

(a) the operation of the medical use program under Section 7, funded as public-health infrastructure rather than through patient fees;

(b) patient access to affordable medicine through the program and its registered suppliers, without requiring a statutory subsidization formula;

(c) the public-domain reference standard work, the cannabis research center, and the state reference laboratory under Section 6(12);

(d) community reinvestment in the communities most harmed by prohibition under Section 10, including communities that experienced disproportionate cannabis enforcement and that do not host licensed premises;

(e) impairment-assessment training and tools for impairment-based enforcement under Section 8, enforcement against large-scale illicit production and trafficking, and enforcement accountability and transparency measures; and

(f) remediation of abated illicit-cultivation sites.

(7) Each administering agency is funded on an annual basis in the general appropriations act, and the Department of Revenue may reimburse an agency in the following fiscal year for expenditures made in the current fiscal year, on a coordinated funding architecture the Commission adopts by rule.

(8) Local tax. (a) A municipality or county may impose a tax on the retail sale of herbal cannabis items at a rate not exceeding [3] percent, by ordinance or resolution adopted by a two-thirds vote of its legislative body, collected by the Department of Revenue with the state tax and distributed to the levying jurisdiction. *[The local ceiling is a placeholder; Tennessee has no existing local cannabis tax to restate. The ceiling exists so that the combined burden under subsection (1) is disciplined rather than merely stated.]* (b) A municipality or county may not impose a cannabis-specific gross receipts tax, privilege tax, or special assessment in addition to the tax under paragraph (a). (c) A municipality or county may charge a fee for permitting, zoning, inspection, or other local administration, supported by a published cost basis. A fee may not exceed the reasonable cost of the administration it recovers, and may not duplicate a state fee for the same review. (d) The rate under paragraph (a) is reviewed with the state rates under subsection (9) of this section.

(9) Rate review. (a) The Commission and the Department of Revenue shall review the rates under this section, and the local rates under subsection (8) of this section, every two years. (b) The review addresses the price differential between the licensed and unlicensed markets, migration of purchases to the unlicensed market, cross-border purchasing, substitution between product categories, the burden borne by operators at each scale tier, patient affordability, and revenue sufficiency. (c) The Commission shall publish the review and its recommendations and transmit them to the Fiscal Review Committee.

(10) Economic substance. (a) The Department of Revenue may adjust a tax liability, or deny a reduced rate under subsection (3) of this section, where a transaction or an ownership or control structure lacks economic substance, is not at arm's length, or is arranged principally to obtain a reduced rate or to avoid a tax under this section. (b) A determination under paragraph (a) is made in coordination with the Commission and informed by the disclosures under Section 10(15) and the review under Section 10(16). (c) This subsection does not reach a cooperative, a shared-use manufacturing facility, an incubator facility, or another arrangement authorized under Section 10 used in good faith for its authorized purpose.

(11) Fund integrity. (a) Interest earned on money in the account remains in the account. (b) Money in the account does not revert to the general fund at the end of a fiscal year, except the transfer under subsection (6) of this section. (c) Money in the account supplements and does not supplant existing state or local funding for a purpose it supports. (d) Money may not be transferred to a purpose outside subsection (6) of this section unless expressly authorized and accompanied by a public statement of the fiscal effect on each obligation in subsection (6). (e) The share applied to the operation of the Commission and the administering agencies continues only until regulatory operations are adequately funded, as determined by the Comptroller of the Treasury rather than by the Commission, after which the excess is applied to the remaining obligations in subsection (6) of this section in their ranked order.

(12) Payment. The Department of Revenue shall establish procedures by which a taxpayer without access to banking services may safely remit tax.

(13) Related-party value and no further transfer tax. (a) Where the tax under § 57-7-108, as amended by subsection (1) of this section, is measured by a price and the seller and the retailer are under common control, or an item

reaches retail sale without a sale at wholesale because one licensee holds both functions, the tax is measured at the price that would be charged between unrelated persons, as the Department of Revenue sets by rule, so that an operator integrated across tiers bears the same tax as an independent retailer buying at an arm's-length price. (b) The Department of Revenue reviews related-party transfer pricing in coordination with the Commission under subsection (10) of this section. (c) Apart from the tax retained in subsection (1) of this section, no tax specific to cannabis, whether imposed by the state or by a municipality or county, is imposed on a transfer of cannabis or an herbal cannabis item between licensees, and such a tax may be imposed only by an Act that expressly amends this subsection.

