

SENATE No.

The Commonwealth of Massachusetts

PRESENTED BY:

Stanley C. Rosenberg (BY REQUEST)

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 bill:

An Act to Regulate and Tax the Cannabis Industry.

PETITION OF:

NAME:

Richard M. Evans

DISTRICT/ADDRESS:

56 Main Street
Northampton, MA 01060

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

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:

1 The governor and the representatives of the people of Massachusetts, acknowledging that
2 previous efforts have not succeeded in eliminating or curtailing marijuana use and abuse; determined to
3 exercise some measure of control over the use of cannabis consistent with respect for individual freedom
4 and responsibility; and declaring our objectives to be the reduction of cannabis abuse, the elimination of
5 marijuana-related crime and the raising of public revenue, do hereby ordain and enact The Cannabis
6 Regulation and Taxation Act.

7 Section 1. This act consists initially of 45 sections, which together shall be known as The
8 Cannabis Regulation and Taxation Act. It shall be codified as Chapter 13A of the general laws

9 Section 2. The following conduct is hereby excepted from the provisions of, and shall not
10 constitute a violation of chapter 94C of the general laws:

- 11 a. Possession or cultivation of cannabis by an adult for personal use.
- 12 b. Gratuitous distribution of cannabis to an adult. Transfer directly or indirectly related to or
13 contemporaneous with the sale or tendering for sale of any goods, services or other things of value, shall
14 be deemed not gratuitous.
- 15 c. Possession or distribution of cannabis under a valid license issued in accordance with this act.

16 Section 3. This act shall in no way affect existing provisions of law relating to the operation of a motor
17 vehicle under the influence of an intoxicant.

18 DEFINITIONS

19 Section 4. . When used in this chapter, the following words shall, unless the context indicates otherwise,
20 have the following meanings:

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

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

24 c. AUTHORITY. The Cannabis Control Authority established by section 5.

25 d. CANNABIS: Any part of the plant Cannabis sativa L, or Cannabis indica, or any other variety of the
26 genus cannabis, whether growing or not; the seeds thereof; and resin extracted from any part of the plant,
27 and every compound, manufacture, salt derivative, mixture or preparation of the plant, its seeds or resin.
28 It does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from
29 the seeks of the plant, any other compound, manufacture, salt derivative, mixture or preparation of the
30 mature stalks except the resin extracted therefrom., fiber, oil or cake or the sterilized seed of the plant
31 which is incapable of germination. Cannabis containing less than 1% THC is not subject to the provisions
32 of this act.

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

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

35 g. DOMESTIC: originating from or within Massachusetts.

36 h. CULTIVATION LICENSE: A License issued in accordance with Section 10 of this act.

37 ii . FARMER-PROCESSOR-RETAILER: a person licensed in accordance with section ten10 to cultivate,
38 process and sell cannabis from a single premises.

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

41 k. LICENSED PREMISES: The grounds and buildings whereon a license possesses cannabis and
42 conducts such business as licensed to do.

43 l. LICENSING AUTHORITIES: the authority or the local licensing authorities or both, as the case may
44 be.

45 m. LOCAL LICENSING AUTHORITIES: the licensing boards and commissions established in any city
46 or town under special statute or charter or, in a city having no such board or commission the aldermen, or,
47 in a town having no such board or commission, the selectmen.

48 n. NON-GRATUITOUS: Not gratuitous; with consideration; commercial.

49 o.. PACKAGE: A container in which cannabis is sold to the purchaser at retail.

50 p.. PROCESS: To possess cannabis for the purpose of converting same from intact plants to packaged
51 form, and the act of so converting.

52 q. PROCESSING LICENSE: A license issued in accordance with Section 406(2).

53 r. PURITY: Freedom from substances not indigenous to cannabis, except for water.

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

57 t.. SALE: Transfer for consideration.

58 u.. THC: Delta-9 tetrahydrocannabinol..

