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MEMORANDUM

TO: Joseph C. Duarte, Acting Town Manager
Leigh A. Carney, Town Clerk (for distribution to Town Council)
Lisa W. Bourbonnais, Town Planner

FROM: Amy H. Goins, Assistant Town Solicitor

DATE: February 28, 2019

SUBJECT: Proposed Legalization of Recreational Marijuana

As you may know, the Governor's proposed budget for fiscal year 2020 calls for the legalization of recreational marijuana. Under the proposed legislation, cities and towns, through referendum, may opt out of having retail marijuana shops in their communities, and/or may limit through zoning where retail stores and other marijuana establishments can be located. However, there are firm deadlines by which municipalities must act in order to effectuate a referendum or zoning changes. As such, it is advisable to begin preparing for the possible legalization of recreational marijuana use now, as waiting until the budget is passed in June/July would put the Town up against fast-approaching deadlines.

The proposed budget would, among other things, add a new chapter to the General Laws known as the 'Marijuana Regulation, Control, and Taxation Act.' Under this proposed legislation, the State would issue licenses for authorized activities relating to recreational marijuana, such as retail sales, cultivation, processing, and testing. The State would be prohibited from issuing such a license if (1) the proposed location is within 500 feet of a public school, for a prospective retailer, or 1000 feet of a public school, for a prospective non-retail licensee; (2) the proposed location is a site where the use is not permitted by the applicable zoning classification or would otherwise violate a municipality's zoning ordinance; or (3) the proposed location is located in a municipality where the residents have approved, by a simple majority referendum, a ban on the kind of marijuana establishment being proposed.

The proposed legislation goes on to specifically delineate municipal authority regarding recreational marijuana. If a municipality wishes to prohibit specific classes of marijuana

establishment licenses (for example, retail licenses), or all classes of licenses, it must do so by referendum conducted on or before **November 5, 2019**. Referendum is the only method by which a town can completely prohibit recreational marijuana establishments. Each class of establishment must be put forth in a separate question; there cannot be a single question to ban all classes. Once the referendum has been held, the town must enact the appropriate ordinance(s) by January 1, 2020. Any town which holds a referendum can, in the future, hold additional referenda to prohibit previously allowed establishments or allow previously prohibited establishments.

If a municipality does not wish to ban all classes of marijuana establishment licenses, but wishes to enact zoning ordinances governing certain classes of licenses (for example, banning retail shops in residential zones, but allowing cultivation facilities in commercial/industrial zones by special use permit), such ordinances must be enacted by **January 1, 2020**. The Town can enact ordinances that regulate the time, place, and manner of marijuana establishments' operations. However, the Town is not permitted to enact an ordinance which prohibits or makes impracticable operations altogether. Furthermore, the Town cannot enact ordinances that conflict with the general laws or the rules and regulations promulgated by the proposed Office of Cannabis Regulation.

The recreational marijuana establishments are proposed to exist alongside medical marijuana establishments. As such, nothing in the proposed budget gives municipalities additional powers to regulate or prohibit already existing medical marijuana facilities.

As you can see, the required deadlines impose an extremely limited time period in which municipalities have an opportunity to draft ordinances, plan a referendum, and enact the appropriate legislation. In light of this, it is prudent for the Town to begin planning now, even though the passage of the Governor's budget is far from certain at this point, as usual. As you may be aware, the League of Cities and Towns intends to lobby the General Assembly to ensure that if recreational marijuana is legalized, municipalities could opt in to the system rather than be required to opt out.

A copy of the proposed legislation relating to the legalization of recreational marijuana is attached for your review. The section on municipal authority starts at the bottom of page 511. We suggest reviewing your Zoning Ordinance and amending it, if necessary, to most effectively control the location of marijuana-related uses. We look forward to working with you to ensure that the needs and interests of the Town are best served during this process.

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1 entity shall sell, deliver or otherwise transfer to any person who is under twenty-one (21) years
2 of age marijuana, marijuana plants or marijuana products.

3 (b) Any person or entity who sells, delivers or otherwise transfers marijuana, marijuana
4 plants or marijuana products to any person who is under twenty-one (21) years of age violation of
5 this chapter and chapter 21-28.11 and/or the regulations promulgated hereunder shall be subject
6 to imposition of an administrative penalty by the office of cannabis regulation in the amount of
7 \$10,000 per violation.

8 (c) As to any violation of this section, such person, and in the case of an entity such
9 entity's principal officers and other key persons, shall also be guilty of a felony, and upon
10 conviction shall be punished by imprisonment and a fine as provided in chapter 21-28 of the
11 general laws and the attorney general shall prosecute such criminal violation.

12 **21-28.10-13. Unlawful marijuana extraction, penalties.**

13 (a) No person, other than a licensed processor who is in compliance with this
14 chapter, chapter 28.11 and accompanying regulations or an agent of a processor acting in
15 that capacity, may extract compounds from marijuana using solvents other than water,
16 glycerin, propylene glycol, vegetable oil, or food grade ethanol (ethyl alcohol). No person
17 may extract compounds from marijuana using ethanol in the presence or vicinity of open
18 flame.

19 (b) A person who violates this section shall be subject to imposition of an
20 administrative penalty by the office of cannabis regulation of up to five thousand dollars
21 (\$5,000) per violation.

22 (c) A person who violates this section shall also be guilty of a felony punishable by
23 imprisonment and a fine in accordance with chapter 21-28 of the general laws and the attorney
24 general shall prosecute such criminal violation.

25 **CHAPTER 28.11**

26 **MARIJUANA REGULATION, CONTROL, AND TAXATION ACT**

27 **21-28.11-1. Short title.**

28 This chapter shall be known and may be cited as the "Marijuana Regulation, Control,
29 and Taxation Act."

30 **21-28.11-2. Definitions.**

31 For purposes of this chapter:

32 (1) "Cannabis" means all parts of the plant of the genus marijuana, also known as
33 marijuana sativa L., whether growing or not; the seeds thereof; the resin extracted from any
34 part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation

1 of the plant, its seeds, or resin regardless of cannabinoid content or cannabinoid potency
2 including “marijuana”, and “industrial hemp” or “industrial hemp products” which satisfy the
3 requirements of chapter 2-26 of the general laws and the regulations promulgated thereunder.

4 (2) "Marijuana" means all parts of the plant cannabis sativa L., whether growing or not;
5 the seeds of the plant; the resin extracted from any part of the plant; and every compound,
6 manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin, but shall not
7 include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the
8 seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of
9 mature stalks, (except the resin extracted from it), fiber, oil or cake, or the sterilized seed from the
10 plant which is incapable of germination. Marijuana shall not include “industrial hemp or”
11 industrial hemp products” which satisfy the requirements of chapter 2-26 of the general laws and
12 the regulations promulgated thereunder.