Section 12. Federal compliance election

(1) An operator licensed or registered under this Act may elect to register with the federal Drug Enforcement Administration to obtain federal compliance for a substance in Schedule III, including the federal requirements for recordkeeping, security, disposal, and labeling that attach to such a substance. The election is voluntary; this Act neither requires nor penalizes it. This Act does not require it and does not penalize an operator for declining it. The election is available to an operator holding a license limited to medical purposes under Section 10(29), the instrument under subsection (14)(e) of this section, or a medical use endorsement under Section 7(10), because federal registration under 21 CFR 1301.13(k) is open only to the holder of a "state medical marijuana license," as 21 CFR 1300.01 defines that term. An operator holding none of these may not register while federal law so limits registration. Holding the endorsement does not require the election, and the election is not a condition of the endorsement.

(2) An operator that elects federal registration becomes subject to the federal requirements that attach to a registrant holding a "state medical marijuana license," as 21 CFR 1300.01 defines that term, under 21 CFR 1301.13(k), added by the federal final rule of April 28, 2026, 91 FR 22714, and to the recordkeeping, security, labeling, and permit requirements for a Schedule III substance. Under that rule: (a) a registered dispenser may dispense to a person whom state law authorizes for medical use on the certification or other document state law deems sufficient, without a federal prescription (21 CFR 1301.13(k)(5)), so no federal prescription is required of a patient; but registered activity is assigned by role, a registered manufacturer transferring only to registered distributors or manufacturers and a registered distributor only to registered dispensers or distributors (21 CFR 1301.13(k)(1)(i) and (ii)), and only a registered dispenser may dispense to an individual (21 CFR 1301.13(k)(1)(iii)), so direct supply to a patient under Section 7 continues in a registered line only where the operator holds the dispenser registration as well, which 21 CFR 1301.13(k)(1)(v) permits; (b) a registration does not authorize manufacture, distribution, dispensing, or use for a non-medical purpose (21 CFR 1301.13(k)(1)(iv)), so an operator may not sell to a consumer outside the medical use program in a registered line; (c) a registration may not exceed the scope of the operator's license under this Act, and is suspended if that license is suspended, revoked, or expires (21 CFR 1301.13(k)(3)); and (d) a registered manufacturer is subject to the federal purchase and resale of its crop that 21 CFR 1301.13(k)(6) provides. This subsection describes federal law as it stands; a later change in federal law governs a registrant of its own force.

(3) An operator that does not elect federal registration retains the full authority of this Act, including program-supplier status, the direct patient relationship under Section 7, and sale through age-gated specialty retail under Section 4, and remains outside the federal registration system. An operator's decision not to elect does not affect a provider's authority to prescribe under Section 7(7), or a person's ability to hold or fill a prescription. Sections 8 through 11 protect that operator under state law to the extent state law governs.

(4) The election is per operator and, where an operator holds multiple licenses or lines of business, may be made separately for each, so that electing federal registration for one does not forfeit the state authority of another. An operator may not, within the same line of business, conduct both registered activity and activity for a non-medical purpose, because a registration does not reach non-medical activity under 21 CFR 1301.13(k)(1)(iv). An operator that elects for one line may continue to hold and operate another line under this Act on obtaining the required license and maintaining separation of inventory, records, and premises between the elected and non-elected lines, as the Commission provides by rule. On the operator's application, the Commission shall designate premises for the registered line separate from the premises of the operator's unregistered line, and may not require the two lines to share premises. Separate premises may be a separate area within the same building, including a separate counter, where it meets the separation set by rule and federal requirements permit it. The designation is an accommodation to a federal registration requirement, made on the operator's application and never required of an operator, and it does not divide the operator's license or create a second license. Operation of both lines by the same operator is not by itself a basis to deny or condition either, and Section 10(1) applies to the operator's lines together.

(5) The Commission shall publish plain-language guidance on the consequences of the election, so that an operator may choose with full information. The guidance shall state, with citations to 91 FR 22714 and 21 CFR 1301.13(k): that a registered line may dispense to patients on the certification state law accepts, without a federal prescription; that a registered line may not serve non-medical customers; that a registration is limited to the scope of the operator's state license and falls with it; that a registered manufacturer is subject to the federal purchase and resale of its crop; the recordkeeping, security, labeling, and permit requirements that attach; its effect on patient access, on

taxation under Section 11, and on the federal tax treatment described in subsection (8); and the protections retained or lost. The guidance shall state expressly that registration is not the trigger for federal tax treatment under Section 280E, because under 91 FR 22714 cannabis subject to a state medical license is in Schedule III whether or not the licensee registers. The Commission shall publish the guidance before it accepts the first application for a license or program-supplier registration under this Act, and shall revise it when federal law changes.

