Committee Substitute

for

House Bill 2538

BY DELEGATES NELSON, PUSHKIN, HORNBUCKLE, McGEEHAHN, HOUSEHOLDER, BARRETT, FLUHARTY, WILSON, BYRD, CAMPBELL AND QUEEN

[Passed March 5, 2019; in effect from passage.]
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McGeehan, Householder, Barrett, Fluharty,
Wilson, Byrd, Campbell and Queen

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AN ACT to amend the Code of West Virginia, 1931, as amended, by adding thereto a new section, designated §12-1-14, relating to providing banking services for medical cannabis; providing findings; defining terms; authorizing Treasurer to competitively bid for financial institutions to provide banking services; providing for disposition of penalties collected pursuant to the West Virginia Medical Cannabis Act; authorizing the Treasurer to hold funds outside treasury until permitted to transfer money to state main disbursement account; authorizing Treasurer to charge fees for providing services; creating the Treasurer's Medical Cannabis Fund; requiring the Enterprise Resource Planning Board to configure wvOASIS to allow deposits in, investing moneys in, and making payments from the accounts established by the Treasurer at a selected financial institution; establishing that action under section not unlawful; providing that the Commissioner of Financial Institutions shall not prohibit, penalize, incentivize or otherwise impair a financial institution from providing services under the Act in certain instances; providing that no cause of action exists against the Treasurer and state officers and employees involved in cannabis-related banking or financial services in their personal capacities in certain circumstances; and providing that the state will defend and indemnify the Treasurer and any state officers and employees involved in cannabis-related banking services provided within the scope of their duties or employment in accordance with the West Virginia Medical Cannabis Act.

Be it enacted by the Legislature of West Virginia:

ARTICLE 1. STATE DEPOSITORIES.

§12-1-14. Banking Services for Medical Cannabis.

(a) The Legislature finds and declares that the inability to provide banking services needed to collect and remit the fees, penalties, and taxes authorized under the West Virginia Medical Cannabis Act has delayed the implementation and is precluding access by the patients potentially eligible to be prescribed medical cannabis and investment by the persons and entities interested
in providing services under the Act. The purpose of this section is to provide a solution to the
banking problems encountered by the state in connection with the Act.

(b) The following words when used in this section shall have the following meanings,

unless the context clearly indicates otherwise,

(1) “Act” means the West Virginia Medical Cannabis Act in §16A-1-1 et seq. of this code;

(2) “Financial institution” means a bank, national banking association, a non-bank financial
institution, a bank and trust company, a trust company, a savings and loan association, a building
and loan association, a mutual savings bank, a credit union or a savings bank;

(3) “Non-bank financial institution” means a financial institution that does not have a
banking license or is not supervised by a state, national or international banking regulatory
agency. If a non-bank financial institution is a selected financial institution, it shall post a collateral
bond of not less than 125 percent of the amounts on deposit with the Treasurer in lieu of any other
collateral requirement in this article.

(4) “Selected financial institution” means a financial institution selected by the Treasurer
under this section to receive, invest, and disperse the fees, penalties, and taxes authorized under
the Act;

(5) “Treasurer” means the State Treasurer.

(c) The Treasurer shall select by competitive bid one or more financial institutions to
provide banking services for the fees, penalties, and taxes collected under the Act and is
authorized to pay any fees charged by a selected financial institution. A contract awarded by the
Treasurer under the section may be extended as long as the Treasurer determines an extension
is in the best interest of the state. A financial institution selected shall meet the requirements of
this chapter for a state depository and any other applicable requirements of this section.

(d) The Medical Cannabis Program Fund authorized in §16A-9-2 of this code shall receive
all civil penalties collected under §16A-12-8 of this code. Any method of receipt, remittance,
payment, or transfer authorized by the Treasurer are acceptable under the Act.
(e) The Treasurer’s office may authorize the Medical Cannabis Program Fund be held in one or more accounts at a selected financial institution outside the treasury until the Treasurer is able to lawfully transfer moneys to the main disbursement account of the state. Moneys in the Medical Cannabis Program Fund may be invested by a financial institution or the West Virginia Board of Treasury Investments and earnings shall accrue to the Medical Cannabis Program Fund.

(f) The Treasurer may charge fees for providing banking services under the Act, including without limitation, fees for expenses incurred, oversight, and compliance. The Treasurer’s Medical Cannabis Fund is hereby created to receive all fees charged by the Treasurer. The Treasurer may authorize the Treasurer’s Medical Cannabis Fund held in an account at a selected financial institution outside the treasury until the Treasurer is lawfully able to transfer moneys to the main disbursement account of the state. When the financial institution holding the state concentration account will accept the medical cannabis funds of the state, the Treasurer shall transfer the funds and close the accounts created under this section. Moneys in the Treasurer’s Medical Cannabis Fund shall be expended for the expenses incurred, oversight and compliance, and may be invested by a financial institution or the West Virginia Board of Treasury Investments with earnings accruing to the fund.

(g) The Enterprise Resource Planning Board shall configure wvOASIS to allow deposit in, investing moneys in, and making payments from the accounts established by the Treasurer pursuant to this section at a selected financial institution.

(h)(1) Actions taken under and in accordance with this section shall not be considered unlawful under any provision of this code.

(2) The Commissioner of Financial Institutions shall not prohibit, penalize, incentivize, or otherwise impair a financial institution from providing services to a person or entity involved in a medical cannabis-related business functioning under the Medical Cannabis Act solely because the person or entity is a grower, processor, dispensary, owner of any proportion, operator, employee, patient, caregiver, family or household member, financial broker, or other similar
Enr. CS for HB 2538

person or entity of a medical cannabis-related business operating in accordance with the Medical Cannabis Act: Provided, That nothing in this section shall prohibit the Commissioner of Financial Institutions from enforcing applicable laws and regulations related to ensuring the safety and soundness of a financial institution.

(3) No cause of action exists against the Treasurer and the state officers and employees involved in cannabis-related banking or financial services, in their personal capacities, while acting within the scope of duties contemplated by this Article or the Act. Any recovery for claims or actions arising from this Article is limited solely to the proceeds of available insurance coverage.

(4) To the extent permitted by law, the State of West Virginia shall defend the Treasurer and the state officers and employees involved in cannabis-related banking or financial services against any claims, charges, liabilities or expenses and shall indemnify and hold harmless the Treasurer and any state employee involved in cannabis-related banking or financial services provided within the scope of their duties or employment in accordance with the Act, including without limitation, defense in any state, federal, or local court and payment of the amount of any judgment obtained, damages, legal fees and expenses, and any other expenses incurred.
The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

Chairman, House Committee

Chairman, Senate Committee

Originating in the House.

In effect from passage.

Clerk of the House of Delegates

Clerk of the Senate

Speaker of the House of Delegates

President of the Senate

The within is approved this the 26th day of March, 2019.

Governor