13 (3) "Marijuana cultivation facility" means an entity that is licensed pursuant to
14 chapter 28.11 of title 21, to be exempt from state penalties for cultivating, preparing,
15 packaging, and selling marijuana to a marijuana retailer, a marijuana processor, another
16 marijuana cultivation facility, cannabis testing laboratory, or another marijuana establishment
17 licensed by the office of cannabis regulation, in accordance with regulations promulgated by the
18 office of cannabis regulation; but not for manufacturing, processing or selling marijuana
19 products or selling marijuana at retail or otherwise to the general public.

20 (4) "Marijuana establishment" and “marijuana establishment licensee” means any
21 person or entity licensed by the office of cannabis regulation under this chapter or chapter 21-28.6
22 whose license permits it to engage in or conduct activities in connection with the adult use
23 marijuana industry or medical marijuana program and includes but is not limited to a licensed
24 marijuana cultivation facility, marijuana processor, marijuana retailer, cannabis testing facility,
25 compassion center, medical marijuana cultivator, medical marijuana processor or any other
26 license issued by the office of cannabis regulation under this chapter or chapter 21-28.6 and/or as
27 specified and defined in regulations promulgated by the office of cannabis regulation.

28 (5) "Marijuana paraphernalia" means equipment, products, and materials which are
29 used or intended for use in planting, propagating, cultivating, growing, harvesting,
30 manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing,
31 packaging, repackaging, storing, containing, concealing, ingesting, or inhaling marijuana, or
32 otherwise introducing marijuana into the human body.

33 (6) "Marijuana processor" means an entity licensed pursuant to chapter 28.11 of title
34 21 to be exempt from state penalties for purchasing marijuana from marijuana cultivation

1 facilities, other marijuana processors, or other marijuana establishments, in accordance with
2 regulations promulgated by the office of cannabis regulation and manufacturing or processing
3 marijuana products, selling, giving, or transferring marijuana products to a marijuana
4 retailer, marijuana testing facility, or other marijuana establishments, in accordance with
5 regulations promulgated by the office of cannabis regulation but not for selling marijuana or
6 marijuana products at retail or otherwise to the general public.

7 (7) "Marijuana products" means any form of marijuana, including concentrated
8 marijuana and products that are comprised of marijuana and other ingredients that are
9 intended for use or consumption, such as, but not limited to, extracts, infusions, edible
10 products, ointments, and tinctures, as further defined in regulations promulgated by the office of
11 cannabis regulation.

12 (8) "Marijuana testing facility" or "cannabis testing laboratory" means a third party
13 analytical testing laboratory licensed by the departments of health and office of cannabis
14 regulation to collect and test samples of cannabis pursuant to regulations promulgated by the
15 departments.

16 (9) "Marijuana retailer" means an entity that is licensed pursuant to chapter 28.11 of
17 title 21, to be exempt from state penalties for purchasing marijuana from marijuana
18 cultivation facilities, marijuana processors, or other marijuana establishments in accordance
19 with regulations promulgated by the office of cannabis regulation, and selling marijuana,
20 marijuana products, and marijuana paraphernalia to customers who are twenty-one (21) years of
21 age or older in accordance with the provisions of this chapter, chapter 21-28.11 and rules and
22 regulations promulgated by the office of cannabis regulation.

23 (10) "Smoke" or "smoking" means heating to at least the point of combustion,
24 causing plant material to burn, inhaling, exhaling, burning, or carrying any lighted or heated
25 cigarette, pipe, weed, plant, other marijuana product in any manner or in any form intended for
26 inhalation in any manner or form and includes but is not limited to the use of electronic cigarettes,
27 electronic pipes, electronic marijuana delivery system products, or other similar products that rely
28 on vaporization or aerosolization.

29 (11) "State prosecution" means prosecution initiated or maintained by the state of
30 Rhode Island or an agency or political subdivision of the state of Rhode Island.

31 (12) "Vaporize" or "vape" means heating below the point of combustion and
32 resulting in a vapor or mist.

33 (13) "Equivalent amount" means the portion of usable marijuana, be it in extracted,
34 edible, concentrated, or any other form, found to be equal to a portion of dried marijuana, as

1 defined by regulations promulgated by the office of cannabis regulation.

2 **21-28.11-3. Office of Cannabis Regulation.**

3 (a) Within the department of business regulation there shall be an office of cannabis
4 regulation that oversees the regulation, licensing and control of cannabis, including marijuana,
5 medical marijuana and industrial hemp, and such other matters within the jurisdiction of the
6 department as determined by the director. An associate director or other designee of the director
7 who reports to the director shall be in charge of all matters relating to cannabis regulation and
8 control.

9 (b) Whenever in chapters 2-26, 21-28.6, 21-28.10, 21-28.11 and 44-49.1 of the general
10 laws the words "department of business regulation" shall appear, the words shall be deemed to
11 mean the office of cannabis regulation within the department of business regulation. Whenever
12 in chapters 2-26, 21-28.6, 21-28.10, 21-28.11 and 44-49.1 of the general laws the words "office
13 of cannabis regulation" shall appear, the words shall be deemed to mean the office of cannabis
14 regulation within the department of business regulation.

15 (c) The office of cannabis regulation shall coordinate the executive branch response
16 to the regulation and control of cannabis including, but not limited to, strategic
17 planning, coordination and approval of regulations, educational content, planning and
18 implementation, community engagement, budget coordination, data collection and analysis
19 functions, and any other duties deemed necessary and appropriate by the office of cannabis
20 regulation to carry out the provisions of this chapter.

21 (d) In furtherance of coordinating the oversight of cannabis, including marijuana,
22 medical marijuana and industrial hemp, across state agencies, the office of cannabis regulation
23 shall:

24 (1) Coordinate with the staff designated by the respective directors of each state
25 agency regarding the agency's promulgation and implementation of rules and regulations
26 regarding adult use of marijuana, medical marijuana and industrial hemp with the objective of
27 producing positive economic, public safety, and health outcomes for the state and its citizens;

28 (2) Offer guidance to and communicate with municipal officials regarding
29 the implementation and enforcement of this chapter and chapters 28.6 and 28.10;

30 (3) Align all policy objectives and the promulgation of rules and regulations across
31 state agencies to increase efficiency and eliminate unintended negative impacts on the state
32 and its citizens;

33 (4) Communicate with regulatory officials from other states that allow marijuana for
34 adult use, medical marijuana use and industrial hemp production to learn from the experiences of

1 those states:

2 (5) Anticipate, prioritize, and respond to emerging issues with the regulation of
3 marijuana;

4 (6) Coordinate the collection of data on adult use of marijuana and medical
5 marijuana use from state agencies and report to the governor and legislature no later than
6 January 1, 2021, and every year thereafter. The report shall include, but is not limited to:

7 (i) The number and geographic distribution of all licensed marijuana establishments;
8 (ii) Data on the total amount of sales of marijuana and the total amount of revenue
9 raised from taxes and fees levied on marijuana;

10 (iii) Projected estimate of the total marijuana revenue that will be raised in the
11 proceeding year;

12 (iv) The distribution of funds to programs and agencies from revenue raised from
13 fees and taxes levied on marijuana; and

14 (v) Any findings from the departments of health and public safety related to changes in
15 marijuana use rates and the impact, if any, of marijuana use on public health and public safety.

