



# Northern Mariana Islands HB No. 20-178

## Summary of the Taulamwaar Sensible CNMI Cannabis Act of 2018

### Adult-Use Possession Limits

A person who is 21 or older may:

- possess and transport up to one ounce of marijuana, 16 ounces of marijuana products in solid form, 72 ounces of cannabis in liquid form, five grams of extracts, and six immature plants; and
- give the above amounts of marijuana or marijuana products to other adults who are 21 or older.

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### Homegrown Marijuana

- **Registry:** Creates a Homegrown Marijuana Registry for adults and patients. Registered individuals may cultivate and process marijuana products at home after paying a \$5 annual fee.
  - The registry is confidential and will only be accessed by CNMI government agencies that carry out the cannabis regulation law.
  - If the registry is not created within 120 days of the Cannabis Commission's organizational meeting, adults may grow cannabis without registering. They must register once it is available.
  - Registered adults may also make marijuana extracts using water, glycerin, and non-solvent based extractions.
- **Homegrown marijuana limitations:**
  - Registered adults may typically cultivate no more than six mature and 12 immature plants per household or cultivation location.
    - Patients and their caregivers may exceed the adult-use limits if their physician deems larger quantities are "necessary and practical for the effective treatment of the patient." In that case, they may cultivate no more than 12 mature and 24 immature plants per household.
  - No more than eight ounces of marijuana may be possessed per household or cultivation site at a time.
  - Cultivation locations may be farms, parcels, warehouses, rooms, or containers.
  - Cannabis plants may not be subject to public view.
  - Home growers must take reasonable precautions to secure cannabis plants from individuals under 21.
  - The marijuana produced from homegrown plants must be stored in the same secure location where the marijuana was cultivated or at the cultivator's home, unless it being transported directly to their home.
  - A first-offense violation of the above restrictions carries a \$100 civil fine. A second offense is confiscation of the plants and a \$500 fine. A third offense carries up to 30 days in jail, a

fine of up to \$1,000, and revocation of the individual's home cultivation card.

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## Medical Marijuana

- **Physician's recommendation:** Patients of any age may use marijuana if they have at least one qualifying medical condition and a doctor's recommendation.
    - Unless they cultivate cannabis, patients do not have to register.
  - **Qualifying conditions:** To qualify a patient must have one of these debilitating medical conditions: cancer, glaucoma, HIV/AIDS, hepatitis C, amyotrophic lateral sclerosis, Crohn's disease, ulcerative colitis, agitation of Alzheimer's disease, post-traumatic stress disorder (PTSD), or a chronic or debilitating disease or medical condition (or its treatment) that produces: stroke; diabetes; Parkinson's disease; Wilson's disease; traumatic brain injury; ADD/ADHD; muscular dystrophy; cerebral palsy; asthma; other types of immune-modulated inflammatory diseases; cachexia or wasting syndrome; severe, debilitating pain; severe nausea; seizures; neurological disorders; or severe and persistent muscle spasms.
    - The Cannabis Commission may approve additional serious medical conditions, in consultation with medical professionals.
  - **Caregivers:** Patients may designate a caregiver to produce and store homegrown marijuana on the patient's behalf. Caregivers must be 21 or older.
  - **Program:** The commission may adopt separate rules for a medical marijuana program.
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## Business Regulation and Licensing

**Business types:** The bill provides for six types of regulated marijuana businesses: producers, processors, retailers, wholesalers, lounges, and testing facilities.

- Those wanting to produce no more than 25 mature plants would apply for a micro-production license.
- There are two types of lounges: bring-your-own-cannabis lounges and establishments where cannabis is sold onsite. Lounges may not sell or allow the consumption of alcohol onsite.

**Cannabis Commission:** Establishes a five-member appointed CNMI Cannabis Commission as the regulatory agency for commercial cannabis and hemp. The commission is directed to hire an executive director, and the director may hire a staff. The commission's duties include:

- creating a code of ethics for itself;
  - monitoring eligibility for marijuana and hemp businesses and their employees;
  - licensing cannabis businesses;
  - authorizing and certifying all equipment, facilities, utensils, and tools used in marijuana or hemp businesses;
  - regulating and prohibiting most marijuana businesses from advertising in newspapers, letters, billboards, radio, and otherwise;
  - imposing civil penalties for violations; and
  - imposing separate regulations on hemp (which would have under .03% THC).
- The commission may inspect licensees' records and require a laboratory analysis.

- The Department of Lands and Natural Resources' Division of Agriculture is directed to assist and cooperate with the commission as needed.
- The commission may deny licenses for reasons including if the applicant does not have a good record of compliance, if the applicant is unsuitable for licensure, or if they have a history of changing ownership to avoid penalties.
- When deciding whom to exclude from licensure, the commission may *not* consider convictions for possession of marijuana, nor may it consider a single conviction for manufacturing or delivering if the convictions are at least 10 years old.

**Deliveries:** Retailers may make deliveries to consumers who place such orders. Other licensees may not deliver cannabis to consumers.