(6) Nothing in this section grants, withholds, or conditions any right under this Act on federal registration, except as the direct consequence of the operator's own election.

(7) State scheduling. Cannabis regulated under this Act is not a controlled substance under the laws of this state. Section 39-17-415 is amended to remove cannabis and the cannabinoids classified under Section 4 from Schedule VI, § 39-17-402(16) is amended as Section 3 provides, and the commissioner of mental health and substance abuse services shall remove any residual scheduling so the schedules republished under § 39-17-403 conform. This Act is the regulatory framework that § 39-17-403(d), as amended by Chapter 789 of the Public Acts of 2026, requires before the state's treatment of the plant may change, and it changes that treatment directly rather than by authorizing a commissioner to follow a federal action. A change in the federal scheduling of cannabis does not by itself alter that status; this state classifies cannabis by intoxicating potential under this Act.

(8) Federal tax treatment. Federal tax treatment under Section 280E of the Internal Revenue Code follows the federal classification of the operator's activity. It is neither conferred nor withheld by the election under this section. An operator whose activity is not within Schedule I or II under federal law is outside the reach of Section 280E whether or not it registers, and an operator whose activity remains within Schedule I or II is not brought outside that reach by registering.

(9) Scale impact analysis. (a) Before adopting a rule whose cost of compliance, as a share of revenue, would fall more heavily on operators in a lower scale tier than on the largest operators, the Commission shall publish an analysis of that effect and of the alternatives considered. (b) The review under Section 5(8) reaches a rule adopted without the analysis this subsection requires. (c) This subsection does not apply to a standard necessary to prevent an immediate risk to health or safety.

(10) Cost of the election. (a) The Commission shall phase a requirement that applies by reason of an operator's election under this section, unless an immediate risk to health or safety requires otherwise. (b) The Commission may authorize an alternative method of compliance or a conditional approval for an operator at a lower scale tier, or for an operator transitioning under Section 14, where the alternative protects patient and consumer safety. (c) The cost of conforming to a requirement that applies by reason of the election is an eligible use of the capital access program under Section 10(25). (d) The Commission shall monitor management, financing, and technical-assistance agreements entered in connection with conforming to such a requirement, and Sections 10(16) and 10(17) apply to those agreements.

(11) Effect of elections on patient access. (a) The Commission shall monitor the effect of elections under this section on the availability, form, price, and geographic reach of the herbal cannabis items patients obtain through the program under Section 7. (b) On a finding that elections are materially impairing patient access under Section 7, the Commission shall act, and may open additional program-supplier registration, authorize emergency supply measures under Section 7(11), or require an operator registered as a program supplier to reserve inventory for patients. (c) A measure under this subsection may not require an operator to act inconsistently with the federal requirements its election imposes, and may not condition, delay, or penalize an election.

(12) Federal and treaty obligations. (a) The obligations of the United States under an international drug-control convention, including estimates, statistical returns, import and export authorization, and the designation of a national agency, are obligations of the United States and attach to activity registered under federal law as federal law provides. (b) An operator's election under this section is the means by which an operator enters the federally registered lane and becomes subject to those requirements as federal law applies them. (c) This Act does not impose an estimate, quota, or production control on cannabis regulated under this Act, and no such measure is adopted by reason of an international convention. (d) 21 CFR 1301.13(k)(6) is the mechanism by which the national-agency obligation is met for a registrant under 21 CFR 1301.13(k). It exempts the registrant from 21 CFR part 1318, under which a registered manufacturer delivers its total crop to the Administration for purchase at a price the Administration sets, and substitutes a purchase and resale at a nominal price the manufacturer states, plus the administrative fee under 21 CFR 1318.06(a), with the crop held at the registrant's own facility subject to the Administration's access until the transaction is complete. Whether that access reaches cannabis the operator cultivates for a line it has not registered is unsettled under federal law. An operator that cultivates for both a registered and an unregistered line should assume that it may, and the separate premises available under subsection (4) of this section is the means of keeping the two apart.

