

## **REGULATION 13**

### **CANNABIS DISTRIBUTORS**

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**13.010 Requirements for wholesale transportation of cannabis and cannabis products.**

1. A cannabis distributor may transport cannabis and cannabis products between a cannabis establishment and another cannabis establishment or between the buildings of a cannabis establishment.
2. A cannabis establishment shall not transport cannabis or cannabis products to a cannabis sales facility unless the cannabis establishment holds a license for a cannabis distributor.
3. A cannabis distributor shall not purchase or sell cannabis or cannabis products, or deliver cannabis or cannabis products to a consumer under their distribution license.
4. A cannabis distributor may enter into an agreement or contract with a cannabis establishment for the transport of cannabis or cannabis products. Such an agreement or contract may include, without limitation, provisions relating to insurance coverage, climate control and theft by a third party or an employee.
5. A cannabis distributor, and each cannabis establishment agent employed by the cannabis distributor who is involved in the transportation, is responsible for cannabis and cannabis products once the cannabis distributor takes control of the cannabis or cannabis products and leaves the premises of a cannabis establishment.
6. A cannabis distributor shall not allow a cannabis establishment agent to transport cannabis or cannabis products unless:
  - (a) The cannabis establishment agent carries a copy, for the duration of the transportation, of the transportation manifest generated using the seed-to-sale tracking system pursuant to NCCR 13.030 for the transportation;
  - (b) Each cannabis establishment agent involved in the transportation has, in his or her immediate possession, his or her cannabis establishment agent registration card or verification of temporary authorization;
  - (c) The cannabis or cannabis products are stored in a sanitary and secure manner in a lockbox or locked cargo area within the vehicle being used for delivery and not visible from outside the vehicle;
  - (d) The vehicle being used for delivery has no advertising, signage or other markings relating to cannabis; and
  - (e) The cannabis establishment agent transporting cannabis or cannabis products for the cannabis distributor on behalf of a cannabis establishment has a means of communicating with the cannabis establishment.
7. Each cannabis establishment agent transporting cannabis or cannabis products for a cannabis distributor must:
  - (a) Report to a person designated by the cannabis distributor to receive such reports and to the Board any motor vehicle crash that occurs during the transportation within 2 hours after the crash occurs;
  - (b) Report to the Board any unauthorized stop; and
  - (c) Report to a person designated by the cannabis distributor to receive such reports any loss or theft of cannabis or cannabis products that occurs during the transportation immediately after the cannabis establishment agent becomes aware of the loss or theft. A cannabis distributor that receives a report of loss or theft pursuant to this paragraph must immediately report the loss or theft to the appropriate law enforcement agency and to the Board.

8. Each cannabis distributor shall maintain a log of all reports received pursuant to subsection 7 for review by the Board or Board Agents upon request.
9. Any cannabis or cannabis product which is damaged or refused by the receiving cannabis establishment must be transported back to the originating cannabis establishment.

**13.015 Duties of distributor delivering cannabis or cannabis products; transportation manifest; duties of originating cannabis establishment and receiving cannabis establishment; maintenance of records.**