59 CANNABIS CONTROL AUTHORITY

60 Section 5. . There is hereby created an authority to be known as the Cannabis Control Authority.

61 Section 6. The affairs of the authority shall be managed by a board of seven directors, hereinafter referred
62 to as the directors. A full term thereon shall be seven years. Persons to serve respectively for an initial
63 seven-year term, an initial six-year term, and an initial five-year term, and their replacements, shall be
64 appointed by the governor, with the approval of the council. Directors for an initial four-year term and an
65 initial one-year term shall be appointed and vacancies in said directorships filled by the president of the
66 senate. Directors for an initial three-year term and an initial two-year term shall be appointed, and
67 vacancies in said directorships filled, by the speaker of the house. Directors shall receive a salary of 20%
68 of the salary of the governor, and will serve on a part-time basis. The directors shall elect, from among
69 their number, a chairman, who shall preside over all official activities of the board of directors. The
70 chairman shall serve for three years or until his term as director ends. A chairman may not serve in
71 excess of six consecutive years. No director shall serve more than fourteen years.

72 Section 7. The concurrence of not fewer than four members of the board of directors shall be required for
73 all official actions of the authority. A copy of the minutes of each meeting of the board of directors,

74 including any rules and regulations adopted by the authority or any amendments thereof, shall be
75 forthwith transmitted, by and under the certification of the secretary thereof, to the governor.

76 Section 8. . The authority shall have general supervision of the conduct of the business of cultivating,
77 possessing, distributing, sale at retail and wholesale and importing cannabis, and also of the quality,
78 purity and grade thereof. The authority shall make such rules and regulations as it deems necessary to
79 enable it to carry out and enforce the provisions of this act, and shall prescribe the forms of application for
80 licenses under this chapter and may require therein such information as it deems necessary. Every license
81 hereunder shall be governed and controlled by the rules and regulations adopted by the authority. Subject
82 to the provisions herein, the authority may suspend or revoke any license for any violation of the rules
83 and regulations established hereunder or for aiding or abetting in any violation of such rules and
84 regulations, but before such suspension or revocation, the authority shall give a hearing to the licensee,
85 after due notice to him of the charges against him and of the time and place of the hearing. Such licensee
86 may appear at the hearing with witnesses and be represented by counsel. The authority and any
87 representative thereof duly authorized to conduct any hearing under this chapter shall have power to
88 administer oaths and take testimony under oath relative to the matter of inquiry or investigation. At any
89 hearing ordered by the authority, the authority or its representative authorized to conduct such hearing
90 may subpoena witnesses and require the production of books, papers, and documents pertinent to such
91 inquiry. No witness under subpoena authorized to be issued by any provision of this chapter shall be
92 excused from testifying or producing books or papers on the ground that such testimony or the production
93 of such books or other documentary evidence would tend to incriminate him, but such evidence or the
94 books or papers so produced shall not be used in any criminal proceeding against him arising out of any
95 violation of any provision of this act. If any person shall disobey such process or, having appeared in
96 obedience thereto, shall refuse to answer any pertinent question put to him by the authority or its
97 authorized agent or to produce any books and papers pursuant thereto, the authority or such representative
98 may apply to the superior court for the county wherein the person, relative to whose business such hearing
99 is ordered, resides or wherein such business has been conducted, or to any justice of said court if the same
100 shall not be in session, setting forth such disobedience to process or refusal to answer, and said court or
101 justice shall cite such person to appear before said court or justice to answer such questions or to produce
102 such books and papers, and, upon his refusal so to do, may commit him to jail until he shall testify, but
103 not for a longer period than sixty days. Notwithstanding the serving of the term of such commitment by
104 any person, the authority may proceed in all respects with such inquiry and examination as if the witness
105 had not previously been called upon to testify. Officers who serve subpoenas issued by the authority or
106 under its authority and witnesses attending a hearing conducted by it hereunder shall receive fees and
107 compensation at the same rates as officers and witnesses before the courts of the commonwealth, to be
108 paid on vouchers of the authority or to be paid without appropriation out of the proceeds of the excise
109 imposed by this chapter, on vouchers approved by the authority. The rules and regulations adopted by the

110 authority shall be printed as part of the application blank for licenses and for renewal thereof, and every
111 applicant, as a condition of being licensed hereunder, shall submit to such examinations as the authority
112 may deem necessary to establish his knowledge and understanding of The Cannabis Regulation and
113 Taxation Act.