(13) Election in a state with no licensed operators. (a) No operator is licensed to serve patients in this state on the effective date, so the election under this section is first made at the threshold of licensure rather than by an operator already in business. An applicant for a license or for program-supplier registration may make the election on its initial application, for any line of business, or may make it later. (b) The Commission shall design the first licensing

round so that an applicant may apply to operate a non-elected line, an elected line, or both lines under subsection (4) of this section, and may not sequence, prioritize, score, or condition licensure on whether an applicant elects. (c) A licensee under § 57-7-106 on the effective date, and a licensee converting under Section 10(6), may make the election for a line of business on the same terms as a new applicant. (d) Because the program is the state-licensed medical program under Section 7(16), an operator that elects is a handler under that program for purposes of the federal order, and an operator that does not elect is protected under subsection (3) of this section. (e) The Commission shall report to the General Assembly, within one year after it issues the first licenses, on the number of applicants and licensees in each lane, the reasons applicants gave for electing or declining, and the effect on patient access under subsection (11) of this section.

(14) The endorsed license and the registered line. (a) For purposes of federal law, including the definition of a "state medical marijuana license" at 21 CFR 1300.01, a license bearing a medical use endorsement under Section 7(10) authorizes the licensee to manufacture, distribute, or dispense cannabis for medical purposes in each line of business the endorsement covers, and it is intended to constitute the state medical license as to that line. Where federal practice requires a license limited to medical purposes, the instrument under paragraph (e) of this subsection is available on request. The endorsement does not create a separate license, licensee class, or market. (b) A line of business for which an operator elects federal registration dispenses only to a patient, or to a designated caregiver acting for a patient, on a provider's authorization that meets paragraph (h) of this subsection. A renewal or extension reaches the registered line only on a new provider's authorization that meets paragraph (h) of this subsection, and an exemption under state law from a new provider's authorization at renewal does not apply to dispensing in the registered line. An attestation without a provider's authorization, for any category of person, does not reach the registered line, and no sale for a non-medical purpose is made through it. No federal prescription is required, as subsection (2)(a) of this section provides. (c) The registered line holds and supplies only substances within the scope of the operator's federal registration, and obtains them only from, and supplies them only to, persons with whom federal law permits a registrant to deal, including a person the federal Drug Enforcement Administration treats as a timely applicant, for as long as that treatment lasts. An artificially derived cannabinoid, a cannabinoid produced by synthesis or converted from another cannabinoid, and an input transferred under Section 4(29) from a license type outside the federal registration, including an input produced under a hemp producer license under § 43-27-102, do not enter the registered line unless federal law brings them within the registration. Each remains available in the operator's other lines, classified by intoxicating potential under Section 4 and subject to Section 4(31). (d) For purposes of this Act, an election takes effect for a line when the Commission approves the line as meeting the anti-diversion controls the Commission publishes by rule, including separation of inventory, records, and premises under subsection (4) of this section; chain of custody and inventory tracking for the line through the reporting, inventory, and authentication data under Section 10(14)(d); access for audit by the Commission and, as federal law provides, by the federal Drug Enforcement Administration; and any control federal law requires to carry out an obligation of the United States under the Single Convention on Narcotic Drugs, 1961. The Commission acts on a complete application within [30] days and revises the controls by rule to track federal requirements. An approval is a finding under state law and does not decide a question of federal law. The Commission may enter a memorandum of agreement with the federal Drug Enforcement Administration on recognition of the instrument under paragraph (e) of this subsection and of a license limited to medical purposes under Section 10(29), on the anti-diversion controls under this paragraph, and on the provider's authorization under paragraph (h) of this subsection. (e) On a licensee's request, the Commission shall issue the licensee's endorsed line of business as a separate license instrument that authorizes only the manufacture, distribution, or dispensing of cannabis for medical purposes in that line, for presentation to the federal Drug Enforcement Administration as a "state medical marijuana license" within the meaning of 21 CFR 1300.01. The instrument exists only to meet the requirements of federal registration. It is held to the same product standard, testing, and taxation as every other license under this Act; the operator's license, its supply chain, and the standards of Section 4 remain one across the operator's lines; and the instrument carries the requirements of paragraphs (b) through (d) of this subsection. The instrument is not conditioned on, and does not depend on, the licensee's authority to sell for any other purpose. (f) The instrument under paragraph (e) of this subsection may be held by the licensee or, where federal practice requires, by a separately organized person under common ownership or control with the licensee. Holding it disqualifies neither person from a license or authority under this Act, and Section 10(1) applies to them together. The Commission acts on a complete request within [30] days and charges a fee no greater than the cost of issuing and administering the instrument. (g) The Commission withdraws the instrument on the licensee's request, or on notice when federal law recognizes a license bearing a medical use endorsement as a "state medical marijuana license", and in either case the line reverts to the endorsement without interruption of the operator's authority. (h) For dispensing in a registered line, a provider's authorization also contains each element federal law requires of a certification or other document for dispensing, including under 21 CFR 1301.13(k)(5) as amended. The Commission publishes a form of provider's authorization that meets those requirements within [30] days of the effective date of this Act, and revises it within [30] days of any change in them. If federal law or a final order of the federal Drug Enforcement Administration requires more for dispensing in a registered line, the registered line dispenses only on a provider's authorization that meets the federal requirement. Section 7(3) continues to govern for every other purpose. (i) A license limited to medical purposes under Section 10(29) authorizes the licensee to manufacture, distribute, or dispense cannabis only for medical purposes, and for purposes of federal law, including the definition of a "state medical marijuana license" at 21 CFR 1300.01, it is the