1. Before transporting cannabis or cannabis products pursuant to NCCR 13.010, a cannabis distributor shall:
  - (a) Ensure that all cannabis and cannabis products are secured at all times during delivery; and
  - (b) Maintain a physical or electronic copy of a transportation manifest generated by the cannabis establishment using the seed-to-sale tracking system that contains all the information required by this section in a format approved by the Board.
2. A cannabis distributor may deliver cannabis or cannabis products to more than one cannabis establishment in a single trip, if the transportation manifest correctly reflects the specific inventory destined for each specific cannabis establishment and location.
3. Before transferring cannabis or cannabis products to a cannabis distributor, the originating cannabis establishment shall enter the information required to indicate that the cannabis or cannabis products will be transported to the receiving cannabis establishment into the seed-to-sale tracking system. A cannabis establishment shall not list a cannabis distributor as the receiving cannabis establishment.
4. A cannabis distributor shall not alter the information which has been entered into the seed-to-sale tracking system pursuant to subsection 3.
5. If a cannabis distributor is not able to deliver cannabis or cannabis products directly to the receiving cannabis establishment due to normal business operations, the cannabis distributor shall notify the Board and the originating cannabis establishment of the premises where the cannabis or cannabis products will be stored and the anticipated date and time of delivery.
6. A cannabis distributor shall provide a copy of the transportation manifest generated using the seed-to-sale tracking system to the cannabis establishment receiving cannabis or cannabis products. The copy of a transportation manifest provided to a cannabis establishment pursuant to this subsection must be generated separately for each cannabis establishment and must not contain the information of any other cannabis establishment.
7. The transportation manifest generated using the seed-to-sale tracking system must include, without limitation:
  - (a) The date and approximate time of the departure;
  - (b) The name, location, address and license number of the originating cannabis establishment;
  - (c) The name, location, address and license number of the receiving cannabis establishment;
  - (d) The name, location, address and license number of the cannabis distributor;
  - (e) The name and quantity, by weight and unit, of each product to be delivered to each cannabis establishment;
  - (f) The estimated date and time of arrival;
  - (g) The make, model, license plate number and number of the identification card issued pursuant to NCCR 13.030 of the vehicle used for delivery; and

- (h) The name, number of the cannabis establishment agent registration card and signature of each cannabis establishment agent performing or accompanying the transportation of the cannabis or cannabis products.
8. In addition to the requirements of this section, the originating and the receiving cannabis establishment shall each ensure that each delivery satisfies the requirements of NCCR 6.080 and 6.082.
9. Before cannabis or cannabis products leave the originating cannabis establishment, the originating cannabis establishment shall adjust its records to reflect the removal of the cannabis or cannabis products in a manner that reflects the information included in the transportation manifest generated using the seed-to-sale tracking system and that can be easily reconciled, by the name and quantity of the cannabis or cannabis products, with the transportation manifest.
10. After receipt of cannabis or cannabis products, the receiving cannabis establishment shall:
- (a) Confirm that the cannabis or cannabis products are as described in the transportation manifest;
  - (b) Adjust its records to reflect the receipt of the cannabis or cannabis products in a manner that reflects the information included in the transportation manifest generated using the seed-to-sale tracking system and that can be easily reconciled, by the name and quantity of the cannabis or cannabis products, with the transportation manifest; and
  - (c) Separately document, in the seed-to-sale tracking system and any other relevant business records, any differences between the quantity of cannabis or cannabis products specified in the transportation manifest and the quantities actually received.
11. After transferring cannabis or cannabis products to the receiving cannabis establishment, the cannabis distributor shall enter the end time of the trip in the trip plan and ensure that the trip plan, including any changes to the trip plan made pursuant to subsection 5, is accurate.
12. Each cannabis sales facility and cannabis distributor shall maintain all documents required by this section and provide a copy of any such document to the Board or Board Agents for review upon request.

**13.020 Storage area for cannabis and cannabis products; verification of inventory; inspection by Board.**

1. Each cannabis distributor shall maintain a storage area for cannabis and cannabis products which includes at least one area which is temperature controlled. The area which is temperature controlled shall be maintained in a commercial food grade unit which is kept at a temperature of less than 41°F (5°C) while storing potentially hazardous cannabis products.
2. The storage area for cannabis and cannabis products maintained pursuant to subsection 1 must be a separate, enclosed, locked facility. Products unrelated to the business of the cannabis distributor, including, without limitation, products containing alcohol, must not be stored with cannabis or cannabis products. Within the storage area, cannabis or cannabis products may only be stored in a secure, locked device, cabinet, room or motor vehicle within the storage area which is protected by a lock or locking mechanism that meets at least the security rating established by Underwriters Laboratories for key locks.