114 Section 9. The authority shall impose and collect an excise upon sales at retail of cannabis. The rate of
115 said excise is hereby established as follows:

116 Class C One hundred fifty dollar per ounce

117 Class B Two hundred dollars per ounce.

118 Class A Two hundred fifty dollars per ounce.

119 Subject to approval by the general court, such excise shall be adjusted by the authority from time to time
120 as necessary to maximize the revenue derived therefrom, and to minimize the incentive for the sale of
121 cannabis not in accordance with the provisions of this act...

122 Section 10. The authority shall, consistent with the objectives set forth in the preamble to this act, issue
123 the following licenses to such applicants as may qualify under this act and the rules and regulations of the
124 authority: cultivation licenses, processing licenses, trade licenses, retail licenses, import licenses, research
125 licenses and farmer-processor-retailer licenses. Provided, however, no such license shall be issued until
126 the applicant therefor demonstrates to the satisfaction of the authority that he is twenty-one or more years
127 of age, is familiar with all laws and regulations relating to cannabis, and will exercise said license in
128 premises adequately secure and otherwise suitable.

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

135 b.. The holder of a processing license, his agents and employees, may obtain cannabis only from the
136 holder of a cultivation or import license. He may possess, process, package, box and crate cannabis, and
137 may transfer cannabis only to the holder of a trade license, his agent or employees. Processing,
138 packaging, boxing and crating of cannabis shall be conducted in only one place. Cannabis shall be
139 packaged in quantities only of not less than one, nor more than five ounces one ounce, by dry weight, in
140 bulk only, and shall not be rolled into cigarette form. The processor shall cause a label to be placed on
141 each package bearing the following information:

- 142 (1) The name and place of business of the processor;
- 143 (2) The cannabis grade;
- 144 (3) The following statement: The Operation of a Motor Vehicle under the influence of cannabis, alcohol
145 or any other intoxicant is a crime punishable of a fine of up to \$1,000 or imprisonment up to two years, or
146 both, and may result in the loss of your license to drive.
- 147 c. The processor shall affix upon each cannabis package a tax stamp or such other documentation as the
148 authority may require, and shall transfer neither title nor possession of same to any person without the
149 said stamps affixed. Said stamps shall be of such design and in such denomination as the authority may
150 prescribe, and shall be the means by which the excise imposed by section 405 hereunder shall be paid to
151 the authority. The authority, in its discretion, may authorize the use of a metering machine approved by it
152 in lieu of stamps in order to press or attach to each package of cannabis evidence of the payment of said
153 excise. Such machine shall be sealed by its authorized representative and shall be used in accordance
154 with such rules and regulations as the authority may prescribe. The authority may for cause at any time
155 suspend or revoke the authority to use such a metering machine.
- 156 d. The authority shall redeem any unused or mutilated but identifiable stamps or unused amounts for
157 which a meter is set that any license processor may present for redemption; provided, they were originally
158 lawfully purchased by the processor who presents them for redemption. Such redemption shall be made
159 at the face value thereof. The authority may prescribe necessary rules and regulations for redemptions
160 under this section. If the authority is satisfied that a processor is entitled to a redemption he shall issue to
161 him stamps of equivalent value to cover the mutilated stamps or he may order a refund equal to the actual
162 amount paid for said unused or mutilated stamps for the unused amounts for which the meter was set.
- 163 e. All processors shall file under the penalties of perjury with the authority, on forms to be furnished by
164 it, monthly reports on or before the 20th day of each calendar month showing the number of stamps on
165 hand at the beginning of the month, the number purchased during the month, the number on hand at the
166 end of the month, the number affixed or otherwise disposed of during the month, and such other
167 information as the authority shall require. All processors shall keep complete and accurate records from
168 which information can be obtained to complete and audit said report, and such other records as the
169 authority may prescribe, shall preserve such records for three years and shall offer them for inspection at
170 any time upon oral or written demand of the authority or its duly authorized agents. The stocks of unused
171 stamps in any metering machines shall be open to inspection by the authority or its duly authorized agents
172 at all reasonable times.
- 173 f. The holder of a processing license, his agents and employees, may possess, process, package, box and
174 crate cannabis seeds and may transfer such seeds as are capable of germination to the holder of a

175 cultivation license if said seed is capable of producing cannabis preparations having a THC content of
176 more than 1.5% by mass. The annual fee for a processing license shall be \$1,000.