state medical license in its own right. It is not issued under paragraph (e) of this subsection, and paragraph (g) of this subsection does not affect it.

Section 13. Industrial cannabis

(1) Industrial cannabis is cannabis grown, processed, or manufactured for a non-cannabinoid end use, including fiber, grain, seed, and stalk and the intermediates and products derived from them. It is regulated as an agricultural commodity by the Department of Agriculture under Title 43, Chapter 27, Part 1, on the same terms as other agricultural crops, and is not classified by delta-9-THC concentration. The three-tenths of one percent delta-9-THC threshold in § 43-27-101(3) is repealed as the classification standard of this state, and the provisions keyed to it, the prohibition of § 43-27-103(2) on possessing cannabis above that threshold, the enforcement direction of § 43-27-105(a), and the stop-movement and destruction authority and the negligence and culpability presumptions of § 43-27-106, are amended so that they apply only to a producer's status under the federal plan and do not make cannabis above the threshold unlawful under the law of this state; state classification is governed instead by intoxicating potential and end use. Section 43-27-102(b)(4), which bars a license for a felony drug conviction in the prior ten years, is amended so that it does not reach a cannabis offense eligible for relief under Section 8, consistent with Section 10(5). This does not affect the federal plan. A producer seeking federal hemp status remains subject to the federal standard and its pre-harvest testing, administered by the Department of Agriculture under Sections 5(7) and 13(7).

(2) Boundary of this Act. Industrial cannabis is subject to this Act up to the point at which the material is committed to a non-cannabinoid end use and no longer carries intoxicating potential. At that point the material is agricultural or industrial feedstock, and a person who further processes or manufactures it, such as a grain handler, a textile maker, or a maker of building or vehicle materials, acts outside this Act and under the law governing that commodity. Material that still carries intoxicating potential does not leave the scope of this Act by a declaration of end use alone.

(3) Actors on the industrial cannabis track. Up to the boundary in subsection (2), a person who produces or processes industrial cannabis is a cannabis producer or cannabis processor under Section 3, identified where needed by the industrial modifier, and is subject to the register line: commercial production or processing requires a license, and noncommercial growing or handling is protected under Section 8. There is no industrial-specific actor; the same terms apply across both tracks, distinguished only by end use. The producer license under § 43-27-102 is the license for commercial production on the industrial track.

(4) Diversion to the herbal cannabis track. A crop grown for industrial end use that is diverted to the extraction or production of cannabinoid products for human consumption or use becomes subject to this Act as herbal cannabis at the point of that diversion, classified by intoxicating potential at the labeled dose.

(5) An industrial cannabis producer or processor is not subject to cannabinoid track-and-trace, cannabinoid concentration testing, or the intoxicating-product controls, and remains subject to the agricultural and food-safety standards applicable to the relevant commodity, including the feed provisions of title 44, chapter 6. The disclosure and market-structure requirements under Section 10 apply to an industrial cannabis producer or processor scaled to the operator, as the Commission and the Department of Agriculture provide by rule.

(6) Coordination at the boundary. The Department of Agriculture and the Commission shall coordinate the handoff at the boundary in subsection (2), so that a person may move between industrial and herbal end use under clear standards, and so that industrial cultivation is not used to disguise unregulated cannabinoid production. The Department's authority runs up to the boundary; beyond it, the material is governed by the law of the relevant commodity.

(7) Federal program. A producer may participate in the federal program administered by the Department of Agriculture under § 43-27-104 to obtain federal legality for a crop. Federal program participation governs the producer's federal status; it does not determine how a product is classified for sale in this state. Participation under this subsection is distinct from the election under Section 12, and neither requires nor effects the other.

