



# The Marijuana Legalization and Regulation Act of 2019 Summary

In 2014, D.C. voters overwhelmingly approved Initiative 71, making it legal for adults to possess and grow limited amounts of marijuana. Outrageously, Congress has prevented the District from legalizing and regulating cannabis sales. Two bills are waiting in the wings for when Congressional interference ends. The Marijuana Legalization and Regulation Act of 2019, introduced by Councilman David Grosso, is one of the proposals to tax and regulate cannabis sales in the District.

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## Purchasing Limits

- Purchasing limits for D.C. residents who are 21 or older:
    - two ounces of marijuana
    - infused products containing no more than 1,000 milligrams of THC
    - 10 grams of marijuana concentrate
  - Purchasing limits for non-D.C. residents who are 21 or older:
    - ¼ ounce of marijuana
    - infused products containing no more than 250 milligrams of THC
    - 2.5 grams of marijuana concentrate
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## Licensing and Fees

- The Alcoholic Beverage Control Board and the Alcohol Beverage Regulation Administration (ABRA) — which the board oversees — are charged with licensing and regulating five types of adult-use cannabis businesses: cultivation facilities, products manufacturers, retail stores, on-site consumption facilities, and testing labs.
  - The maximum application fee and annual fees are \$5,000 per license.
  - ABRA will establish the process and qualifications for licensing businesses, including special considerations to promote diversity among licensees.
  - No person or business can have a financial or voting interest of 10% or greater in more than three licensed establishments of any single category or more than half of all licensed establishments of a single category, whichever is less.
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## Regulations to Promote Public Health

- ABRA will adopt rules within 180 days of the effective date to determine:
  - The maximum number of adult-use marijuana businesses that may be licensed in the District; and
  - Restrictions and requirements on signage, marketing, and advertising.

- Edibles must list ingredients and compatibility with dietary practices.
  - Products may not be labeled or packaged in a way that markets to minors.
  - ABRA will establish labeling requirements for adult-use marijuana products sold at a retail stores, which must include:
    - the amount of THC per serving and number of servings per package;
    - a nutritional fact panel and list of ingredients and possible allergens for marijuana-infused or edible marijuana products;
    - a recommended use by or expiration date;
    - a medically and scientifically accurate statement about the health and safety risks posed by marijuana use; and
    - a universal symbol indicating the package contains marijuana.
  - Lab testing must include analyses for residual solvents, toxins, harmful chemicals, dangerous molds, filth, harmful microbials, and pesticides.
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## **Taxation and Revenue Distribution**

- A 10% sales tax will be levied on adult-use marijuana products.
  - An excise tax will be imposed when a cultivation facility sells or transfers marijuana to another marijuana business at a rate of:
    - \$40 per ounce on cannabis flowers
    - \$25 per immature plant
    - \$10 per ounce on other parts of cannabis
  - Adult-use marijuana excise and sales taxes will be deposited into a dedicated fund. Starting in fiscal year 2020 and each fiscal year after, money in the fund will be disbursed every three months as follows:
    - The first \$1,000,000 to the D.C. Department of Behavioral Health
    - \$500,000 for implementation and maintenance of evidence-based substance abuse prevention and reduction
    - \$500,000 for evidence-based inpatient and outpatient substance abuse programs
    - \$750,000 to the Department of Small and Local Business Development for a marijuana business incubator and technical assistance programs
    - \$2,000,000 to a community reinvestments grants program to qualified community-based nonprofits to support services for communities disproportionately affected by past federal and D.C. drug policies
    - Any remaining funds will be transferred to the General Fund.
  - All license fees, fines, penalties, and other income received by ABRA will be deposited into a fund known as the ABRA retail marijuana administrative and enforcement operations fund and used to fund the expenses of ABRA's administrative and regulatory duties.
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## **Automatic Expungement**

- Directs the D.C. city clerk and other city staff to proactively expunge records of cannabis arrests and convictions prior to this law taking effect.

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## **Prohibited Conduct**

- Driving under the influence of marijuana will remain unlawful.
- Selling marijuana products without a license remains prohibited.
- Retail marijuana stores are prohibited from selling marijuana products that contain nicotine or alcohol.

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## **Medical Cannabis**

- Medical marijuana dispensaries can get a dual license to serve adult-use consumers, but must maintain separate inventory and record keeping.
- Dual licensed dispensaries must also present a plan to the board to ensure they will continue to meet the needs of medical patients, including minors.