16 **21-28.11-4. Marijuana Advisory Board.**

17 (a) The leaders of the general assembly shall establish a marijuana advisory board to
18 study and make recommendations on the regulation of marijuana and marijuana products.

19 (b) The marijuana advisory board shall consist of fourteen (14) members,
20 seven (7) appointed by the speaker of the house, and seven (7) appointed the senate
21 president. Both the speaker of the house and the senate president shall appoint one member
22 of the general assembly, one expert in law enforcement, one expert in public health, one
23 expert in the legal marijuana business community, one attorney with experience in
24 marijuana law and policy, one expert in social welfare or social justice, and one individual
25 who represents marijuana consumers.

26 (c) Members of the marijuana advisory board shall serve terms of two (2) years.

27 (d) Members of the board shall serve without compensation but shall be reimbursed
28 for their expenses actually and necessarily incurred in the discharge of their official duties.
29 Eight (8) or more members of the board present and voting shall constitute a quorum.

30 (e) The marijuana advisory board's duties shall include:

31 (1) Advising the legislature on matters related to marijuana cultivation,
32 processing, manufacture, transport, distribution, testing and sale;

33 (2) On its own initiative, recommending to the office of cannabis regulation
34 guidelines, rules and regulations and any changes to guidelines, rules and

1 regulations that the board considers important or necessary; and

2 (3) Holding public hearings to take testimony from experts and members of the
3 general public on issues related to the regulation and taxation of marijuana.

4 (f) All records of the marijuana advisory board shall be public records.

5 (g) The chairs of the marijuana advisory board shall issue public notice at least
6 fourteen (14) days prior to each meeting of the marijuana advisory board.

7 **21-28.11-5. Licensing of marijuana establishments.**

8 (a) Except as otherwise provided in this chapter:

9 (1) A person or an entity may apply, in accordance with the provisions of this chapter
10 and regulations adopted by the office of cannabis regulation, for the issuance of a license
11 authorizing the applicant to engage in licensed marijuana activities as a marijuana retailer,
12 marijuana cultivator, marijuana processor, cannabis testing facility, or any other marijuana
13 establishment licensee, pursuant to the provisions of this chapter and regulations promulgated
14 by the office of cannabis regulation provided that a majority of equity in and/or ownership of any
15 license is held by a Rhode Island resident, or Rhode Island residents, as defined in regulations
16 promulgated by the office of cannabis regulation.

17 (2) The office of cannabis regulation shall have authority to issue a license or
18 licenses to marijuana cultivators, marijuana retailers, marijuana processors, and any other
19 category of marijuana establishment licensee established through this chapter or the regulations
20 promulgated hereunder.

21 (3) The department of health, in coordination with the office of cannabis regulation,
22 shall have authority to promulgate regulations to create and implement all licenses involving
23 cannabis reference testing requirements including approval, laboratory proficiency programs and
24 proficiency sample providers, quality assurance sample providers, round robin testing and
25 regulations establishing quality control and test standardization, and create and implement
26 additional types and classes of licensed cannabis testing facilities in accordance with regulations
27 promulgated hereunder.

28 (b) The office of cannabis regulation shall have the authority to promulgate regulations
29 to create and implement additional types and classes of commercial marijuana establishment
30 licenses, including but not limited to, licenses for businesses to engage in marijuana destruction,
31 delivery, disposal, research and development, transportation, social use licenses, or any other
32 commercial activity needed to support licensed marijuana cultivators, licensed marijuana
33 processors, compassion centers, licensed cannabis testing facilities, provided no license created
34 by the department shall allow for the retail sale of marijuana.

1 (c) The office of cannabis regulation shall promulgate regulations governing the manner
2 in which it shall consider applications for issuing additional classes of marijuana establishment
3 licenses, in accordance with this section.

4 (d) The office of cannabis regulation shall promulgate regulations governing the manner
5 in which it shall consider applications for the licensing and renewal of each type of marijuana
6 establishment license necessary and proper to enforce the provisions of and carry out the duties
7 assigned to it under this chapter and chapter 28.10, including but not limited to regulations
8 governing:

9 (1) The form and content of licensing and renewal applications;

10 (2) Application and licensing fees for marijuana establishment licensees;

11 (3) Procedures for the approval or denial of a license, and procedures for suspension or
12 revocation of the license of any marijuana establishment licensee that violates the provisions of
13 this chapter, chapter 28.10 or the regulations promulgated thereunder in accordance with the
14 provisions of chapter 42-35 of the general laws; and

15 (4) Compliance with municipal zoning restrictions, if any, which comply with 21-28.11-
16 10 of this chapter.

17 (e) The department of health or the office of cannabis regulation, as applicable, shall
18 issue each principal officer, board member, agent, volunteer, and employee of a marijuana
19 establishment license a registry identification card or renewal card after receipt of the person's
20 name, address, date of birth; a fee in an amount established by the department of health or the
21 office of cannabis regulation; and, when the applicant holds an ownership, equity, controlling, or
22 managing stake in the marijuana establishment license as defined in regulations promulgated by
23 the office of cannabis regulation, notification to the department of health or the office of cannabis
24 regulation by the department of public safety division of state police, attorney general's office, or
25 local law enforcement that the registry identification card applicant has not been convicted of a
26 felony drug offense or has not entered a plea of nolo contendere for a felony drug offense and
27 received a sentence of probation. Each card shall specify that the cardholder is a principal officer,
28 board member, agent, volunteer, employee, or other designation required by the departments of
29 marijuana establishment license and shall contain the following:

30 (i) The name, address, and date of birth of card applicant;

31 (ii) The legal name of the marijuana establishment licensee to which the applicant is
32 affiliated;

33 (iii) A random identification number that is unique to the cardholder;

34 (iv) The date of issuance and expiration date of the registry identification card; and

1 (v) A photograph, if the department of health or the office of cannabis regulation decides
2 to require one; and

3 (vi) Any other information or card classification that the office of cannabis regulation or
4 department of health requires.

