HOUSE DOCKET, NO. 1091 FILED ON: 1/19/2011

HOUSE . . . . . No. 1371

The Commonwealth of Massachusetts

PRESENTED BY:

Ellen Story

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying:

An Act to regulate and tax the cannabis industry.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Ellen Story	*3rd Hampshire*
Ruth B. Balser	*12th Middlesex*
Lori A. Ehrlich	*8th Essex*
Anne M. Gobi	*5th Worcester*

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HOUSE . . . . . No. 1371

By Ms. Story of Amherst, a petition (accompanied by bill, House, No. 1371) of Ellen Story and others for legislation to legalize marijuana and establish a tax on the cannabis industry. The Judiciary.

The Commonwealth of Massachusetts

An Act to regulate and tax the cannabis industry.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

Section 1. Name

Sections 2 – 42 of this act shall be known as The Cannabis Regulation and Taxation Act, to be codified as Chapter 138A of the general laws.

Section 2. Preamble

The governor and the representatives of the people of Massachusetts,

- acknowledging that 100 years of criminalization in Massachusetts has failed to stop the production, distribution and use of marihuana, and that sustained enforcement efforts cannot reasonably be expected to accomplish that goal;
- determined to protect the public health and the public safety, to eliminate prohibition-related crime and to raise new revenue; and
- promoting new jobs and industries in commercial cannabis and hemp, and
- respecting the personal autonomy of adults, where freedom supposes responsibility,

do hereby ordain and enact The Cannabis Regulation and Taxation Act.

Section 3. Possession or cultivation of cannabis by adults for personal use and sale

(a) The following conduct is hereby excepted from the provisions of, and shall not constitute a violation of, chapters 94C or 64K of the general laws:

(1) Possession or cultivation of cannabis by an adult for personal use.

19 (2) Gratuitous distribution of cannabis to an adult. Transfer directly or indirectly
20 related to or contemporaneous with the sale or tendering for sale of any goods, services or other
21 things of value, shall be deemed not gratuitous.

22 (b) The commercial cultivation, possession and distribution of cannabis under a valid
23 license issued in accordance with this chapter is excepted from the provisions of, and shall not
24 constitute a violation of chapter 94C or chapter 64K of the general laws when lawful under the
25 laws of the United States.

26 Section 4. Operation of motor vehicles

27 This chapter shall in no way affect existing provisions of law relating to the operation of
28 a motor vehicle under the influence of marijuana, an intoxicant or otherwise in an impaired
29 condition.

30 Section 5. Definitions

31 When used in this chapter, the following words shall, unless the context indicates
32 otherwise, have the following meanings:

33 a. ACT: This chapter of the General Laws of Massachusetts, also known as The
34 Cannabis Regulation and Taxation Act, as amended.

35 b. ADULT: A person twenty-one years of age.

36 c. AUTHORITY. The Cannabis Control Authority established by section 6.

37 d. CANNABIS: Any part of the plant Cannabis sativa L, or Cannabis indica, or any other
38 variety of the genus cannabis, whether growing or not; the seeds thereof; and resin extracted
39 from any part of the plant, and every compound, manufacture, salt derivative, mixture or
40 preparation of the plant, its seeds or resin. However, the mature stalks of the plant, fiber
41 produced from the stalks, oil or cake made from the seeds of the plant, any other compound,
42 manufacture, salt, derivative, mixture or preparation of the mature stalks, fiber, oil or cake,
43 sterilized seed of the plant which is incapable of germination or resin extracted from any part of
44 the plant, and every compound, manufacture, salt derivative, mixture or preparation of the plant,
45 its seeds or resin containing less than one half of one percent (.5%) THC by dry weight or seed
46 incapable of producing flowers with a THC content greater than one half of one percent (.5%)
47 THC by dry weight shall not be subject to the provisions of this chapter nor to the provisions of
48 chapters 94C or 64K.

49 e. COMMERCIAL: Of or related to a non-gratuitous exchange; with consideration.

50 f. CULTIVATE: To cause or permit to grow.

51 g. DOMESTIC: originating from or within Massachusetts.

52 h. CULTIVATION LICENSE: A license to cultivate cannabis accordance with section
53 10 of this chapter.

54 i. FARMER-PROCESSOR-RETAILER: A license issued in accordance with Section
55 10(s) of this chapter .

56 j. IMPORT: To bring into the commonwealth or cause to be brought into the
57 commonwealth or to receive from without the commonwealth.

58 k. IMPORT LICENSE: A license to import cannabis in accordance with section 10 of
59 this chapter.

60 l. LICENSED PREMISES: The grounds and buildings whereon a licensee cultivates,
61 processes or possesses cannabis and conducts such business as licensed.

62 m. LICENSING AUTHORITIES: the authority or the local licensing authorities or both,
63 as the case may be.

64 n. LOCAL LICENSING AUTHORITIES: the licensing boards and commissions
65 established in any city or town under special statute or charter or, in a city having no such board
66 or commission the aldermen, or, in a town having no such board or commission, the selectmen.

67 o. MARIHUANA OR MARIJUANA: Cannabis.

68 p. PACKAGE: A container in which cannabis is sold to the purchaser at retail.

69 q. PROCESS or PROCESSING: To possess cannabis for the purpose of converting same
70 from intact plants to packaged form, and the act of so converting.

71 r. PROCESSING LICENSE: A license to process cannabis in accordance with section 10
72 of this chapter.

73 s. PURITY: Freedom from substances not indigenous to cannabis, except for water.