(8) Intoxicating potential; declaration. A person who produces cannabis shall declare and record the functional status of the THCA synthase gene of the variety planted, or the equivalent genetic marker of intoxicating potential the Commission identifies by rule. This declaration establishes the intoxicating potential of the crop under Section 3, informs its classification by intoxicating potential under Section 4, is the evidence for the boundary in subsection (2), and is recorded so as to contribute to the public-domain characterization under Section 6.

(9) Sustainability. The Commission and the Department of Agriculture set environmental standards for cannabis cultivation and processing by rule, including energy and water use, consistent with the standards applicable to comparable agriculture, and may recognize sustainable and regenerative practices.

(10) Cultivation separation. The Department of Agriculture and the Commission shall establish by rule geographic-separation standards for cannabis cultivation to address cross-pollination between crops grown for different end uses.

Section 14. Transition and implementation

(1) The Tennessee Cannabis Commission is reconstituted under Section 5 upon the effective date, and its first charge is to convene an interim work group, drawn from the standing subcommittees under Section 5 and the administering agencies, and deliver to the General Assembly the standards under Section 4 and an implementation plan, including the implementation and conforming measures for enactment in the second session of the 115th General Assembly in 2028.

(2) The framework is established in the first session of the 115th General Assembly in 2027 and the implementation and conforming measures are presented for enactment in the second session in 2028.

(3) Existing licenses, registrations, and approvals remain valid through the transition. A licensee under § 57-7-106 or § 43-27-102 continues under existing authority until converted under this Act, and is not required to re-qualify from zero. A person who held the documentation that § 39-17-402(16)(F) required continues to be protected until registered under Section 7(19). From the effective date, an existing licensee may request the instrument under Section 12(14)(e) for a line of business, before its license is converted. This subsection does not continue an authorization to sell an intoxicating herbal cannabis item in general retail past the closing date under subsection (16) of this section.

(4) Product, testing, labeling, and authentication standards take effect on a schedule the Commission sets. Until the Commission recognizes the national standard, the interim standard under Section 15 governs, and a person in good-faith compliance with the interim standard is treated as compliant when the national standard is recognized, with a reasonable conformance window.

(5) A person operating lawfully before the effective date, including under the federal program administered by the Department of Agriculture, transitions into the corresponding role under this Act without loss of standing, and the Department of Agriculture's authority under the state hemp plan continues without interruption.

(6) The Commission shall prioritize the standards and the market structure necessary to respond to the change in the federal definition of hemp scheduled to take effect November 12, 2026 and to reach full effect December 11, 2026, including its effect on items that Title 57, Chapter 7 permits and the federal definition no longer reaches.

(7) The Commission shall report to the General Assembly on implementation progress, and may adjust the schedule of consolidation under Section 5 within the limits of this Act.

(8) Temporary standards and guidance. (a) The Commission may adopt a standard or rule under this Act as an emergency rule under § 4-5-208. This Act requires the Commission to implement rules within the periods it prescribes, which is a ground for emergency rulemaking under § 4-5-208(a)(5), and the federal change described in subsection (6) of this section is a further ground. (b) An emergency standard is published on adoption and expires at the end of the one hundred eighty days § 4-5-208(b) allows, unless replaced by a standard adopted under the ordinary process. (c) The Commission shall provide an opportunity for public comment on an emergency standard where practicable. Failure to provide comment before publication does not invalidate an emergency standard. (d) The Commission may act by emergency order where immediate action is necessary to protect health or safety. (e) Guidance, a bulletin, a form, or a frequently-asked-question document does not have the force of law unless adopted as a standard, a rule, an order, or a license condition.

(9) Reliance on guidance. (a) A person is not subject to penalty under this Act for conduct undertaken in good-faith reliance on written guidance the Commission or an administering agency provided, where the person disclosed the material facts completely and accurately and corrected the conduct promptly on notice that the guidance had changed. (b) Paragraph (a) does not reach intentional misconduct, fraud, diversion, a sale or furnishing to a person under 21, a falsified test result, or an unsafe product. (c) During the transition, reliance on guidance from an agency whose function this Act transfers, including guidance the Department of Agriculture issued under former Title 43, Chapter 27, Part 2 and guidance the Alcoholic Beverage Commission issued under Title 57, Chapter 7, is considered in determining a penalty.