5 (f) Except as provided in subsection (e), neither the department of health nor the office of
6 cannabis regulation shall issue a registry identification card to any card applicant who holds an
7 ownership, equity, controlling, or managing stake in the marijuana establishment license as
8 defined in regulations promulgated by the office of cannabis regulation, who has been convicted
9 of a felony drug offense or has entered a plea of nolo contendere for a felony drug offense and
10 received a sentence of probation or who the department has otherwise deemed unsuitable. If a
11 registry identification card is denied, the applicant will be notified in writing of the purpose for
12 denying the registry identification card. A registry identification card may be granted if the
13 offense was for conduct that occurred prior to the enactment of this chapter or that was
14 prosecuted by an authority other than the state of Rhode Island and for which the enactment of
15 this chapter would otherwise have prevented a conviction.

16 (g) (i) All registry identification card applicants who hold an ownership, equity,
17 controlling, or managing stake in the marijuana establishment license as defined in regulations
18 promulgated by the office of cannabis regulation shall apply to the department of public safety
19 division of state police, the attorney general's office, or local law enforcement for a national
20 criminal identification records check that shall include fingerprints submitted to the federal
21 bureau of investigation. Upon the discovery of a felony drug offense conviction or a plea of nolo
22 contendere for a felony drug offense with a sentence of probation, and in accordance with the
23 rules promulgated by the department of health and the office of cannabis regulation, the
24 department of public safety division of state police, the attorney general's office, or local law
25 enforcement shall inform the applicant, in writing, of the nature of the felony and the department
26 of public safety division of state police shall notify the department of health or the office of
27 cannabis regulation, in writing, without disclosing the nature of the felony, that a felony drug
28 offense conviction or a plea of nolo contendere for a felony drug offense with probation has been
29 found.

30 (ii) In those situations in which no felony drug offense conviction or plea of nolo
31 contendere for a felony drug offense with probation has been found, the department of public
32 safety division of state police, the attorney general's office, or local law enforcement shall inform
33 the applicant and the department of health or the office of cannabis regulation, in writing, of this
34 fact.

1 (iii) All registry identification card applicants shall be responsible for any expense
2 associated with the criminal background check with fingerprints.

3 (h) A registry identification card of a principal officer, board member, agent, volunteer,
4 or employee, or any other designation required by the office of cannabis regulation shall expire
5 one year after its issuance, or upon the termination of the principal officer, board member, agent,
6 volunteer or employee's relationship with the marijuana establishment licensee, or upon the
7 termination or revocation of the affiliated marijuana establishment's license, whichever occurs
8 first.

9 (i) A registration identification card holder shall notify and request approval from the
10 office of cannabis regulation or department of health of any change in his or her name or address
11 within ten (10) days of such change. A cardholder who fails to notify the office of cannabis
12 regulation or health of any of these changes is responsible for a civil infraction, punishable by a
13 fine of no more than one hundred fifty dollars (\$150).

14 (j) When a cardholder notifies the department of health or the office of cannabis
15 regulation of any changes listed in this subsection, the department shall issue the cardholder a
16 new registry identification after receiving the updated information and a ten dollar (\$10.00) fee.

17 (k) If a cardholder loses his or her registry identification card, he or she shall notify the
18 department of health or the office of cannabis regulation and submit a ten dollar (\$10.00) fee
19 within ten (10) days of losing the card and the department shall issue a new card.

20 (l) Registry identification cardholders shall notify the office of cannabis regulation or
21 health of any disqualifying criminal convictions as defined in subdivision (c)(7). The applicable
22 department may choose to suspend and/or revoke his or her registry identification card after such
23 notification.

24 (m) If a registry identification cardholder violates any provision of this chapter or
25 regulations promulgated hereunder as determined by the departments of health and office of
26 cannabis regulation, his or her registry identification card may be suspended and/or revoked.

27 (n) The department of business regulation shall have the authority to adopt
28 regulations governing the allowable size of marijuana establishment licensees. The
29 department of business regulation shall have the authority to adopt regulations governing
30 the allowable size of marijuana cultivations, and whether indoor or outdoor cultivation is
31 permitted.

32 (o) The department of business regulation may establish pursuant to regulations
33 different classifications or schedules for marijuana establishment licensee facilities based on
34 their physical size, scope, or authorized activities permitted under the class or schedule of

1 marijuana establishment license.

2 (p) In order to create an open, accessible, and stable industry, the office of cannabis
3 regulation shall have the authority to promulgate regulations which limit the number of marijuana
4 establishment licenses or classes of marijuana establishment licenses that an applicant may be
5 issued.

6 (q) In order to create an open, accessible, and stable industry, the office of cannabis
7 regulation shall have the authority to promulgate regulations which sets market-based criteria for
8 the issuance or renewal of cultivation licenses.

9 (r) The department of business regulation may not issue a marijuana cultivation
10 facility, marijuana processor, or marijuana retailer to any entity that operates or exercises
11 ownership, management, or other control over a marijuana testing facility.

12 (s) The department of health and department of office of cannabis regulation may not
13 issue a marijuana testing facility license to any applicant that operates or exercises
14 ownership, management, or other control over another marijuana establishment license or
15 license issued under chapter 2-26 of the general laws.

16 (t) The office of cannabis regulation shall determine an annual license and renewal fee
17 for each type and/or class of marijuana establishment licensee. The license fee must be paid
18 upon the initial issuance of the license and every twelve (12) months thereafter. If the
19 license fee is not remitted to the state in a timely manner, the license shall be revoked. The
20 department of health shall determine the annual license fee for cannabis testing laboratories and
21 employee registration cards.

22 (u) The office of cannabis regulation shall set forth procedures to require all owners,
23 officers, investors, employees or agents with operational or managing control of a marijuana
24 establishment license applicant to undergo a national background check conducted by the
25 office of the attorney general, the state police, a local police department, or some other
26 agency approved by the office of cannabis regulation. An application for a marijuana
27 establishment license may be rejected if a background check of an owner, officer, investor or
28 employee or agent with operational or managing control reveals past offenses or actions that the
29 office of cannabis regulation deems to be disqualifying.

30 (v) Whenever an entity seeks to renew a license as a marijuana establishment, the
31 office of cannabis regulation shall require the renewal application to include a question
32 regarding any Occupational Safety and Health Administration actions. The office of
33 cannabis regulation may issue regulations as are necessary to ensure licensee compliance to
34 address any such Occupational Safety and Health Administration actions in light of worker

1 safety concerns.

2 (w) Medical marijuana cultivators and compassion centers in good standing with the
3 office of cannabis regulation may also apply for and be issued adult use marijuana establishment
4 licenses, in accordance with regulations promulgated by the office of cannabis regulation,
5 provided the medical marijuana establishment licensee continues to hold any valid medical
6 marijuana license approved or issued prior to July 1, 2019.