74 t. RESEARCH LICENSE: A license to conduct bona fide research issued in accordance
75 with section 10(u) of this chapter.

76 u. RETAIL: Of or pertaining to the transfer not at wholesale of cannabis for
77 consideration made in the ordinary course of trade or usual prosecution of the seller's business to
78 the purchaser for consumption or use.

79 v. RETAIL LICENSE: A license to sell cannabis to the general public in accordance with
80 section 10 of this chapter.

81 w. SALE: Transfer for consideration.

82 x. THC: Delta-9 tetrahydrocannabinol.

83 y. TRADE LICENSE: A license to distribute cannabis in accordance with section 10 of
84 this chapter.

85 Section 6. Cannabis Control Authority; members

86 There is hereby created an authority to be known as the Cannabis Control Authority, to
87 be managed by a board of seven directors. A full term thereon shall be seven years. Persons to
88 serve respectively for an initial seven-year term, an initial six-year term, and an initial five-year
89 term, and their replacements, shall be appointed by the governor, with the approval of the
90 council. Directors for an initial four-year term and an initial one-year term shall be appointed
91 and vacancies in said directorships filled by the president of the senate. Directors for an initial
92 three-year term and an initial two-year term shall be appointed, and vacancies in said
93 directorships filled, by the speaker of the house. Directors shall receive a salary of 20% of the
94 salary of the governor, and will serve on a part-time basis. The directors shall elect, from among
95 their number, a chairman, who shall preside over all official activities of the board of directors.
96 The chairman shall serve for three years or until his term as director ends. A chairman may not
97 serve in excess of six consecutive years. The directors shall elect, from among their number, a
98 secretary, who shall record all official activities of the board of directors. The secretary shall
99 serve for three years or until his term as director ends. A secretary may not serve in excess of six
100 consecutive years. No director shall serve more than fourteen years. Any vacancy filled shall be
101 for the remainder of the unexpired term of the vacancy. The governor may remove any member
102 for neglect of duty, misconduct or malfeasance in office, after providing the member with a
103 written statement of the charges and an opportunity to be heard. Four directors shall constitute a
104 quorum for the purpose of conducting the business of the authority. A vacancy shall not impair
105 the right of the remaining directors to exercise the powers of the authority.

106 Section 7. Records of the Authority

107 A copy of the minutes of each meeting of the board of directors, including any rules and
108 regulations adopted by the authority or any amendments thereof, shall be forthwith transmitted,
109 by and under the certification of the secretary thereof, to the governor and the secretary of the
110 commonwealth.

111 Section 8. Powers and duties of the authority

112 The authority shall have general supervision of the conduct of the business of cultivation,
113 processing, distribution, sale at wholesale and retail and importing cannabis, and also of the
114 quality, purity and grade thereof. The authority shall make such rules and regulations as it deems
115 necessary to enable it to carry out and enforce the provisions of this chapter, and shall prescribe
116 the forms of application for licenses under this chapter and may require therein such information
117 as it deems necessary. The authority shall establish application fees for each class of license

118 sufficient to cover the authority's cost of processing applications. Every license hereunder shall
119 be governed and controlled by the rules and regulations adopted by the authority.

120 Subject to the provisions herein, the authority may suspend or revoke any license for any
121 violation of the rules and regulations established hereunder or for aiding or abetting in any
122 violation of such rules and regulations, but before such suspension or revocation, the authority
123 shall give a hearing to the licensee, after due notice to him of the charges against him and of the
124 time and place of the hearing. Such licensee may appear at the hearing with witnesses and be
125 represented by counsel. The authority and any representative thereof duly authorized to conduct
126 any hearing under this chapter shall have power to administer oaths and take testimony under
127 oath relative to the matter of inquiry or investigation. At any hearing ordered by the authority,
128 the authority or its representative authorized to conduct such hearing may subpoena witnesses
129 and require the production of books, papers, and documents pertinent to such inquiry. No
130 witness under subpoena authorized to be issued by any provision of this chapter shall be excused
131 from testifying or producing books or papers on the ground that such testimony or the production
132 of such books or other documentary evidence would tend to incriminate him, but such evidence
133 or the books or papers so produced shall not be used in any criminal proceeding against him
134 arising out of any violation of any provision of this chapter. If any person shall disobey such
135 process or, having appeared in obedience thereto, shall refuse to answer any pertinent question
136 put to him by the authority or its authorized agent or to produce any books and papers pursuant
137 thereto, the authority or such representative may apply to the superior court for the county
138 wherein the person, relative to whose business such hearing is ordered, resides or wherein such
139 business has been conducted, or to any justice of said court if the same shall not be in session,
140 setting forth such disobedience to process or refusal to answer, and said court or justice shall cite
141 such person to appear before said court or justice to answer such questions or to produce such
142 books and papers, and, upon his refusal so to do, may commit him to jail until he shall testify,
143 but not for a longer period than sixty days. Notwithstanding the serving of the term of such
144 commitment by any person, the authority may proceed in all respects with such inquiry and
145 examination as if the witness had not previously been called upon to testify. Officers who serve
146 subpoenas issued by the authority or under its authority and witnesses attending a hearing
147 conducted by it hereunder shall receive fees and compensation at the same rates as officers and
148 witnesses before the courts of the commonwealth, to be paid on vouchers of the authority or to
149 be paid without appropriation out of the proceeds of the excise imposed by this chapter, on
150 vouchers approved by the authority. The rules and regulations adopted by the authority shall be
151 printed as part of the application blank for licenses and for renewal thereof, and every applicant,
152 as a condition of being licensed hereunder, shall submit to such examinations as the authority
153 may deem necessary to establish his knowledge and understanding of The Cannabis Regulation
154 and Taxation Act.