177 g. All cannabis sold by processors shall be analyzed and graded as follows:

178 (1) If said cannabis contains more than 1% THC and less than 5% THC, then said cannabis shall be
179 labeled "C".

180 (2) If the cannabis contains 5% or more than 5% and less than 10% THC, then said cannabis shall be
181 labeled "B".

182 (3) If the cannabis contains 10% THC or more, then said cannabis shall be labeled "A".

183 h The aforesaid percentages shall be established by comparing THC content to dry weight, without seeds.

184 i. The holder of a trade license, his agents and employees, may obtain cannabis only from a duly licensed
185 processor or importer, and may possess cannabis only bearing valid documentation required to be affixed
186 to all packages under the provision of paragraph 2(b) above. He may keep, store, warehouse, and
187 transport same, and may sell cannabis only to duly licensed retailer. The annual fee for a trade license
188 shall be \$3,000.

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

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

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

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

196 n.. Cannabis shall not be sold or distributed to any person under twenty-one years of age.

197 o. Possession of packaged cannabis for sale at retail not bearing valid documentation as prescribed
198 hereunder shall be a violation of Chapter 94C, Section 34, of the General Laws. It shall be no defense to
199 a claim of violation of this paragraph that the retailer in good faith believed documentation borne by
200 cannabis in his possession to be valid. The annual fee for a retail license shall be \$2,000.

201 p. The holder of an import license may possess cannabis and shall distribute same only to the holder of a
202 processing license. All imported cannabis is subject to the same requirements of this act relating to
203 labeling and grading as domestic cannabis.

204 q. The annual fee for an import license shall be \$2,500.

205 r. The authority may issue research licenses for a bona fide conduct of medical, social, behavioral or
206 other research, upon such conditions and terms as the authority may prescribe consistent with the
207 objectives of this act.

208 s. The holder of a farmer-processor-retailer license may cultivate, process and retail cannabis subject to
209 the same requirements of this act relating to labeling, grading and taxation of a processor license,
210 provided all cannabis processed and sold is grown on the licensed premises.

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

212 tu. Farmer-processor-retailer licenses may only be issued to an applicant after approval by the local
213 licensing authorities by such standards as said local licensing authorities shall reasonably determine shall
214 protect the public health and safety..

215 Section 11. No license shall be issued to any person who during the preceding ten years has been
216 convicted of a felony except a felony under Section 94C involving cannabis.

217 Section 12. Only a cultivation license, processing license or import license shall authorize the offering for
218 sale, selling, possessing with intent to sell, or making of a non-gratuitous transfer or other non-gratuitous
219 disposition of cannabis within the commonwealth, unless said cannabis be in individual packages bearing
220 such stamps or documentation as required by law and regulation. If any stamp or other documentation
221 appearing on any package of cannabis be stained or smudged or its characteristics be so blurred, obscured
222 or indistinct that it cannot be distinguished as genuine, it shall be invalid. The offering for sale, selling,
223 possessing with intent to sell, or otherwise disposing of or making a non-gratuitous transfer of cannabis
224 within the commonwealth, without a valid license hereunder shall be punishablepunishable under
225 Chapter 94C, Section 32 of the General Laws.

226 Section 13. Each license issued hereunder shall expire in two years from the date of issue by the
227 authority, unless sooner revoked by the authority as provided hereunder, or unless the business with
228 respect to which such license was issued shall change ownership, or unless the holder of the license shall
229 remove his business from the premises covered by the license, the authority not having given written
230 approval for the transfer of said license to another person in accordance with the provisions of section
231 413, in any of which cases the license shall thereupon expire. In the event that a licensee removes his
232 business to another location within his city or town, the license with respect to the former place of
233 business shall, without the payment of an additional fee, be reissued for the new location for the balance
234 of the unexpired term. The holder of each license, on application to the authority, accompanied by the
235 applicable fee prescribed in section two, may, before the expiration date of the license then held by him,

236 renew his license for a further period of two years. In case of suspension, revocation or cancellation of a
237 license issued by the authority, no abatement or refund of any part of the fee paid therefor shall be made.