3. If a cannabis distributor experiences an unusual or extraordinary circumstance beyond its control as part of its normal business operations in providing transportation of cannabis or cannabis products and the cannabis distributor determines that it is necessary to use its storage area for the temporary storage of cannabis or cannabis products, the cannabis distributor shall submit to the Board a notice of temporary storage of cannabis or cannabis products.
4. If a cannabis distributor determines the final delivery destination will exceed 100 miles and it is unreasonable to deliver the cannabis or cannabis product within one trip, the product may be stored for no more than 48 hours. All cannabis or cannabis product stored at a licensed cannabis distributor must be documented in the seed-to-sale tracking system.
5. A cannabis distributor shall not store cannabis or cannabis products for more than 48 hours without written consent from the appropriate Board Agent.
6. A cannabis distributor shall verify the inventory of a motor vehicle after the inventory is off-loaded into storage and before the inventory is on-loaded onto a motor vehicle from storage.
7. A cannabis distributor shall make its vehicles, premises, including, without limitation, its storage area, promptly available to the Board or Board Agents for inspection during normal business hours without notice or promptly upon request from the Board or Board Agents.

**13.025 Amount that may be transported by distributor; transportation by cannabis establishment agent; restrictions on transportation by vehicle.**

1. A cannabis distributor may transport any amount of cannabis or cannabis products that does not violate the laws or regulations of this State or the limits established by the insurer who provides coverage for the cannabis distributor.
2. A cannabis distributor shall not allow a cannabis establishment agent to transport cannabis or cannabis products unless the cannabis or cannabis products are:
  - (a) Except as otherwise provided in subsection 3, stored in a lockbox or locked cargo area within the vehicle being used for delivery;
  - (b) Not visible from outside the vehicle;
  - (c) Contained in sealed packages and containers which remain unopened during delivery; and
  - (d) Tagged for the purpose of inventory tracking with a unique identifying seed-to-sale tracking system label prescribed by the Board for the duration of transport.  
→ For the purpose of this subsection, the trunk of a vehicle is not considered to be a lockbox or locked cargo area unless the trunk cannot be accessed from within the vehicle and can only be accessed using a key which is different from the key used to access and operate the vehicle.
3. A cannabis distributor may allow a cannabis establishment agent to transport live cannabis plants in a fully enclosed, windowless, locked trailer or in a secured area inside the body of a locked van or truck if the plants are not visible from the outside.
4. A person shall not be present within any vehicle while it is being used for the transportation of cannabis or cannabis products unless the person is a cannabis establishment agent for the cannabis distributor providing transportation of the cannabis or cannabis products.
5. If the value of the cannabis and cannabis products being transported by a cannabis distributor in a vehicle, as reported on the transportation manifest as the insured fair market wholesale value, exceeds \$25,000, the cannabis distributor shall ensure not fewer than two cannabis establishment agents of the cannabis distributor accompany the vehicle.

6. Each cannabis establishment agent who loads or unloads a vehicle for the transportation of cannabis or cannabis products shall perform the loading or unloading within view of the video surveillance system of a cannabis establishment.

**13.030 Transportation between cannabis establishments owned by distributor; use of motor vehicles for transportation; adequate care for perishable cannabis products.**

1. A cannabis distributor that also holds a license for a cannabis establishment of another type and that is transporting cannabis or cannabis products between its own cannabis establishments located within the same building, within contiguous buildings, or between buildings located within 500 feet of each other, is not required to use a vehicle to perform the transportation.

2. A cannabis distributor may use any motor vehicle, except those with 2 wheels, that can legally be operated on the highways of this State and that meets the requirements of this section to transport cannabis and cannabis products.

3. Before using a motor vehicle to transport cannabis or cannabis products, a cannabis distributor must obtain the approval of the appropriate Board Agent for the use of the motor vehicle. Upon approving a motor vehicle for use to transport cannabis or cannabis products, the Board will issue an identification card containing such information as the Board Agent determines to be necessary which must be kept inside the motor vehicle at all times.

4. A cannabis distributor shall ensure that each motor vehicle used to transport cannabis or cannabis products:

(a) Has no advertising, signage or other markings relating to cannabis; and

(b) Is equipped with an audible car alarm.

5. A cannabis distributor shall provide adequate care for perishable cannabis products including, without limitation, refrigeration during transportation, if required. Any method for temperature control used during transportation must be approved by the appropriate Board Agent before use. If a potentially hazardous cannabis product is being transported, the potentially hazardous cannabis product must be maintained at a temperature of less than 41°F (5°C) throughout transportation.