155 Section 9. Excise Tax Established

156 The authority shall collect an excise upon sales by processors of cannabis at a rate of ten
157 dollars per 1% of THC content per ounce. The amount of said excise shall be calculated by
158 multiplying the THC content of the cannabis, expressed by percentage, by one thousand dollars
159 (Example: an ounce of cannabis containing 5% THC is taxed fifty dollars, as .05 x $1,000 is
160 $50.) Determination of THC content shall be established by dry weight, without seeds. Subject
161 to approval by the general court, such excise shall be adjusted by the authority from time to time
162 as necessary to maximize the revenue derived therefrom, and to minimize the incentive for the
163 sale of cannabis not in accordance with the provisions of this chapter.

164 Section 10. Licenses

165 The authority shall, consistent with the objectives set forth in the preamble to this act,
166 issue the following licenses to such applicants as may qualify under this act and the rules and
167 regulations of the authority: cultivation licenses, processing licenses, trade licenses, retail
168 licenses, import licenses, research licenses and farmer-processor-retailer licenses. Provided,
169 however, no such license shall be issued until the applicant therefor demonstrates to the
170 satisfaction of the authority that he is twenty-one or more years of age, is familiar with all laws
171 and regulations relating to cannabis, and will exercise said license in premises adequately secure
172 and otherwise suitable.

173 a. The holder of a cultivation license may possess, propagate, grow and cultivate cannabis
174 and carry on such other horticultural activities as are reasonably required for the commercial
175 cultivation of cannabis. He may sell cannabis only to the holder of a processing license, his
176 agent or employee, and to no other person. He shall file regular reports as may be required by
177 the authority, and shall be subject to all reasonable times to inspection by the authority or its
178 representatives. A cultivation license shall be exercisable in one place only. The annual fee for a
179 cultivation license shall be $500.

180 b. The holder of a processing license, his agents and employees, may obtain cannabis
181 only from the holder of a cultivation or import license. He may possess, process, package, box
182 and crate cannabis, and may transfer cannabis only to the holder of a trade license, his agents or
183 employees. Processing, packaging, boxing and crating of cannabis shall be conducted in only
184 one place. Cannabis shall be packaged in quantities of one ounce, by dry weight, in bulk only,
185 not rolled into cigarette form. The processor shall cause a label to be placed on each package
186 bearing the following information:

187 (1) The name and place of business of the processor;

188 (2) The THC level by percentage of dry weight, without seeds.

189 (3) The following statement: The Operation of a Motor Vehicle under the influence of
190 cannabis, alcohol or any other intoxicant is a crime punishable of a fine of up to $5,000 or
191 imprisonment up to two and a half years, or both, and the loss of your license to drive.

192 c. The processor shall affix upon each cannabis package a tax stamp or such other
193 documentation as the authority may require, and shall transfer neither title nor possession of
194 same to any person without the said stamps affixed. Said stamps shall be of such design and in
195 such denomination as the authority may prescribe, and shall be the means by which the excise
196 imposed by section nine hereunder shall be paid to the authority. The authority, in its discretion,
197 may authorize the use of a metering machine approved by it in lieu of stamps in order to press
198 onto or attach to each package of cannabis evidence of the payment of said excise. Such
199 machine shall be sealed by its authorized representative and shall be used in accordance with
200 such rules and regulations as the authority may prescribe. The authority may for cause at any
201 time suspend or revoke the authority to use such a metering machine.

202 d. The authority shall redeem any unused or mutilated but identifiable stamps or unused
203 amounts for which a meter is set that any license processor may present for redemption;
204 provided, they were originally lawfully purchased by the processor who presents them for
205 redemption. Such redemption shall be made at the face value thereof. The authority may
206 prescribe necessary rules and regulations for redemptions under this section. If the authority is
207 satisfied that a processor is entitled to a redemption he shall issue to him stamps of equivalent
208 value to cover the mutilated stamps or he may order a refund equal to the actual amount paid for
209 said unused or mutilated stamps for the unused amounts for which the meter was set.

210 e. All processors shall file under the penalties of perjury with the authority, on forms to
211 be furnished by it, monthly reports on or before the 20th day of each calendar month showing the
212 number of stamps on hand at the beginning of the month, the number purchased during the
213 month, the number on hand at the end of the month, the number affixed or otherwise disposed of
214 during the month, and such other information as the authority shall require. All processors shall
215 keep complete and accurate records from which information can be obtained to complete and
216 audit said report, and such other records as the authority may prescribe, shall preserve such
217 records for three years and shall offer them for inspection at any time upon oral or written
218 demand of the authority or its duly authorized agents. The stocks of unused stamps in any
219 metering machines shall be open to inspection by the authority or its duly authorized agents at all
220 reasonable times.

221 f. The holder of a processing license, his agents and employees, may possess, process,
222 package, box and crate cannabis seeds and may transfer such seeds as are capable of germination
223 to the holder of a cultivation license if said seed is capable of producing cannabis preparations
224 having a THC content of more than 0.5% by dry weight, without seeds. The annual fee for a
225 processing license shall be $1,000.

226 g. All cannabis sold by processors shall be analyzed and graded by level of THC,
227 established by dry weight, without seeds.