7 (x) The office of cannabis regulation may limit or prohibit a medical marijuana
8 establishment's operation under an adult use marijuana establishment license if the office of
9 cannabis regulation determines that failure to do so would threaten medical marijuana patients'
10 access to marijuana products needed to treat qualifying conditions.

11 (y) Licensees may hold a medical marijuana establishment license and an adult use
12 marijuana establishment license in accordance with regulations promulgated by the office of
13 cannabis regulation.

14 (z) The office of cannabis regulation shall prioritize the review of applications for adult
15 use marijuana establishment licenses submitted by medical marijuana establishments that hold a
16 license, in good standing, that was issued by the department prior to the effective date of this
17 chapter.

18 (aa) The office of cannabis regulation may create a streamlined application for medical
19 marijuana establishment licensees who apply for adult use marijuana establishment licenses
20 provided the applicant holds a license, in good standing, that was issued by the department.

21 **21-28.11-6. Ineligibility for license.**

22 A marijuana establishment may not operate, and a prospective marijuana
23 establishment may not apply for a license, if any of the following are true:

24 (1) The person or entity is applying for a license to operate as a marijuana retailer in a
25 location that is within five hundred (500) feet of the property line of a preexisting public or
26 private school, or the person or entity is applying for a license to operate as a marijuana
27 establishment other than a marijuana retailer and the establishment would operate in a
28 location that is within one thousand (1,000) feet of the property line of a preexisting public or
29 private school; or

30 (2) The establishment would be located at a site where the use is not permitted by
31 applicable zoning classification or by special use permit or other zoning approval, or if the
32 proposed location would otherwise violate a municipality's zoning ordinance; or

33 (3) The establishment would be located in a municipality in which residents
34 have approved, by a simple majority referendum, a ban on the kind of marijuana

1 establishment being proposed. For purpose of illustration but not limitation, a marijuana
2 retailer may not operate in a municipality in which residents have approved by a
3 simple majority referendum a ban on marijuana retailers.

4 (4) If any marijuana business establishment license applicant is deemed unsuitable or
5 denied a registry identification card by the office of cannabis regulation.

6 **21-28.11-7. License Required.**

7 No person or entity shall engage in any activities in which a licensed marijuana
8 establishment licensee may engage pursuant to chapters 28.6, 28.10 or 28.11 of title 21 and the
9 regulations promulgated thereunder, without the license that is required in order to engage in such
10 activities issued by the office of cannabis regulation and compliance with all provisions of such
11 chapters 28.6, 28.10 and 28.11 or title 21 and the regulations promulgated thereunder.

12 **21-28.11-8. Enforcement.**

13 (a) (1) Notwithstanding any other provision of this chapter, if the director of the
14 department of business regulation or his or her designee has cause to believe that a violation of
15 any provision of chapters 21-28.6, 21-28.10 or 28.11 or any regulations promulgated thereunder
16 has occurred by a licensee that is under the department's jurisdiction pursuant to chapters 21-
17 28.6, 21-28.10 or 28.11, or that any person or entity is conducting any activities requiring
18 licensure or registration by the office of cannabis regulation under chapters 21-28.6, 21-28.10 or
19 28.11 or the regulations promulgated thereunder without such licensure or registration, the
20 director or his or her designee may, in accordance with the requirements of the administrative
21 procedures act, chapter 35 of title 42:

22 (i) With the exception of patients and authorized purchasers, revoke or suspend a license
23 or registration;

24 (ii) Levy an administrative penalty in an amount established pursuant to regulations
25 promulgated by the office of cannabis regulation;

26 (iii) Order the violator to cease and desist such actions;

27 (iv) Require a licensee or registrant or person or entity conducting any activities requiring
28 licensure or registration under chapters 21-28.6, 21-28.10 or 28.11 to take such actions as are
29 necessary to comply with such chapter and the regulations promulgated thereunder; or

30 (v) Any combination of the above penalties.

31 (2) If the director of the department of business regulation finds that public health, safety,
32 or welfare imperatively requires emergency action, and incorporates a finding to that effect in his
33 or her order, summary suspension of license or registration and/or cease and desist may be
34 ordered pending proceedings for revocation or other action. These proceedings shall be promptly

1 instituted and determined.

2 (b) If a person exceeds the possession limits set forth in chapters 21-28.6, 21-28.10 or 21-
3 28.11, or is in violation of any other section of chapters 21-28.6, 21-28.10 or 28.11 or the
4 regulations promulgated thereunder, he or she may also be subject to arrest and prosecution under
5 chapter 28 of title 21 of the general laws.

6 (c) All marijuana establishment licensees are subject to inspection by the office of
7 cannabis regulation including but not limited to, the licensed premises, all marijuana and
8 marijuana products located on the licensed premises, personnel files, training materials, security
9 footage, all business records and business documents including but not limited to purchase
10 orders, transactions, sales, and any other financial records or financial statements whether located
11 on the licensed premises or not.

12 (d) All marijuana products that are held within the borders of this state in violation of the
13 provisions of chapters 21-28.6, 21-28.10 or 21-28.11 or the regulations promulgated thereunder
14 are declared to be contraband goods and may be seized by the office of cannabis regulation, the
15 tax administrator or his or her agents, or employees, or by any sheriff, or his or her deputy, or any
16 police or other law enforcement officer when requested by the tax administrator or office of
17 cannabis regulation to do so, without a warrant. All contraband goods seized by the state under
18 this chapter may be destroyed.

19 (e) Notwithstanding any other provision of law, the office of cannabis regulation may
20 make available to law enforcement and public safety personnel, any information that the
21 department's director or his or her designee may consider proper contained in licensing records,
22 inspection reports and other reports and records maintained by the office of cannabis regulation,
23 as necessary or appropriate for purposes of ensuring compliance with state laws and regulations.
24 Nothing in this act shall be construed to prohibit law enforcement, public safety, fire, or building
25 officials from investigating violations of, or enforcing state law.