(10) Continuity of authorization. (a) Where a person timely files a complete application for renewal or conversion, the existing authorization remains valid until the Commission acts on it. (b) A person is not penalized by reason of delay by the Commission or an administering agency where the person filed timely and acted in good faith. (c) The Commission shall extend a transition deadline for good cause, including delay by the Commission or an agency, limited testing capacity, delay in local approval, and uncertainty in federal law. (d) An extension is not granted where it would create a serious risk to health, patient safety, consumer safety, youth access, or tax or diversion integrity.

(11) A gap in the standards or rules under this Act does not invalidate activity lawfully commenced under this Act or under prior law, where the activity has not been prohibited by this Act.

(12) Savings. (a) A right, duty, liability, penalty, authorization, contract, enforcement action, investigation, or proceeding existing on the effective date is preserved. (b) A proceeding commenced before the effective date may continue under the law in effect when it commenced, or under this Act where the Commission or the court determines that applying this Act is appropriate. (c) This Act does not revive a claim or action that was time-barred

or finally resolved before the effective date. (d) Paragraphs (a) and (b) of this subsection do not preserve a prosecution, a penalty, or a sentence for conduct made lawful by this Act, which Section 8 governs.

(13) Outside date and default. (a) The Commission shall deliver the standards under Section 4 and the implementation plan under subsection (1) of this section within two years of the effective date. (b) Where the Commission has not delivered a standard within that period, the interim standard under Section 15, or the recognized national standard where one has been recognized, governs of its own force until the Commission acts. (c) Where the Commission has not acted on a complete application within 90 days, the application is conditionally approved, subject to inspection, to any background check this Act requires, and to any condition the Commission imposes on acting. (d) The Commission shall report a failure to meet a period under this subsection to the General Assembly, with the reasons, the progress made, and a revised date.

(14) Patient impact. Before implementing a transition step under this section, the Commission shall assess whether the step would materially impair patient access, patient affordability, the availability of medical product forms, provider participation, caregiver access, or medical research. Where the Commission determines that a step would materially impair any of these, the Commission shall delay, phase, or modify the step.

(15) Effective dates. (a) The following take effect on becoming law: Section 3; the provisions of Section 5 reconstituting the Commission; the power of the Commission to adopt emergency standards, issue guidance and forms, enter interagency agreements, issue conditional approvals, and begin implementation planning; the provisions of Section 11 creating the Tennessee Cannabis Account; and this section. (b) Section 7 takes effect on becoming law, and registration under Section 7(19) opens on the schedule that subsection sets. (c) Sections 8 and 9 take effect on becoming law. (d) A provision authorizing commercial activity under a license this Act creates takes effect when the Commission issues licenses and certifies that the systems necessary to administer them are operational. The Commission may certify with written findings that commencement should proceed notwithstanding an unmet condition. (e) No condition under paragraph (d) may be used to delay the effect of Section 7, Section 8, or Section 9.

(16) Intoxicating items leaving general retail. (a) An intoxicating herbal cannabis item, and an item subject to Section 4(24), may not be sold in general retail after the closing date. The closing date is July 1, 2027. (b) No temporary permit, registration, or grace period extends the sale of an intoxicating item in general retail past the closing date. (c) A seller's non-intoxicating herbal cannabis items are not affected and continue in general retail under Section 4(3). (d) A person who sold intoxicating items in general retail may apply for a license under this Act on the same terms as any other applicant. A sale that was lawful under federal hemp law and the law of this state when made is not a basis to deny, condition, or delay the license. (e) For [90] days after the closing date, a person holding intoxicating inventory acquired for sale in general retail may sell it to a licensee for testing, relabeling, and sale in the licensed channel, or return it to its supplier. A return goes to a supplier in this state, or to one outside the state only where federal law permits. Inventory not sold or returned within that period is disposed of as the Commission provides by rule. A transfer under this paragraph is not a sale in general retail.

(17) This Act takes effect upon becoming a law for the purposes stated in subsection (15)(a) through (c) of this section, and July 1, 2027 for all other purposes, the public welfare requiring it. The operative dates in subsection (15) of this section apply as stated.

Section 15. The common standard and interoperability

(1) Purpose. For the herbal cannabis items regulated under Section 4 to connect across jurisdictions when interstate commerce opens, the terms that define a product must mean the same thing everywhere. This Act adopts a common standard by reference.

(2) Conformance by reference. When the Commission recognizes by rule a national consensus standard for herbal cannabis items, classification by intoxicating potential, testing methods and quality attributes, cannabinoid concentration measurement, labeling, and product authentication conform to it. The Commission adopts that standard by reference and updates the reference as it is revised, without further legislation.

(3) Interim standard.