228 i. The holder of a trade license, his agents and employees, may obtain cannabis only
229 from a duly licensed processor or importer, and may possess cannabis only bearing valid
230 documentation required to be affixed to all packages under the provision of paragraph 10(b)
231 above. He may keep, store, warehouse, and transport same, and may sell cannabis only to duly
232 licensed retailers. The annual fee for a trade license shall be $3,000.

233 j. . The holder of a retail license may sell cannabis only to adult members of the public,
234 not visibly intoxicated or otherwise in such condition as may present a threat to public safety.

235 k. . All sales of cannabis to the public must take place within the licensed premises of the
236 retailer, which premises must be enclosed.

237 l. . A retail license shall be exercisable only at the location specified in the license.

238 m. All cannabis sold by a licensed retailer must bear all appropriate labels and
239 documentation required by this act and prescribed by the authority.

240 n.. Cannabis shall not be sold or distributed to any person not an Adult as defined above.

241 o. Possession of packaged cannabis for sale at retail not bearing valid documentation as
242 prescribed hereunder shall be a violation of Chapter 94C, Section 34, of the General Laws. It
243 shall be no defense to a claim of violation of this paragraph that the retailer in good faith
244 believed documentation borne by cannabis in his possession to be valid.

245 p. The annual fee for a retail license shall be $2,000.

246 q. The holder of an import license may possess cannabis and shall distribute same only
247 to the holder of a processing license. All imported cannabis is subject to the same requirements
248 of this act relating to labeling and grading as domestic cannabis.

249 r. The annual fee for an import license shall be $2,500.

250 s. The holder of a farmer-processor-retailer license may cultivate, process and sell
251 cannabis at retail subject to the same requirements of this act relating to labeling, grading and
252 taxation, and provided all cultivation, processing and retail sales occur on a single licensed
253 premises.

254 t. The annual fee for a farmer-processor-retailer license shall be $2,500.

255 u. The authority may issue research licenses for the bona fide conduct of medical, social,
256 behavioral or other research, upon such conditions and terms as the authority may prescribe
257 consistent with the objectives of this act.

258 Section 11. Disposition of license fees

The license fees for original and renewal Retail and Farmer-Processor-Retailer licenses shall be paid to the city or town authorized by this chapter to grant such license. Such fees shall be distributed to the general fund of said municipality. All other license fees, taxes, excises and other monies collected in accordance with this chapter shall be expended only for the following purposes, and in the following order.

a. To the Cannabis Control Authority for the reasonable cost of carrying out its responsibilities under this Chapter;

b. . The balance of said fund shall be distributed to the general fund of the commonwealth.

Section 12. General provisions

a. All applications for licenses or for a transfer of such a license from one location to another, or an application for a change in the description of a licensed premises under this chapter shall be made on a form or forms to be prescribed by the authority and shall include a sworn statement by the applicant giving the names and addresses of all persons who have a direct or indirect beneficial interest in said license. No stock in a corporation holding a license shall be transferred, pledged, or issued without first obtaining the permission of the local licensing authority and the authority. Provisions of this section shall not apply to stockholders of a corporation whose stock is listed for sale to the general public with the Securities and Exchange Commission and who hold less than ten per cent of the outstanding stock entitled to vote at the annual meeting of said corporation. Notation of the date and hour of filing shall be made on every application. All applicants for licenses under this chapter shall be citizens and residents of the commonwealth, or partnerships composed solely of such citizens and residents or to corporations organized under the laws of the commonwealth and whereof all directors shall be citizens of the United States and a majority residents of the commonwealth or to limited liability companies or limited liability partnerships organized under the laws of the commonwealth, subject to such conditions as the authority may prescribe by regulation to address issues of citizenship and residency and the requirements for a citizen manager or citizen principal representative of an alien licensee qualifications for a limited liability company or limited liability partnership to hold a license pursuant to this chapter. No person, firm, corporation, association, or other combination of persons, directly or indirectly, or through any agent, employee, stockholder, officer or other person or any subsidiary whatsoever, shall be granted, in the aggregate, more than three such licenses in the commonwealth, or participate in decisions regarding the cultivation of nor purchasing of cannabis or the purchasing of insurance or accounting or bookkeeping services, or receive any percentage or fee derived from gross revenues in exchange for management assistance, or participate in any other action designed to effect common results of more than three licensees under this chapter, or be granted more than one such license in a town or two in a city.

296 b. No license shall be issued to any person or business entity composed of persons who
297 have a direct or indirect beneficial interest in said entity who during the preceding ten years has
298 been convicted of a felony except a felony involving cannabis under Chapter 94C or any other
299 prior law of this jurisdiction or of any felony offense of any other jurisdiction, federal, state, or
300 territorial, which is the same as or necessarily includes the elements of said offense. Except that
301 if such conviction is of a stockholder of a corporation whose stock is listed for sale to the general
302 public with the Securities and Exchange Commission and who holds less than ten per cent of the
303 outstanding stock entitled to vote at the annual meeting of said corporation shall not disqualify
304 such corporation. Notwithstanding any general or special law to the contrary the authority prior
305 to approving any application shall conduct a criminal records check.

306 c. No such license shall be granted except to an applicant approved by the authority.
307 Such applicant shall be at least twenty-one years of age and of good character in the city or town
308 in which he seeks a license hereunder. Each license shall describe the premises to which it
309 applies. No such license shall be issued until the applicant therefor demonstrates to the
310 satisfaction of the authority that he is familiar with all laws and regulations relating to cannabis,
311 and will exercise said license in premises adequately secure and otherwise suitable. Each license
312 shall be exercised only at the location specified in the license and all licenses shall be for only
313 one location.