26 **21-28.11-9. Regulation and control of marijuana establishments.**

27 (a) The department of business regulation shall adopt all rules and regulations
28 necessary and convenient to carry out and administer the provisions in this chapter and chapter
29 28.10 including operational requirements applicable to licensees and regulations as are necessary
30 and proper to enforce the provisions of and carry out the duties assigned to it under this chapter
31 and chapter 28.10, including but not limited to regulations governing:

32 (1) Record-keeping requirements for marijuana establishment licensees;

33 (2) Security requirements for marijuana establishment licensees including but not limited
34 to the use of:

1 (i) An alarm system, with a backup power source, that alerts security personnel and local
2 law enforcement officials of any unauthorized breach;

3 (ii) Perpetual video surveillance system, with a backup power source, that records video
4 surveillance must be stored for at least two (2) months and be accessible to the office of cannabis
5 regulation via remote access and to law enforcement officials upon request;

6 (iii) Protocols that ensure the secure transport, delivery, and storage of cannabis and
7 cannabis products;

8 (iv) Additional security measures to protect against diversion or theft of cannabis from
9 cannabis cultivation facilities that cultivate cannabis outdoors; and

10 (v) any additional requirements deemed necessary by the office of cannabis regulation;

11 (3) Requirements for inventory tracking and the use of seed to sale monitoring system(s)
12 approved by the state which tracks all cannabis from its origin up to and including the point of
13 sale;

14 (4) Permitted forms of advertising and advertising content, including but not limited to:

15 (i) A marijuana establishment licensee may not advertise through any means
16 unless at least 85% of the audience is reasonably expected to be 21 years of age or older,
17 as determined by reliable, current audience composition data;

18 (ii) a marijuana establishment licensee may not engage in the use of pop up digital
19 advertisements;

20 (iii) a marijuana establishment licensee may not display any marijuana product pricing
21 through any advertising other than their establishment website which must be registered with the
22 office of cannabis regulation, or through opt in subscription services such as email alerts or sms
23 text messages, provided the licensee has verified the person attempting to view their webpage or
24 opt in to advertising alerts is over the age of 21;

25 (iv) a marijuana establishment licensee may not use any billboard advertisements within
26 the state of Rhode Island;

27 (v) A marijuana establishment licensee may display signage outside its
28 facility displaying the name of the establishment, provided the signage conforms to all
29 applicable local guidelines and rules and does not display imagery of a marijuana leaf or the
30 use of marijuana or use neon signage;

31 (vi) a marijuana establishment licensee may be listed in public phonebooks and
32 directories;

33 (vii) A marijuana establishment licensee and its logo may be listed as a sponsor of a
34 charitable event, provided the logo does not contain imagery of a cannabis leaf or the use of

1 cannabis;

2 (viii) a marijuana establishment license shall not use, except, or offer any coupons,

3 discounts, samples, giveaways, or any other mechanism to sell marijuana at prices below market

4 value which may or may not circumvent the payment and collection of marijuana taxes; and

5 (viii) any other restrictions deemed appropriate by the office of cannabis regulation; and

6 (5) Permitted forms of marijuana products including, but not limited to, regulations

7 which:

8 (i) prohibit any form of marijuana product which is in the shape or form of an animal,

9 human, vehicle, or other shape or form which may be attractive to children;

10 (ii) prohibit any marijuana “additives” which could be added, mixed, sprayed on, or

11 applied to an existing food product without a person’s knowledge; and

12 (iii) include any other requirements deemed necessary by the office of cannabis

13 regulation; and

14 (6) Limits for marijuana product serving sizes, doses, and potency including but not

15 limited to regulations which:

16 (i) limit all servings of edible forms of marijuana to no more than five milligrams (5 mg)

17 of THC per serving;

18 (ii) limits the total maximum amount of THC per edible product package to one hundred

19 milligrams (100 mg) of THC;

20 (iii) limits the THC potency of any product to no more than fifty percent (50%) THC

21 unless otherwise authorized by the office of cannabis regulation;

22 (iv) may establish product or package limits based on the total milligrams of THC; and

23 (v) include any additional requirements or limitations deemed necessary by the office of

24 cannabis regulation;

25 (7) Product restrictions including but not limited to regulations which:

26 (i) establish a review process for the office of cannabis regulation to approve or deny

27 forms of marijuana products which may require marijuana establishment licensees to submit a

28 _____ proposal, which includes photographs of the proposed product properly packaged and

29 labeled and any other materials deemed necessary by the office of cannabis regulation, to the

30 office of cannabis regulation for each line of cannabis products;

31 (ii) place additional restrictions on marijuana products to safeguard public health and

32 safety, as determined by the office of cannabis regulation in consultation with the executive

33 branch state agencies;

34 (iii) require all servings of edible products to be marked, imprinted, molded, or otherwise

1 display a symbol chosen by the department to alert consumers that the product contains
2 marijuana;

3 (iv) standards to prohibit cannabis products that pose public health risks, that are easily
4 confused with existing non-cannabis products, or that are especially attractive to youth; and

5 (v) any other requirements deemed suitable by the department;

6 (8) Limits and restrictions for marijuana transactions and sales including but not limited
7 to regulations which:

8 (i) establish processes and procedures to ensure all transactions and sales are properly
9 tracked through the use of a seed to sale inventory tracking and monitoring system;

10 (ii) establish rules and procedures for customer age verification;

11 (iii) establish rules and procedures to ensure retailers to no dispense, and customers to not
12 purchase amounts of marijuana in excess of the one ounce (1 oz) marijuana or equivalent amount
13 per transaction and/or per day;

14 (iv) establish rules and procedures to ensure no marijuana is dispensed to anyone under
15 the age of 21; and

16 (v) include any additional requirements deemed necessary by the office of cannabis
17 regulation;

18 (9) The testing and safety of marijuana and marijuana products including but not limited
19 to regulations promulgated by the office of cannabis regulation or department of health, as
20 applicable which:

21 (i) license and regulate the operation of cannabis testing facilities, including requirements
22 for equipment, training, and qualifications for personnel;

23 (ii) set forth procedures that require random sample testing to ensure quality control,
24 including, but not limited to, ensuring that cannabis and cannabis products are accurately labeled
25 for tetrahydrocannabinol (THC) content and any other product profile; _____

26 (iii) testing for residual solvents, poisons, or toxins; harmful chemicals; dangerous molds
27 or mildew; filth; and harmful microbials such as E. coli or salmonella and pesticides, and any
28 other compounds, elements, or contaminants;

29 (iv) require all cannabis and cannabis products must undergo random sample testing at a
30 registered cannabis testing facility or other laboratory equipped to test cannabis and cannabis
31 products that has been approved by the office of cannabis regulation;

32 (v) require any products which fail testing be quarantined and/or recalled and destroyed
33 in accordance with regulations;

34 (vi) allow for the establishment of other quality assurance mechanisms which may