(a) Until the Commission recognizes a national standard, the Commission applies as an interim standard the best available public, non-proprietary references for the plant, its preparations, testing, and handling, and keeps existing state standards in force, including the testing, contaminant, residual-solvent, heavy-metal, laboratory, and label-variance standards of Tenn. Comp. R. & Regs. Chapters 0100-15 and 0100-16 to the extent consistent with this Act. The interim standard is chosen for forward compatibility with the national standard.

(b) Until the Commission recognizes a national standard, an herbal cannabis item has intoxicating potential at its labeled dose if it contains more than 1 milligram of total intoxicating cannabinoid equivalent per labeled dose. The Commission may set a different figure by rule on human evidence.

(c) An item has intoxicating potential at its labeled dose without regard to paragraph (b) of this subsection where a compound it contains, alone or in interaction with another compound it contains, produces intoxication at that dose on human evidence. An item does not have intoxicating potential at its labeled dose, despite paragraph (b) of this

subsection, where human evidence establishes that it does not produce intoxication at that dose. Paragraph (b) is a presumption from composition; this paragraph is the human evidence, and the human evidence governs. Section 4(24) applies to an item that produces impairment at its labeled dose without having intoxicating potential.

(d) An item classified under this subsection carries the label and certificate contents required under Section 4.

(e) On the Commission recognizing the national standard, paragraph (b) of this subsection, and any figure set under it, are superseded by that standard.

(4) Convergence. On the Commission recognizing the national standard, the Commission adopts it under subsection (2) and provides a reasonable transition window during which products and licensees that met the interim standard remain in good standing while they conform.

(5) Characterization backbone. Whole-plant preparations are characterized against the public-domain reference standard and registry under Section 6, which serve as the shared characterization layer of the common standard.

(6) Mutual recognition. An herbal cannabis item that conforms to the common standard and is authenticated is recognized as conforming in another jurisdiction that has adopted the common standard, to the extent federal law allows.

(7) Interstate participation. Interstate commerce in intoxicating herbal cannabis items opens upon federal authorization. Non-intoxicating herbal cannabis items move in interstate commerce as provided in Section 4(7). Interstate compacts are a primary path, and the Commission may negotiate a compact or another lawful interstate vehicle, which binds this state on its approval by the General Assembly. Conformance under this section prepares the state to participate on federal authorization whether or not the state enters a compact. No interstate participation occurs before the criminal and civil floors and conformance to the common standard are in force. The public-domain reference standard and registry under Section 6 run in parallel and are not a condition of participation.

(8) Departure and petition. (a) The Commission may classify an herbal cannabis item as intoxicating at a lower threshold than the recognized national standard, or than a classification line federal law sets, on human evidence, for sale in this state, and states the evidence relied on. (b) Where the Commission finds on human evidence that the national standard or the federal line is wrong in either direction, the Commission may petition the body that sets it to revise it, alone or with other states. (c) Where federal law sets the classification line, the Commission may not classify as non-intoxicating an item that federal law classifies as intoxicating.

Section 16. Construction and severability

(1) If any provision of this Act or its application to any person or circumstance is held invalid, then the invalidity does not affect other provisions or applications of the Act that can be given effect without the invalid provision or application, and to that end, the provisions of this Act are severable.

(2) If the adoption by reference under Section 15(2) of a standard as it is later revised is held invalid, the national consensus standard as it exists on the date of that holding remains in effect, and the Commission may adopt a revision to it by rule.

(3) If a provision of Section 12(7) is held invalid, the remainder of this Act continues to authorize the conduct it authorizes, and cannabis regulated under this Act remains outside the state's schedules of controlled substances to the extent state law provides.

(4) Where two provisions of this Act conflict in their application to patient access, caregiver access, provider protection, patient confidentiality, or the safety of an herbal cannabis item obtained by a patient, the provision affording the greater protection to the patient controls.

(5) Subsection (4) of this section is not subject to a rule that a specific provision controls over a general one.

(6) Relief under Section 8 is in addition to relief available under other law. Where another law affords greater relief for a cannabis offense, that law controls.

(7) Nothing in this Act limits the sovereignty of a federally recognized Indian tribe, diminishes the jurisdiction of a tribe over cannabis within its territory, or applies to conduct within that jurisdiction except as the tribe and the state provide by agreement.

(8) Section 57-7-117, under which Title 57, Chapter 7 prevails over a conflicting provision of law, is amended so that this Act and Title 68, Chapter 7 prevail over a conflicting provision of Title 57, Chapter 7.