314 Section 13. Expiration and renewal

315 Each license issued hereunder shall expire two years from the date of issue by the
316 authority, unless sooner revoked by the authority, or local licensing authority, as provided herein,
317 or unless the business with respect to which such license was issued shall change ownership, or
318 unless the holder of the license shall remove his business from the premises covered by the
319 license, the authority not having given written approval for the transfer of said license to another
320 person in accordance with the provisions of section 14, in any of which cases the license shall
321 thereupon expire. In the event that a licensee removes his business to another location within his
322 city or town, the license with respect to the former place of business shall, without the payment
323 of an additional fee, be reissued for the new location for the balance of the unexpired term. The
324 holder of each license, on application to the authority, accompanied by the applicable fee
325 prescribed, may, before the expiration date of the license then held by him, renew his license for
326 a further period of two years. In case of suspension, revocation or cancellation of a license
327 issued by the authority, no abatement or refund of any part of the fee paid therefor shall be made.

328 Section 14. Transfer of license, surviving spouse or legal representative

329 a.Any license issued under this chapter may, upon application to the authority upon such
330 forms and in accordance with such procedures as the authority may prescribe, be transferred
331 from one location to another or the description of the licensed premises may be changed with the
332 approval of the authority. Any license under this chapter held by an individual, partnership or

333 corporation may be transferred to any individual, partnership or corporation qualified to receive
334 such a license in the first instance, if, in the opinion of the authority, such transfer is in the public
335 interest.

336 b.The surviving spouse or legal representative of a deceased non-corporate licensee may
337 continue to exercise the license for ninety days following the death of the licensee, but thereafter
338 only with the written consent of the authority, which consent shall expire, if not sooner revoked
339 or the license transferred, fifteen months from the date of death. Consent shall be withheld
340 unless the said surviving spouse or legal representative meets the qualifications prescribed for
341 the type of license sought to be retained.

342 Section 16. Tax stamps and documentation

343 Stamps and documentation hereunder may be issued by the authority to processors on a
344 credit basis, provided the processor shall have furnished a surety company bond with a surety
345 company authorized to do business in the commonwealth as surety, in such amount as the
346 authority may fix. In lieu of a surety company bond a licensee may deposit with the authority
347 bonds or other negotiable obligations of the commonwealth or of the United States of America of
348 such aggregate face amount as the authority may from time to time deem necessary adequately to
349 secure payment of the excise provided by this chapter; provided, that bonds need not be accepted
350 by the authority unless in registered form and of denominations satisfactory to it. In case of a
351 deposit of bonds or other negotiable obligations with the authority hereunder, it shall, while in
352 possession of such bonds, remit to such licensee as aforesaid, or persons entitled thereto, the
353 interest accruing and payable thereon, and if such excises together with all interest and other
354 charges accrued thereon shall be paid in full and if the person is no longer a licensee hereunder,
355 it shall return such bonds or obligations to the persons entitled thereto. If the excise together
356 with all interest and other charges accrued thereon provided by this chapter shall not be paid in
357 accordance with this chapter, the authority may sell all or any part of such bonds or obligations
358 to satisfy the amount due the authority as aforesaid and shall return to the persons entitled thereto
359 any excess left in its hands.

360 Section 17. Monthly reports, importer reports, records

361

362 Every licensee shall, on or before the twentieth day of each calendar month, file with the
363 authority, on a form or forms prescribed by it, a report signed under the penalties of perjury,
364 stating the amount of cannabis sold by such licensee in the commonwealth during the preceding
365 calendar month and such report shall contain or be accompanied by such further information as
366 the authority shall require; provided, that if a licensee ceases to sell cannabis within the
367 commonwealth he shall forthwith file with the authority such a report for the period ending with
368 such cessation. In addition to the foregoing cultivators shall report the identity of the processor to
369 whom sales were made, processors shall report the number of stamps on hand at the beginning of

370 the prior month, the number purchased during the prior month, the number on hand at the end of
371 the prior month, the number affixed or otherwise disposed of during the prior month, the source
372 and dry weight of cannabis processed in the prior month and the identify of the trader or traders
373 and amounts sold to each, and traders shall report the identify of the retailer or retailers and
374 amounts sold to each.

375 Each import licensee shall, upon importation of cannabis into the commonwealth, file
376 with the authority a report, stating the amount of cannabis imported and the processor to whom it
377 was delivered and such other information as the authority shall require.

378 All licensees shall keep complete and accurate records from which information can be
379 obtained to complete and audit said report, and such other records as the authority may prescribe
380 and shall preserve such records for a minimum of three years. The authority shall at all
381 reasonable times, through its designated officers and agents, have access to all such books,
382 records and other documents of any licensee relating to the business licensed hereunder.

383 Section 18. Licensing of Retail and Farmer-Processor-Retailer

384 The number of retail and farmer-processor-retailer licenses available within any city or
385 town shall not exceed the total number of alcoholic beverage licenses authorized in said city or
386 town under the provisions of Section 17 of Chapter 138 of the General Laws, regardless of the
387 number of alcoholic beverage licenses actually issued. For purposes of this section, "alcoholic
388 beverage licenses" shall mean the aggregate number of licenses which authorize the sale of
389 alcoholic beverages to consumers.