238 Section 14. Stamps and documentation hereunder may be issued by the authority to processors on a credit
239 basis, provided the processor shall have furnished a surety company bond with a surety company
240 authorized to do business in the commonwealth as surety, in such amount as the authority may fix. In lieu
241 of a surety company bond a licensee may deposit with the authority bonds or other negotiable obligations
242 of the commonwealth or of the United States of America of such aggregate face amount as the authority
243 may from time to time deem necessary adequately to secure payment of the excise provided by this
244 chapter; provided, that bonds need not be accepted by the authority unless in registered form and of
245 denominations satisfactory to it. In case of a deposit of bonds or other negotiable obligations with the
246 authority hereunder, it shall, while in possession of such bonds, remit to such licensee as aforesaid, or
247 persons entitled thereto, the interest accruing and payable thereon, and if such excises together with all
248 interest and other charges accrued thereon shall be paid in full and if the person is no longer a licensee
249 hereunder, it shall return such bonds or obligations to the persons entitled thereto. If the excise together
250 with all interest and other charges accrued thereon provided by this chapter shall not be paid in
251 accordance with this chapter, the authority may sell all or any part of such bonds or obligations to satisfy
252 the amount due the authority as aforesaid and shall return to the persons entitled thereto any excess left in
253 its hands, provided, however, the person is no longer a licensee hereunder.

254 Section 15. a.. Whoever falsely or fraudulently makes, forges, alters or counterfeits, or causes or
255 procures to be falsely or fraudulently made, forged, altered or counterfeited, any excise stamps or other
256 documentation prepared or prescribed by the authority under this chapter, or whoever knowingly and
257 willfully utters, publishes, passes or tenders as true, any such false, altered, forged or counterfeited stamp
258 or makes a false affixation of or uses any stamp provided for by this chapter which has already once been
259 used, for the purposes of evading the excise imposed by this chapter, shall be punished by a fine of not
260 more than \$2,000 or by imprisonment for not more than five years, or both.

261 b.. If any person secures, manufactures or causes to be secured or manufactured, or has in his possession,
262 any cannabis excise stamp or die or device not prescribed or authorized by the authority, or any
263 counterfeit impression, such fact shall be prima facie evidence that such person has counterfeited
264 cannabis excise stamps. Whoever wilfully removes or alters or knowingly permits to be removed or
265 altered the cancellation or defacing mark of any stamp provided for by this chapter with intent to use such
266 stamp, or knowingly or wilfully buys, prepares for use, uses, has in possession, or suffers to be used, any
267 metering machine without authority, or any washed, restored or counterfeit stamps, or whoever
268 intentionally removes or causes to be removed, or knowingly permits to be removed any stamp or meter
269 impression affixed pursuant to this chapter, or whoever tampers with or causes to be tampered with any

270 metering machine authorized to be used under the provisions thereof, shall be punished by a fine of not
271 more than \$2,000 or by imprisonment for not more than five years, or both.

272 Section 16. Sale or distribution of cannabis by vending machine or similar automation is prohibited.

273 Section 17. Any license issued under this chapter may, upon application to the authority upon such forms
274 and in accordance with such procedures as the authority may prescribe, be transferred from one location
275 to another or the description of the licensed premises may be changed with the approval of the authority.
276 Any license under this chapter held by an individual, partnership or corporation may be transferred to any
277 individual, partnership or corporation qualified to receive such a license in the first instance, if, in the
278 opinion of the authority, such transfer is in the public interest.

279 Section 18. The license of any licensee who, directly or through any agent, employee or other person,
280 changes in any manner cannabis in his possession by adding a dilutant, attenuant, intoxicant, preservative
281 or any additive of any kind, the effect whereof is to reduce the purity of cannabis to less than 100%, shall
282 be suspended by the authority for a period of not less than six months, and the licensee shall be subject to
283 such additional sanction as the authority may prescribe. Presence on the licensed premises of cannabis
284 less than 100% pure shall be prima facie evidence of a violation of this section.

285 Section 19. Whoever places or causes to be placed any additive in cannabis shall be liable to any
286 person injured by reason of ingestion thereof to the extent of three times actual damages, plus damages
287 for paid and suffering, costs and reasonable attorney's fees.