1 include but not be limited to the designation or creation of a reference laboratory, creation of a
2 secret shopper program, round robin testing , or any other mechanism to ensure the accuracy of
3 product testing and labeling;
4 (vii) require marijuana establishment licensees and marijuana products to comply with
5 any applicable food safety requirements determined by the office of cannabis regulation and/or
6 the department of health;
7 (viii) include any additional requirements deemed necessary by the office of cannabis
8 regulation and the department of health; and
9 (ix) allow the office of cannabis regulation, in coordination with the department of health,
10 at their discretion, to temporarily remove, or phase in, any requirement for laboratory testing if it
11 finds that there is not sufficient laboratory capacity for the market.
12 (10) Online sales;
13 (11) Transport and delivery;
14 (12) Marijuana and marijuana product packaging including but not limited to
15 requirements that packaging be:
16 (i) opaque;
17 (ii) constructed to be significantly difficult for children under five (5) years of age to
18 open and not difficult for normal adults to use properly as defined by 16 C.F.R. 1700.20 (1995) or
19 another approval standard or process approved by the office of cannabis regulation;
20 (iii) be designed in a way that is not deemed as especially appealing to children; and
21 (iv) any other regulations required by the office of cannabis regulation; and
22 (13) Regulations for the quarantine and/or destruction of unauthorized materials;
23 (14) Industry and licensee production limitations;
24 (15) Procedures for the approval or denial of a license, and procedures for suspension or
25 revocation of the license of any marijuana establishment licensee that violates the provisions of
26 this chapter, chapter 28.10 or the regulations promulgated thereunder in accordance with the
27 provisions of chapter 42-35 of the general laws;
28 (16) Compliance with municipal zoning restrictions, if any, which comply with § 21-
29 28.11-10 of this chapter;
30 (17) Standards and restrictions for marijuana manufacturing and processing which shall
31 include but not be limited to requirements that marijuana processors;
32 (i) comply with all applicable building and fire codes;
33 (ii) receive approval from the state fire marshal's office for all forms of manufacturing
34 that use a heat source or flammable solvent;

1 (iii) require any marijuana processor that manufactures edibles of marijuana infused food
2 products to comply with all applicable requirements and regulations issued by the department of
3 health's office of food safety; and

4 (iv) comply with any other requirements deemed suitable by the office of cannabis
5 regulation.

6 (18) Standards for employee and workplace safety and sanitation;
7 (19) Standards for employee training including but not limited to:
8 (i) requirements that all employees of cannabis establishments must participate in a
9 comprehensive training on standard operating procedures, security protocols, health and
10 sanitation standards, workplace safety, and the provisions of this chapter prior to working at the
11 establishment. Employees must be retrained on an annual basis or if state officials discover a
12 cannabis establishment in violation of any rule, regulation, or guideline in the course of regular
13 inspections or audits; and

14 (ii) any other requirements deemed appropriate by the office of cannabis regulation; and
15 (20) Mandatory labeling that must be affixed to all packages containing cannabis or
16 cannabis products including but not limited to requirements that the label display:
17 (i) the name of the establishment that cultivated the cannabis or produced the cannabis
18 product;
19 (ii) the tetrahydrocannabinol (THC) content of the product;
20 (iii) a "produced on" date;
21 (iv) warnings that state: "Consumption of cannabis impairs your ability to drive a car or
22 operate machinery" and "Keep away from children" and, unless federal law has changed to
23 accommodate cannabis possession, "Possession of cannabis is illegal under federal law and in
24 many states outside of Rhode Island";

25 (v) a symbol that reflects these products are not safe for children which contains poison
26 control contact information; and

27 (vi) any other information required by the office of cannabis regulation; and
28 (21) Standards for the use of pesticides; and
29 (22) General operating requirements, minimum oversight, and any other activities,
30 functions, or aspects of a marijuana establishment licensee in furtherance of creating a stable,
31 regulated cannabis industry and mitigating its impact on public health and safety.

32 **21-28.11-10. Municipal authority.**

33 (a) Municipalities shall:
34 (i) Have the authority to enact local zoning and use ordinances not in conflict with

1 this chapter or with rules and regulations adopted by the office of cannabis regulation
2 regulating the time, place, and manner of marijuana establishments' operations,
3 provided that no local authority may prohibit any type of marijuana establishments'
4 operation altogether, either expressly or through the enactment of ordinances or regulations
5 which make any type of marijuana establishments' operation impracticable and;

6 (ii) Adopt all zoning and other applicable ordinances in accordance with subsection (a)(i)
7 before January 1, 2020.

8 (b) Zoning ordinances enacted by a local authority shall not require a marijuana
9 establishment licensee or marijuana establishment applicant to enter into a community host
10 agreement or pay any consideration to the municipality other than reasonable zoning and
11 permitting fees as determined by the office of cannabis regulation. The office of cannabis
12 regulation is the sole licensing authority for marijuana establishment licensees. A municipality
13 shall not enact any local zoning ordinances or permitting requirements that establishes a de facto
14 local license or licensing process unless explicitly enabled by this chapter or ensuing regulations
15 promulgated by the office of cannabis regulation.

16 (c) Notwithstanding subsection (a) of this section;

17 (i) Municipalities may prohibit specific classes of marijuana establishment licenses,
18 or all classes of marijuana establishment licenses from being issued within their jurisdiction if
19 the residents of the municipality have approved, by a simple majority of the electors
20 voting, a referendum to ban marijuana cultivation facilities, retailers, processors or
21 marijuana testing facilities, provided such referendum must be conducted on or before
22 November 5, 2019, and any ordinances related thereto must be adopted before January 1, 2020;

23 (ii) Municipalities must put forth a separate referendum question to ban each class of
24 marijuana establishment. A single question to ban all classes of marijuana establishments
25 shall not be permitted; and

26 (iii) Municipalities which ban the licensure of marijuana establishments located within
27 their jurisdiction pursuant to c(i), and/or adopt local zoning and other ordinances pursuant to a(ii),
28 before January 1, 2020, in accordance with this section, may hold future referenda to prohibit
29 previously allowed licenses, or allow previously prohibited licenses, provided those subsequent
30 referenda are held on the first Tuesday after the first Monday in the month of November.

31 (d) Notwithstanding subsections (a), (b) or (c) of this section, a municipality may not
32 prohibit a medical marijuana establishment licensee from continuing to operate under a marijuana
33 establishment license issued by the office of cannabis regulation if that marijuana establishment
34 licensee was approved or licensed prior to the passage of this chapter.

1 (e) Notwithstanding any other provision of this chapter, no municipality or local authority
2 shall restrict the transport or delivery of marijuana through their jurisdiction, or to local residents,
3 provided all transport and/or delivery is in accordance with this chapter.

4 (f) Municipalities may impose civil and criminal penalties for the violation of
5 ordinances enacted pursuant to and in accordance with this section.

6 **21-28.11-11. Transportation of marijuana.**

7 The office of cannabis regulation shall promulgate regulations regarding secure
8 transportation of marijuana for eligible retailers delivering products to purchasers in
9 accordance with this chapter and shipments of marijuana or marijuana products between
10 marijuana establishment licensees.