6. Each cannabis distributor shall maintain at least one motor vehicle using a method approved by the appropriate Board Agent for temperature control during transportation.

7. A Board Agent may inspect each motor vehicle used for transportation of cannabis or cannabis products by a cannabis distributor pursuant to NCCR 5.070.

8. Before using a motor vehicle to transport cannabis or cannabis products, a cannabis testing facility must obtain the approval of the appropriate Board Agent for the use of the motor vehicle. Upon approving a motor vehicle for use to transport cannabis or cannabis products, the Board will issue an identification card containing such information as the Board Agent determines to be necessary which must be kept inside the motor vehicle at all times.

**13.035 Transportation between multiple cannabis establishments; requirements for drivers used by distributor; hours and locations of transportation; reporting of irregularities, motor vehicle crash or break-down of motor vehicle; use of seed-to-sale tracking system.**

1. A cannabis distributor may transport cannabis or cannabis products between multiple cannabis establishments, but shall not simultaneously transport any other item unless the item is cannabis paraphernalia or merchandise, packaging or a promotional item directly related to the cannabis or cannabis product.

2. A cannabis distributor shall not transport cannabis or cannabis products unless:
  - (a) During the transportation of cannabis or cannabis products, the driver of a motor vehicle for a cannabis distributor carries in the motor vehicle:
    - (1) Proof of valid insurance coverage in an amount required by the laws of this State;
    - (2) A copy of the license of the cannabis distributor;
    - (3) The cannabis establishment agent registration card or verification of temporary authorization of the driver;
    - (4) The valid driver's license of the driver; and
    - (5) The valid registration for the motor vehicle.
  - (b) All drivers used by the cannabis distributor are bonded in an amount sufficient to cover any claim that could be brought against the driver or the cannabis distributor discloses to all parties that such drivers are not bonded.
  - (c) The hours in which the cannabis distributor provides transportation are reasonable to allow for the delivery of cannabis and cannabis products to cannabis establishments during the operating hours of the cannabis establishments.
  - (d) The transportation is conducted only within the borders of this State.
  - (e) The cannabis establishment agent who transports cannabis or cannabis products only travels to and from cannabis establishments and does not make any unnecessary stops that are not disclosed in the trip plan and transportation manifest. The cannabis establishment agent may make a stop for fuel as necessary and keep a list of designated fuel stops along the route for submission to the Board or Board Agents upon request.
3. A cannabis distributor shall notify the Board using means determined by the Board if a motor vehicle being used for the transportation of cannabis or cannabis products by the cannabis distributor is stopped at a location other than a cannabis establishment or designated fuel stop, is involved in a motor vehicle crash or breaks down resulting in scheduled travel being interrupted.
4. A cannabis distributor shall use the seed-to-sale tracking system approved by the Board for any transportation of cannabis or cannabis products between cannabis establishments that are not co-located.

**13.040 Transportation by cannabis cultivation facility, cannabis product manufacturing facility, cannabis testing facility or cannabis sales facility; applicability of provisions relating to distributors.**

1. A cannabis cultivation facility or a cannabis product manufacturing facility may transport cannabis or cannabis products to or from a cannabis cultivation facility, a cannabis product manufacturing facility or a cannabis testing facility.
2. A cannabis testing facility or a cannabis sales facility may transport cannabis or cannabis products to or from a cannabis testing facility for testing.
3. The requirements of NCCR 13.010 for a cannabis distributor apply to a cannabis establishment that transports cannabis or cannabis products pursuant to this section without using a cannabis distributor.

**13.045 Transportation by cannabis establishment to cannabis sales facility.** A cannabis establishment shall not transport cannabis or cannabis products to a cannabis sales facility unless the cannabis establishment:

1. Holds a license for a cannabis distributor;
2. Holds a medical cannabis establishment registration certificate and is only transporting cannabis or cannabis products for the medical use of cannabis;

3. Is a cannabis testing facility transporting samples for testing; or
4. Is a dual licensee and is only transporting cannabis or cannabis products for the medical use of cannabis to a medical cannabis dispensary or a dual licensee.