390 Within ten days after receipt of any such application, the local licensing authorities shall
391 cause a notice thereof to be published at the expense of the applicant. Such notice shall be
392 published in the city or town wherein the license is intended to be exercised or, if no newspaper
393 is published in such city or town, in a newspaper, published within the commonwealth, providing
394 general circulation in such city or town, or if there is no newspaper providing general circulation
395 in such city or town, then in a daily newspaper published in the county wherein such license is
396 intended to be exercised. After such publication the name of the newspaper publishing such
397 notice shall be noted by the local licensing authorities on the application for a license. The notice
398 shall set forth the name of the applicant in full, the kind of license applied for, a description of
399 the location and area where the license is intended to be exercised, designating, if practicable, the
400 street and number. No application shall be acted upon by the local licensing authorities except
401 after hearing thereon which shall be held not sooner than ten calendar days after the publication
402 of such notice. An affidavit of the person making such publication on behalf of such authorities,
403 together with an attested copy of the notice published, shall be filed in the office of such
404 authorities, and a certified copy of such affidavit shall be prima facie evidence that such notice
405 has been published in accordance with this section. Where there are no premises actually in
406 existence at the time the application is made, the applicant may file with the local licensing

407 authorities a plan showing the actual dimensions of premises which are to be constructed on
408 which the license is to be exercised. The local licensing authorities may thereafter grant a license
409 upon the condition that such license shall issue upon completion of such premises according to
410 said plan, and the decision of the licensing authorities as to whether or not said plan has been
411 complied with shall be final.

412 Every applicant for an original license under this section or for a transfer of such a license
413 from one location to another, or an applicant for a change in the description of a licensed
414 premises, or someone on his behalf, shall, within three days after publication as hereinbefore
415 provided, cause a copy of the published notice to be sent by registered mail to each of the
416 persons appearing upon the assessors' most recent valuation list as the owners of the property
417 abutting on the premises where the license is intended to be exercised and, if a school, which
418 gives not less than the minimum instruction and training to children of compulsory school age
419 required by chapter seventy-one, or a church or hospital, is located within a radius of five
420 hundred feet from said premises, to such school, church or hospital. The notice sent to such
421 school, church or hospital shall indicate the necessity of a written objection to prevent the
422 issuance or transfer of such license. An affidavit of the applicant or of the person mailing such
423 notice in his behalf, together with an attested copy of the notice mailed, shall be filed in the
424 office of the local licensing authorities, and a certified copy of such affidavit shall be prima facie
425 evidence that such notice has been mailed in accordance with this section. If any abutter or the
426 authorities in charge of any such school, church or hospital shall make complaint in writing to
427 the local licensing authorities that such license was granted or transferred hereunder without such
428 notice having been mailed to him or them as required hereby, and after due hearing it appears
429 that such notice was not mailed as aforesaid, the local licensing authorities may cancel the
430 license. Any person who has filed a complaint with the local licensing authorities under this
431 section who is aggrieved by the action of such authorities in refusing to cancel a license
432 hereunder or by their failure to act upon such a complaint within a period of thirty days may
433 appeal to the authority in writing within five days following receipt of written notice of such
434 action or within five days following the expiration of the thirty day period, and the authority
435 may, after hearing, cancel such a license and in such event, shall send notice of the cancellation
436 to the local licensing authorities. Nothing herein contained shall be construed to prohibit a
437 licensee whose license has been cancelled by the local licensing authorities under authority
438 contained in this section from appealing to the authority as provided in section sixty-seven. No
439 application by the same applicant for the same type of license to be exercised on the same
440 premises may be filed within one year of the date of his last prior application except in the
441 discretion of the licensing authorities.

442 The local licensing authority shall establish application fees for each class of license it is
443 authorized to grant sufficient to cover the local authority's cost of processing applications,
444 including the allocatable cost of employee compensation and expenses incurred for the conduct
445 of the public hearing and establish a local license fee to be paid by approved applicants, provided

446 the authority can establish such local license fee is necessary to meet the costs of local
447 enforcement.

448 The local licensing authorities shall grant such licenses by such standards as said local
449 licensing authorities shall reasonably determine shall protect the public health and safety

450 No such license shall be effective until also approved by the authority.

451 Section 19. Posting of price list and warning

452 Every Retail and Farmer-Processor-Retailer licensee shall keep conspicuously posted in
453 each room where any cannabis is sold a price list of such cannabis. Sales by such licensees shall
454 be made only in the original processor's package and at the prices stated on the current posted
455 price list. Every Retail and Farmer-Processor-Retailer licensee shall also keep conspicuously in
456 each room where any cannabis is sold a sign with the following statement: WARNING:
457 Consumption of cannabis may impair your ability to operate a motor vehicle or machinery, and
458 may cause health problems. The Operation of a motor vehicle while impaired from the
459 consumption of cannabis, intoxicating liquor, narcotic drugs, depressants or stimulant substances
460 or the vapors of glue by a fine of not less than five hundred nor more than five thousand dollars
461 or by imprisonment for not more than two and one-half years, or both such fine and
462 imprisonment.

463 Section 20. Retail sales

464 The holder of a retail license may sell cannabis only to adult members of the public, not
465 visibly intoxicated or otherwise in such condition as may present a threat to public safety. All
466 cannabis so sold must bear all appropriate labels and documentation required by this chapter and
467 prescribed by the authority and must take place within the licensed premises of the retailer,
468 which premises must be enclosed.

