



# Model Adult-Use Legalization and Regulation Bill Summary

MPP's model legislation to legalize, regulate, and tax cannabis for adults 21 and older includes a strong focus on social equity and reparative justice, along with provisions to promote public health and consumer safety and 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 2.5 ounces of cannabis, 15 grams of concentrates, and cannabis-infused products containing no more than 2,500 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.

## **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, record keeping, and inspections; prohibiting dangerous pesticides and additives; and restricting advertising.
- Creates an advisory board to provide input on regulations and other recommendations. Members will include a public health expert, cannabis industry representatives, a cannabis consumer, a medical cannabis patient, and two attorneys.
- Regulators will develop two versions of a scientifically accurate handout that would be provided to customers, including one specific to high-potency products, to warn about risks and the need to store cannabis products away from minors.
- Charges the regulatory authority with also issuing regulations governing intoxicating products manufactured from hemp, including labeling, lab testing, and age verification.

## **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

- or the smallest tier of cultivation facility 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.
  - Provides protections against oligopolies. Initially prevents anyone with more than a 5% interest in a cannabis business from investing in more than five businesses of any one type. After a few years, no individual with more than a 5% interest may invest in more than 10% of the licenses of one type (apart from labs) or more than 5% of the total cultivation space.

## **Local Control**

- Localities may enact time, place, and manner regulations on cannabis establishments and could limit their number. Local voters may prohibit the operation of 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 if it complies with local regulations.
- On-site consumption cafés could only operate with local approval and licensing.
- "Host community agreements," which have thwarted equity efforts in Massachusetts, are prohibited.

## **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 no more than \$2,500 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:
  - 50% would be allocated to the Community Reinvestment and Repair Fund to serve communities impacted by poverty, mass incarceration, or racism;
  - 25% would be allocated to the General Fund;
  - 10% would be used for zero-interest loans and grants to social equity and minority business applicants;
  - 7% would be allocated to substance abuse treatment and prevention;
  - 3% would be used for technical assistance for social equity and minority business

- applicants and for cannabis industry workforce and business training;
- 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; and up to 1% would be used for training law enforcement to recognize impaired driving.

## **Non-Discrimination**

- 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 could not discriminate against workers for testing positive for non-psychoactive cannabis metabolites, unless federal law or contracts required otherwise. They would not have to accommodate employees who are under the influence or in the possession of cannabis at work.

## **Criminal Justice: Expungement, Penalty Reduction, Resentencing, and Release**

- Provides for automatic expungement and vacature for all prior possession charges.
- Creates a free, automatic process — with legal representation — for resentencing for all other cannabis-related offenses. Creates a presumption re-sentencing to time-served (or fees already paid) is in the interests of justice, in light of legalization and past disparities. Unless the prosecutor proves doing so is not in the interests of justice, the person will be re-sentenced to time-served. Uses the same approach for expungement for cases other than possession.
- Provides that the odor of cannabis and possession of a legal amount is not grounds for search.
- 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.
- The odor of cannabis or burnt cannabis is not grounds for a stop or search.

## **Prohibited Conduct and Penalties**

- Smoking cannabis in public would be punishable by a civil fine of up to \$50 or up to three hours of community service.
- 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 50 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 10 hours of community service.
- The department could suspend or revoke the registration of a cannabis establishment for multiple or serious violations.

## **Optional Provisions: Medical Cannabis 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 they pay a hefty fee and prioritize medical access.

- Cannabis possession by those under 21 should be made a civil offense if it is not already one.