



Model Adult-Use Legalization and Regulation Bill Summary

MPP's model legislation to regulate cannabis like alcohol draws elements from other state legalization laws and bills, including Illinois' strong focus on social equity, and several states' provisions to promote public health and consumer safety and to educate consumers and youth. Here are key features of the bill:

Cultivation and Possession Limits

Adults who are 21 or older may:

- possess up to two ounces of cannabis, 15 grams of concentrates, and cannabis-infused products containing no more than 2,000 milligrams of THC;
 - cultivate up to six cannabis plants in a secure location that is not visible from outside of the property and that is not accessible to minors;
 - possess cannabis produced from those plants in the same secure location where the cannabis was cultivated; and
 - give personal-use amounts of cannabis to other adults 21 and older.
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Regulation and Licensing

- The bill provides for seven types of regulated cannabis businesses: retailers, on-site consumption establishments, cultivation facilities, product manufacturers, transporters, delivery services, and laboratories. It provides for tiered licenses based on size and allows regulators to create additional types of licenses.
 - The department that is charged with regulating alcohol would develop comprehensive rules, including governing security, laboratory testing, packaging, labeling, recordkeeping, and inspections; prohibiting dangerous pesticides and additives; and restricting advertising.
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Local Control

- Localities could enact regulations and licensing requirements, limit the number of cannabis establishments, or ban cannabis businesses altogether. They could not ban deliveries.
- The state regulatory agency must forward each cannabis business application to the locality where it would operate and consider the locality's input.
- On-site consumption cafés could only operate with local approval and licensing.
- "Host community agreements," which have thwarted equity efforts in Massachusetts, are prohibited.

Social Equity

- Allows social equity applicants to apply for licenses — and to be licensed — at least 180 days before other applicants.
- Requires each cannabis business to implement policies that encourage diversity in employment, contracting, and other professional opportunities and to report annually on the diversity of its workforce, management, and contracts.
- Creates a “Race to the Top” scoring system. Businesses can only expand beyond two locations if they demonstrate — via a scored process — their benefit. This process will consider factors including diversity, employing ex-offenders, labor practices, investing in economically disadvantaged areas, and environmental stewardship.
- Promotes private financing for minority-owned and equity applicants by allowing investors to invest in more minority- and equity applicant-run businesses.
- Creates an Office of Social Equity to promote diversity and inclusion in the industry and to foster reparative justice. The office will:
 - administer the Community Reinvestment and Repair Fund to serve communities disproportionately impacted by poverty, unemployment, cannabis prohibition, mass incarceration, and/or systemic racism;
 - administer the Social Equity Start-Up Fund to administer zero-interest loans and grants to social equity applicants and minority-owned businesses;
 - advise on all regulations and enforcement related to social equity;
 - produce reports and recommendations on diversity and equity in the legal cannabis economy, including in ownership, management, and employment; and
 - investigate whether businesses are adhering to approved plans for diversity and community investment and take appropriate action if they are not.

Taxation and Fees

- Cannabis would be taxed at a rate of 20% at the point of retail sale, in addition to standard sales taxes.
- Localities may impose a tax of up to 3% on sales to consumers in the municipality.
- Non-refundable application fees of up to \$5,000 would be imposed on cannabis establishments, with the amount adjusted for inflation.
- After paying for regulatory costs, the revenue from taxes and fees would be allocated as follows:
 - 25% would be allocated to the Community Reinvestment and Repair Fund to serve communities impacted by poverty, mass incarceration, or racism;
 - 10% would be used for zero-interest loans and grants to social equity and minority business applicants;
 - 3% would be used for technical assistance for social equity and minority business applicants and for cannabis industry workforce and business training;
 - 7% would be allocated to substance abuse treatment and prevention;
 - 2% would be used for a public education campaign about the risks of alcohol, tobacco, cannabis, and other substances;
 - 2% would fund cannabis research, including regarding its medical benefits;

- up to 1% would be used for training law enforcement to recognize impaired driving; and
 - 50% would be allocated to the General Fund.
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Non-Discrimination, Employers, and Private Property

- Individuals could not be denied medical care (including organ transplants), professional licenses, child custody, housing, state benefits, or state or local employment based on state-legal cannabis activities that do not endanger others or for testing positive for cannabis.
 - Landlords could prohibit the growing or smoking of cannabis at their rentals. They could not prohibit possession or non-smoked consumption by tenants unless the tenants' cannabis use creates an odor that impacts other tenants.
 - Other property owners may prohibit the consumption and display of cannabis.
 - Employers would not have to accommodate employees who are under the influence or the possession of cannabis at work.
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Criminal Justice: Expungement, Penalty Reduction, Resentencing, and Release

- Parole, pretrial release, and probation may not be revoked for conduct allowed by the bill unless the specific individual's cannabis use could create a danger.
 - Drafters should consider reducing other cannabis penalties, including for first-offense possession of a modest amount that exceeds the possession limit.
 - While the language will vary by state, the model bill includes automatic expungement and release for conduct legalized by the bill. It also would allow individuals to petition for expungement and/or release for other cannabis offenses, at no cost to the individual.
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Prohibited Conduct and Penalties

- Smoking cannabis in public would be punishable by a civil fine of up to \$50 or up to five hours of community service.
 - Consuming cannabis while driving would be a violation punishable by a fine of up to \$200 and/or suspension of one's drivers license by up to six months for a first offense.
 - Growing cannabis in a location that is not secure or in an area open to the public would be punishable by a fine of up to \$750 or up to 75 hours of community service.
 - Using a fake ID or otherwise falsely misrepresenting one's age in order to obtain cannabis would be punishable by a fine of up to \$150 or up to 15 hours of community service.
 - Anyone other than a licensed manufacturer who performs hazardous extractions would be subject to up to three years in prison and a fine of up to \$5,000.
 - The department could suspend or revoke the registration of a cannabis establishment for multiple or serious violations.
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Optional Provisions: Medical Marijuana and Decriminalization

- If the state already has a medical cannabis law, the law should provide that those provisions are not affected. Some harmonization may be useful, such as allowing adult-use retailers to serve patients.
 - If the state has a medical cannabis program, a state may choose to grant priority in licensing to those businesses, perhaps on the same timeframe as equity applicants.
 - Cannabis possession by those under 21 should be made a civil offense if it is not already one.
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