288 Section 20. Any person aggrieved by the conduct of any license holder hereunder, his agents or
289 employees, shall state his grievance in writing to the local licensing commission of the city or the
290 selectmen of the town wherein the complained of conduct occurred. After investigation and hearing said
291 commission or selectmen shall, if the public interest so requires, within seventy-five days from the date of
292 the first regular meeting following the receipt of said complaint, submit to the authority a certified copy of
293 the original complaint, together with a report of the commission's or the selectmen's findings and
294 recommendation, which recommendations shall include, but not be limited to, one of the following:

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

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

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

299 d. The authority shall, within thirty days of receipt of such findings and recommendations, implement the
300 said recommendations unless the licensee complained of shall, during said thirty-day period: have

301 requested a hearing or the authority shall have deemed a hearing to be in the interest of fairness. In either
302 said event, the authority shall, within sixty days, hold a hearing de novo, and thereupon accept, reject or
303 reverse the recommendation of the license commission. No revision shall exceed the limits set forth in
304 this section for recommendations of the license commission. All hearings shall be conducted in
305 accordance with the Massachusetts Administrative Procedure Act, and the licensee shall have the right of
306 appeal as prescribed therein. The authority may suspend or revoke any license issued under this act for
307 failure of the licensee to comply with any provision hereof, or if the licensee has ceased to act in the
308 capacity for which other license was issued, or for other good cause; and no person whose license has
309 been suspended or revoked shall sell cannabis or cause or permit cannabis to be sold during the period fo
310 such suspension or revocation.

311 Section 21. Except as specifically provided in this act, all costs and expenses of the authority, including
312 salaries and rent, shall be borne by the authority from revenues collected.

313 Section 22. The number of retail licenses exercisable within any city or town shall not exceed the total
314 number of alcoholic beverage licenses which may be issued in said city or town under the provisions of
315 Chapter 138 of the General Laws, regardless of the number of alcoholic beverage licenses actually issued.
316 For purposes of this section, "alcoholic beverage licenses" shall mean the aggregate number of licenses
317 which authorizes the sale of alcoholic beverages to consumers, whether package, tavern or victualler.

318 Section 23. Licensees hereunder shall not sell, borrow, loan or exchange unstamped cannabis or stamps
319 to, from or with other such licensees unless authorized by the authority. Licensees other than processors
320 shall not accept deliveries of unstamped or improperly stamped packages of cannabis except as authorized
321 by the authority. Every licensed retailer and trade licensee shall immediately examine all packages of
322 cannabis received by them and shall immediately return to their supplier any and all packages of cannabis
323 that are unstamped or improperly stamped. Such supplier shall replace them with packages of cannabis
324 upon which stamps have been properly affixed.

325 Section 24. No holder of a license of any class shall have, directly or indirectly, present or future, an
326 interest in any other license of the same class or of any other class.

327 Section 25. Every licensee shall keep such records in such detail and affording such information as the
328 authority may from time to time prescribe, and shall file with the authority, whenever and as often as it
329 may require, duplicates of copies of such records; and the authority shall at all times, through its
330 designated officers and agents, have access to all books, records and other documents of any licensee
331 relating to the business which he is licensed hereunder to conduct.

332 Section 26. Every licensee shall, on or before the twentieth day of each calendar month, file with the
333 authority, on a form prescribed by it, a report under the penalties of perjury, stating the amount of

334 cannabis sold by such licensee in the commonwealth during the preceeding calendar month and such
335 report shall contain or be accompanied by such further information as the authority shall require;
336 provided, that if a licensee ceases to sell cannabis within the commonwealth he shall forthwith file with
337 the authority such a report for th period ending with such cessation. Each import licensee shall, upon
338 importation of cannabis into the commonwealth, file with the authority a report, stating the amount of
339 cannabis imported and such other information as the authority shall require

340 Section 27. The surviving spouse or legal representative of a deceased non-corporate licensee may
341 continue to exercise the license for thirty days following the death of the licensee, but thereafter only with
342 the written consent of the authority, which consent shall expire, if not sooner revoked, fifteen months
343 from the date of death. Consent shall be withheld unless the said surviving spouse or legal representative
344 meets the qualifications prescribed by section 406 for the type of license sought to be retained.