11 **21-28.11-12. No minors on the premises of marijuana establishments.**

12 A marijuana establishment shall not allow any person who is under twenty-one
13 (21) years of age to be present inside any room where marijuana or marijuana products
14 are stored, produced, or sold by the marijuana establishment unless the person who is under
15 twenty-one (21) years of age is:

16 (1) A government employee performing their official duties; or

17 (2) If the marijuana establishment is a retailer, a medical marijuana patient
18 registered pursuant to chapter 28.6 of title 21, if the retailer premises are also licensed as
19 a compassion center pursuant to §21-28.6-12 and the individual under twenty-one (21)
20 years of age is a qualifying patient registered under chapter 28.6 of title 21.

21 **21-28.11-13. Contracts enforceable.**

22 It is the public policy of the state that contracts related to the operation of a
23 marijuana establishment, compassion center, or a licensee under chapter 2-26 in accordance
24 with Rhode Island law shall be enforceable. It is the public policy of the state that no contract
25 entered into by a licensed marijuana establishment, compassion center, hemp cultivator or
26 other licensee under chapter 2-26 of the general laws or its employees or agents as permitted
27 pursuant to a valid license issued by the office of cannabis regulation, or by those who allow
28 property to be used by an establishment, its employees, or its agents as permitted pursuant
29 to a valid license, shall be unenforceable solely on the basis that cultivating, obtaining,
30 manufacturing, distributing, dispensing, transporting, selling, possessing, testing or using
31 marijuana or hemp is prohibited by federal law.

32 **21-28.11-14. Compassion centers and medical marijuana cultivators.**

33 (a) Any compassion center or medical marijuana cultivator that holds a license in good
34 standing with the office of cannabis regulation prior to July 1, 2019 shall be issued a marijuana

1 retailer license, marijuana cultivation license, marijuana processor license, and any other
2 applicable marijuana establishment license(s) for which it applies including but not limited to a
3 marijuana delivery license, in accordance with this chapter, provided the compassion center or
4 medical marijuana cultivator has been licensed or approved to engage in those corresponding
5 activities under their current compassion center or medical marijuana license.

6 (b) Any compassion center that holds a license in good standing with the office of
7 cannabis regulation prior to July 1, 2019 shall be issued corresponding marijuana
8 establishment(s) license in accordance with this chapter as provided in subsection (a) for each
9 location where they have been licensed or approved to engage in medical marijuana cultivation,
10 manufacturing, and/or dispensing of medical marijuana by the office of cannabis regulation prior
11 to January 1, 2019.

12 (c) Notwithstanding any other provision of this chapter, only a holder of a compassion
13 center license in good standing with the office of cannabis regulation prior to July 1, 2019, may
14 be issued or hold a marijuana cultivation license, and a marijuana processor license, and
15 marijuana retail license, inclusive, at the same time before to January 1, 2023.

16 (d) Notwithstanding any other provision of the general laws, a licensed compassion
17 center that also holds a license as a marijuana retailer, marijuana cultivator, or marijuana
18 processor shall be exempt from the requirements of § 21-28.6-3(5), and shall not be required to
19 register as a not for profit corporation under chapter 6 of title 7 of the general laws, provided they
20 maintain operation and licensure as a licensed marijuana retailer, marijuana cultivator, or
21 marijuana processor. The office of cannabis regulation may promulgate regulations or issue
22 guidance to facilitate the transition from a not for profit corporation to a for profit corporation or
23 other entity including but not limited to the requirement that the compassion center must update
24 and/or resubmit licensing and application documents which reflect this transfer.

25 **21-28.11-15. Establishment of marijuana trust fund.**

26 (a) There is created with the general fund a restricted receipt accounts collectively known
27 as the “marijuana trust fund”, otherwise known as the “adult use marijuana licensing” or “adult
28 use marijuana licensing program” accounts. Taxes collected pursuant to § 44-49.1 and fees
29 collected pursuant to 21-28.11 shall be deposited into this account. The state share of trust fund
30 revenue will be used to fund programs and activities related to program administration; revenue
31 collection and enforcement; substance use disorder prevention for adults and youth; education
32 and public awareness campaigns; treatment and recovery support services; public health
33 monitoring, research, data collection, and surveillance; law enforcement training and technology
34 improvements including grants to local law enforcement; and such other related uses that may be

1 deemed necessary by the office of management and budget. The restricted receipt account will be
2 housed within the budgets of the departments of business regulation, health, revenue and public
3 safety, and the executive office of health and human services. All amounts deposited into the
4 marijuana trust fund shall be exempt from the indirect cost recovery provisions of § 35-4-27. The
5 allocation of the marijuana trust fund shall be:

6 (1) Twenty-five percent (25%) of trust fund revenue to the departments of business
7 regulation, health, revenue and public safety, and the executive office of health and human
8 services, except that in fiscal year 2020 the office of management and budget may allocate up to
9 an additional three million eight hundred thousand dollars (\$3,800,000) from trust fund revenues
10 to these agencies;

11 (2) Fifteen percent (15%) of trust fund revenue to cities and towns; and

12 (3) Sixty percent (60%) of trust fund revenue to the general fund.

13 (b) All revenue allocated to cities and towns under subsection (a)(2) shall be distributed
14 at least quarterly by the division of taxation and department of business regulation, credited and
15 paid by the state treasurer to the city or town based on the following allocation:

16 (1) One-quarter based in an equal distribution to each city or town in the state;

17 (2) One-quarter based on the share of total licensed marijuana cultivators, licensed
18 marijuana processors, and licensed marijuana retailers found in each city or town at the end of the
19 quarter that corresponds to the distribution, with licensed marijuana retailers assigned a weight
20 twice that of the other license types; and

21 (3) One-half based on the volume of sales of adult use marijuana products that occurred
22 in each city or town in the quarter of the distribution.

23 (c) The division of taxation and the department of business regulation shall jointly
24 promulgate regulations to effectuate the distribution under subsection (a)(2).

25 **21-28.11-16. Transfer of revenue to the marijuana trust fund.**

26 The department of business regulation shall transfer all revenue collected pursuant to this
27 chapter, including penalties or forfeitures, interest, costs of suit and fines, to the marijuana trust
28 fund established by § 21-28.11-15.

29 **21-28.11-17. Severability.**

30 If any provision of this chapter or its application thereof to any person or
31 circumstance is held invalid, such invalidity shall not affect other provisions or
32 applications of this chapter, which can be given effect without the invalid provision or
33 application, and to this end the provisions of this chapter are declared to be severable.

34 SECTION 8. Sections 31-27-2, 31-27-2.1 and 31-27-2.9 of the General Laws in Chapter