469 Section 21. Possession of packaged cannabis for sale not bearing valid documentation

470 Possession of packaged cannabis for sale at retail or by the holder of a trade license not
471 bearing valid documentation as prescribed hereunder, or bearing any stamp or other
472 documentation that is stained or smudged or its characteristics be so blurred, obscured or
473 indistinct that it cannot be distinguished as genuine shall be a violation of Chapter 94C, Section
474 34, of the General Laws. It shall be no defense to a claim of violation of this paragraph that the
475 retailer or trader in good faith believed documentation borne by cannabis in his possession to be
476 valid. Each package shall constitute a separate offense.

477 Section 22. Possession of unstamped packaged cannabis or bearing illegible stamp or
478 documentation

No trader or retailer shall accept packaged cannabis that is not stamped or otherwise documented or bearing any stamp or other documentation that is stained or smudged or its characteristics be so blurred, obscured or indistinct that it cannot be distinguished as genuine. The processor or trader must accept its return and replace them with packages of cannabis upon which stamps have been properly affixed.

Section 23. Fraudulent or counterfeit stamps or documentation

a. Whoever falsely or fraudulently makes, forges, alters or counterfeits, or causes or procures to be falsely or fraudulently made, forged, altered or counterfeited, any excise stamps or other documentation prepared or prescribed by the authority under this chapter, or whoever knowingly and willfully utters, publishes, passes or tenders as true, any such false, altered, forged or counterfeited stamp or makes a false affixation of or uses any stamp provided for by this chapter which has already been used, for the purposes of evading the excise imposed by this chapter, shall be punished by a fine of not more than $20,000 or by imprisonment for not more than five years, or both.

b. If any person secures, manufactures or causes to be secured or manufactured, or has in his possession, any cannabis excise stamp or die or device not prescribed or authorized by the authority, or any counterfeit impression, such fact shall be prima facie evidence that such person has counterfeited cannabis excise stamps. Whoever willfully removes or alters or knowingly permits to be removed or altered the cancellation or defacing mark of any stamp provided for by this chapter with intent to use such stamp, or knowingly or willfully buys, prepares for use, uses, has in possession, or suffers to be used, any metering machine without authority, or any washed, restored or counterfeit stamps, or whoever intentionally removes or causes to be removed, or knowingly permits to be removed any stamp or meter impression affixed pursuant to this chapter, or whoever tampers with or causes to be tampered with any metering machine authorized to be used under the provisions thereof, shall be punished by a fine of not more than $20,000 or by imprisonment for not more than five years, or both.

Section 24. Vending machine sales prohibited

Sale or distribution of cannabis by vending machine or similar automation is prohibited.

Section 25. Adulteration prohibited.

The license of any licensee who, directly or through any agent, employee or other person, changes in any manner cannabis in his possession by adding a dilutant, attenuant, intoxicant, preservative or any additive of any kind, the effect whereof is to reduce the purity of cannabis to less than 100%, shall be suspended by the authority for a period of not less than six months, and the licensee shall be subject to such additional sanction as the authority may prescribe. Presence on the licensed premises of cannabis less than 100% pure shall be prima facie evidence of a violation of this section.

515 Section 26. Civil damages for injury caused by additive

516 Whoever places or causes to be placed any additive in cannabis shall be liable to any
517 person injured by reason of ingestion thereof to the extent of three times actual damages, plus
518 damages for pain and suffering, costs and reasonable attorney's fees.

519 Section 27. Suspension or revocation of license granted by local authority.

520 Any person aggrieved by the conduct of any license holder hereunder, his agents or
521 employees licensed by the local authority, shall state his grievance in writing to the local
522 licensing authority of the city or the selectmen of the town wherein the complained of conduct
523 occurred. After investigation and hearing said authority or selectmen shall, if the public interest
524 so requires, within seventy-five days from the date of the first regular meeting following the
525 receipt of said complaint, submit to the authority a certified copy of the original complaint,
526 together with a report of the commission's or the selectmen's findings and recommendation,
527 which recommendations shall include, but not be limited to, one of the following:

528 a.. That no action be taken against the license whose conduct is complained of.

529 b.. That the licensee's license be suspended for a specified period of time, not less than
530 one week nor more than one year.

531 c. That the licensee's license be revoked.

532 d. The authority shall, within thirty days of receipt of such findings and
533 recommendations, implement the said recommendations unless the licensee complained of shall,
534 during said thirty-day period: have requested a hearing or the authority shall have deemed a
535 hearing to be in the interest of fairness. In either said event, the authority shall, within sixty
536 days, hold a hearing de novo, and thereupon accept, reject or reverse the recommendation of the
537 license commission. No revision shall exceed the limits set forth in this section for
538 recommendations of the license commission. All hearings shall be conducted in accordance with
539 the Massachusetts Administrative Procedure Act, and the licensee shall have the right of appeal
540 as prescribed therein.

541 Section 28. Suspension or revocation of license granted by authority

542 Any person aggrieved by the conduct of any license holder hereunder, his agents or
543 employees licensed solely by the authority, shall state his grievance in writing to the authority.
544 After investigation and hearing conducted in accordance with the Massachusetts Administrative
545 Procedure Act the authority if the public interest so requires, within seventy-five days from the
546 date of the first regular meeting following the receipt of said complaint:

547 a. Take no action against the license.

548 b. Suspended the license for a specified period of time, not less than one week nor more
549 than one year.

550 c. Revoke the licensee's license be revoked.

551 Subject to a hearing under the Massachusetts Administrative Procedure Act the authority
552 may suspend or revoke any license issued under this chapter for failure of the licensee to comply
553 with any provision hereof or of the rules and regulations promulgated by the authority.