345 Section 28. No holder of a cannabis license hereunder shall have any property right in any document or
346 paper evidencing the granting of such license issued by the authority, and said authority, upon the
347 expiration, suspension, revocation, cancellation, or forfeiture of such a license shall be entitled upon
348 demand to the immediate possession thereof. The superior court shall have jurisdiction in equity, on
349 petition of the licensing authorities, to enforce this provision.

350 Section 29. Every license issued under the provisions of this act or a duplicate copy thereof shall be
351 prominently displayed on the premises covered by the license.

352 Section 30. All records of the authority are public within the meaning of the General Laws, Chapter 66.

353 Section 31. The authority shall annually, not later than the fourth Wednesday of April, file a written
354 report with the governor and the respective clerks of the senate and house of representatives which shall
355 contain a comprehensive reporting, accounting, description and analysis of its activities.

356 Section 32. The state auditor shall conduct an annual post-audit of all accounts and transactions of the
357 authority, reasonable costs thereof to be borne by the authority.

358 Section 33. The authority shall report immediately to the governor and the general court any matters
359 which require immediate changes in the laws of the commonwealth in order to prevent abuses and
360 evasions of this act or the rules and regulations promulgated thereunder or to rectify undesirable
361 conditions in connection with the administration of this act.

362 Section 34. The authority shall carry on a continuous study and investigation of cannabis commerce in
363 the commonwealth in order (1) to ascertain any defects in this act or in the administration thereof or any
364 evasion of said law or said rules and regulations as may arise or be practiced, and (2) to formulate
365 recommendations for changes in said law and the rules and regulations promulgated thereunder to prevent

366 such abuses and evasions, and (3) to guard against the use of said law and regulations issued thereunder
367 as a cover for the carrying on of criminal activities.

368 Section 35. The authority, its agents and employees, may, during reasonable business hours and without
369 notice thereof, conduct such inspections of the licensed premises; including the books, records and
370 accounts of the licensee, as it shall deem appropriate for the enforcement of this act.

371 Section 36. The authority shall make a continuous study and investigation of the operation and
372 administration of similar laws in other states and countries, of studies on the subject which from time to
373 time may be published or available, of any federal laws which may affect the administration of this act,
374 and of the reaction of citizens of the commonwealth to existing and potential features of the act with a
375 view to recommending and effecting changes that will tend to better serve and implement the purpose of
376 this act as set forth in the preamble.

377 Section 37. All fees, taxes, excises and other monies collected in accordance with this act shall be
378 expended only for the following purposes, and in the following order.

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

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

382 GENERAL PROVISIONS

383 Section 38. a. No holder of a license of any class shall, directly or indirectly, personally or through any
384 agent or employee, whether for consideration or gratuitously, cause to be published in a newspaper or
385 magazine distributed anywhere in the commonwealth or to be broadcast to a radio or television receiver in
386 the commonwealth, or to appear in any display signs or personal solicitation, or any manner of
387 advertising, any advertisement or notice to promote or encourage the consumption or use in any way of
388 cannabis.

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

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

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

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

394 Section 39. The sale of cannabis in accordance with this action shall not be subject to the provisions of:

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

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

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

401 Section 40. The use of any device or game of chance to aid, promote or induce sales or purchases of
402 cannabis or any goods or services is prohibited. The giving of cannabis in connection with any device or
403 game of chance is prohibited.

404 Section 41. Any contract, express or implied, made by any person, firm or corporation in violation of any
405 of the provisions herein is declared to be an illegal and void contract and no recovery thereon shall be
406 had.

407 Section 42. All excises paid in pursuance of this act shall conclusively be presumed to be a direct tax on
408 the retail consumer, pre-collected for the purpose of convenience and facility only.

409 Section 43. If any provisions or provisions of this chapter is or are declared unconstitutional or
410 inoperative by a final judgment, order or decree of the supreme court of the United States or of the
411 supreme judicial court of the commonwealth, the remaining parts of said chapter shall not be affected
412 thereby.

413 Section 44. Any of the masculine pronouns or nouns herein shall be construed to include or refer to the
414 feminine or neuter gender as well as the masculine.

415 Section 45. The sum of \$2,500,000.00 shall be appropriated to fund the authority initially, which sum
416 shall be repaid by the authority to the treasurer of the commonwealth within five years from the day that
417 the first cannabis sale is made under the provisions of this act, together with interest at the rate of 15% per
418 annum from said day.