554 Any person whose license has been suspended or revoked shall cultivate, import, process,
555 trade, sell or offer for sale cannabis or cause or permit cannabis to be sold during the period of
556 such suspension or revocation and be subject to the provisions of Chapter 94C as if never
557 licensed.

558 Section 29. Cost and expenses of the authority

559 Except as specifically provided in this chapter, all costs and expenses of the authority,
560 including salaries and rent, shall be borne by the authority from revenues collected.

561 Section 30. Cannabis as security

562 Licensees hereunder shall not sell, borrow, loan or exchange unstamped cannabis or
563 stamps to, from or with other such licensees unless authorized by the authority.

564 Section 31. No property right in license

565 No holder of a cannabis license hereunder shall have any property right in any document
566 or paper evidencing the granting of such license issued by the authority, and said authority, upon
567 the expiration, suspension, revocation, cancellation, or forfeiture of such a license shall be
568 entitled upon demand to the immediate possession thereof. The superior court shall have
569 jurisdiction in equity, on petition of the licensing authorities, to enforce this provision.

570 Section 32. Display of license

571 Every license issued under the provisions of this chapter or a duplicate copy thereof shall
572 be prominently displayed on the premises covered by the license.

573 Section 33. Authority's records public

574 All records of the authority are public within the meaning of the General Laws, Chapter
575 66.

576 Section 34. Fiscal year annual report of authority

577 The authority shall not later than the fourth Wednesday of October file a written report
578 with the governor and the respective clerks of the senate and house of representatives which shall
579 contain a comprehensive reporting, accounting, description and analysis of its activities.

580 Section 35. Annual Audit

581 The state auditor shall conduct an annual post-audit of all accounts and transactions of
582 the authority, reasonable costs thereof to be borne by the authority.

583 Section 36. Continuous study

584 The authority shall carry on a continuous study and investigation of cannabis commerce
585 in the commonwealth and of the operation and administration of similar laws in other states and
586 countries, of studies on the subject which from time to time may be published or available, of
587 any federal laws which may affect the administration of this chapter, and of the reaction of
588 citizens of the commonwealth to existing and potential features of this chapter in order (1) to
589 ascertain any defects in this chapter or in the administration thereof or any evasion of said law or
590 said rules and regulations as may arise or be practiced, and (2) to formulate recommendations for
591 changes in said law and the rules and regulations promulgated thereunder to prevent such abuses
592 and evasions, and (3) to guard against the use of said law and regulations issued thereunder as a
593 cover for the carrying on of criminal activities. The authority shall report immediately to the
594 governor and the general court any matters which require immediate changes in the laws of the
595 commonwealth in order to prevent abuses and evasions of this chapter or the rules and
596 regulations promulgated thereunder or to rectify undesirable conditions in connection with the
597 administration of this chapter.

598 Section 37. No off licensed premises advertising

599 a. No holder of a license of any class shall, directly or indirectly, personally or through
600 any agent or employee, whether for consideration or gratuitously, cause to be published in a
601 newspaper or magazine distributed anywhere in the commonwealth or to be broadcast to a radio
602 or television receiver in the commonwealth, or to appeal in any display signs or personal
603 solicitation, or any manner of advertising, any advertisement or notice to promote or encourage
604 the consumption of cannabis.

605 b. The preceding shall not apply to the following:

606 (1). Cannabis packages, crates, cartons, or boxes of Cannabis packages, provided,
607 however, that no such items shall be used for any display, ornament, or fixture on the licensed
608 premises.

609 (2). Logos contained in private correspondence or publications not intended for public
610 distribution.

611 (3). A single notice reading “Authorized Cannabis Outlet,“ in a style to be prescribed by
612 the authority.

613 Section 38. No promotional games or gimmicks

614 The use of any device or game of chance to aid, promote or induce sales or purchases of
615 cannabis or any goods or services is prohibited. The giving of cannabis in connection with any
616 device or game of chance is prohibited.

617 Section 39. Cannabis sales and so called use tax

618 The sale of cannabis in accordance with this section shall not be subject to the provisions
619 of:

620 a. Chapter 64H of the General Laws, relating to a sales tax on sales of tangible personal
621 property at retail; or

622 b. The provisions of Chapter 64I of the General Laws, relating to a tax on the storage,
623 use or other consumption of certain tangible property.

624 c. The provisions of Chapter 94 of the General Laws relating to the inspection and sale
625 of food, drugs, and various articles.

626 Section 40. Excises paid direct tax on consumer

627 All excises paid in pursuance of this chapter shall conclusively be presumed to be a direct
628 tax on the retail consumer, pre-collected for the purpose of convenience and facility only.

629 Section 41. Contracts void

630 Any contract, express or implied, made by any person, firm or corporation in violation of
631 any of the provisions herein is declared to be an illegal and void contract and no recovery
632 thereon shall be had.

633 Section 42. Initial funding of the Authority

634 The sum of $2,500,000.00 shall be appropriated to fund the authority initially, which sum
635 shall be repaid by the authority to the treasurer of the commonwealth within five years from the
636 day that the first cannabis sale is made under the provisions of this chapter, together with interest
637 at the rate of 15% per annum from said day.

638 Section 43. Appointment of directors and promulgation of initial regulations

639 Unless appointed sooner, within thirty days following enactment by the United States of
640 legislation that repeals the federal prohibition on the commercial activities regulated by the act
641 the governor and council, the president of the senate and speaker of the house shall make the

642 appointments provided for in section 6. Within ninety days following appointment of the
643 authority the authority shall promulgate regulations for effectuating the licensing of commercial
644 cannabis commerce.