### **Specific restrictions and rules for licensees:**

- All applicants must have had continued CNMI residency for 10 years, unless they left the Northern Marianas for military service or educational training.
- Marijuana business may not be approved if they are located within 500 feet of a church, hospital, clinic, school building, or youth center at the time of the application.
- Only producers and micro-producers may possess and sell mature plants.
- Licensees may not employ anyone under 21 years of age.
- The same individual may hold multiple licenses, except that micro-producers may only hold one micro-production license, and testing facilities may only hold one marijuana-testing license.
- Licenses are purely personal privilege, and they cease with the death of the licensee. The commission may allow permits to be transferred.
- Products may not include injurious or adulterated ingredients.
- Licensees must comply with labeling and container requirements, including:
  - Tested cannabis must have a "CERTIFIED" label, and untested products (such as if there is no testing facility) must have a disclaimer reading "UNTESTED PRODUCT."
  - Products may not be deceptively branded or labeled. They must also include information on ingredients, allergens, nutritional facts, and the amount of time the product takes to take effect.
  - Cannabis products must also include opaque, child-resistant packaging.
  - Products must be identifiable with a standard symbol, when possible.

**Enforcement:** The commission may suspend or cancel licenses for a number of reasons, including insolvency, violations of the law, false statements made to the commission, and maintaining an unsafe or unsanitary establishment.

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### **Special Events**

- The commission may issue special events permits for no more than 10 days each per calendar year to private locations where marijuana could be displayed, possessed, used, and/or sold.
- Applicants must have plans for ventilation and odor control, waste disposal, preventing over-consumption and underage consumption, and preventing impaired driving.
- Special events involving cannabis may not be within 500 feet of a daycare, drug or alcohol treatment facility, or public pool.
- Special events permits may not be issued for public property, residential areas, or events

serving alcohol.

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## Prohibitions

- **Public consumption:** Using marijuana in public or in the presence of someone under 21 is punishable by a fine of \$250 for a first offense and up to \$1,000 for subsequent violations.
- **Prohibited locations:** Except for those with a medical recommendation, cannabis cannot be used or possessed at a government building, on any school property, on college property (except for research), on federal property, or at an establishment that is allowed to serve alcohol. Marijuana may not be possessed or used in correctional facilities, including for medical use. A violation is punishable by a fine of \$500 for a first offense and up to \$1,000 for subsequent violations. Possessing or using marijuana in correctional facilities is punishable by up to five years of imprisonment and a fine of up to \$5,000.
- **Dangerous extractions:** Other than a licensed marijuana processor complying with commission regulations, no one may perform solvent-based extractions using anything other than water or vegetable glycerin. The penalty is up to three years in prison and/or up to a \$5,000 fine.
- **Using marijuana while driving:** Consuming marijuana while driving or operating a boat or other motorized mode of transportation is punishable by a fine of up to \$500 and a six-month suspension of a driver's license for a first offense. The penalty doubles for a second offense and is in addition to any penalty for driving while under the influence of marijuana.
- **Underage possession:**
  - Except in the case of patients with a physician's recommendation, individuals under the age of 21 may not possess or attempt to buy cannabis.
    - For an amount that is no greater than adults' possession limits, a first offense is a \$250 fine. A second offense is a \$1,000 fine. In addition to the fines, the court may order 80 to 250 hours of community service. The court shall also suspend driving privileges for up to one year, and it may order substance abuse assessment and treatment. The assessment and treatment is mandatory for a second offense.
- **Excess marijuana:** Adults who are 21 or older and who possess up to double their possession limits face up to 30 days imprisonment and/or a fine of up to \$1,250. If they possess more than two times the possession limits, and up to four times the limit, they face up to one year imprisonment and/or a fine of up to \$2,500. For more than four times the limit, the punishment is up to five years imprisonment and/or a fine of up to \$5,000.
- **Other offenses:** The bill also includes specific penalties for trafficking, import/export (unless it becomes federally legal and is approved by the commission), unlawful manufacture in excess of the limits, and unlawful delivery.
  - **Nuisances:** Allowing marijuana to be sold, consumed, given away, or bartered in violation of CNMI law is a common nuisance.
  - **Marijuana as a prize:** Marijuana may not be given as a prize. Doing so carries up to one year imprisonment and/or a fine of up to \$1,000.
  - Marijuana may not be sold or given to a person who is visibly intoxicated. A violation carries up to one year imprisonment and/or a fine of up to \$1,000.
  - Violations of the law or regulations, where a specific penalty is not specified in the bill, carries up to one year imprisonment and a fine of up to \$2,500.

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**Local Control:** Local legislative delegations may enact marijuana regulation laws within their senatorial districts. They may include time, place, and manner regulations and civil penalties for violations. They may also include local registration fees.

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**Miscellaneous:** No contract may be unenforceable based on the fact that marijuana-related activities are illegal under federal law.

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### Licensing Fees

- A non-refundable \$250 fee will be charged to process applications.
  - Licensing fees for microprocessors are \$500.
  - Licensing fees for all other marijuana businesses are \$4,500.
  - The commission may increase the above licensing fees if they are not adequate to cover regulatory costs.
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### Taxes

- Imposes a 10% ad valorem excise tax on cannabis grown within the commonwealth.
  - Directs the legislature to enact taxes and fees on marijuana sold by a producer.
  - Directs the legislature to enact a marijuana excise tax based on the selling price of retail sales.
  - Provides that the legislature may exempt medical marijuana sales from the taxes it imposes.
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### Timeline

- The initial commissioners must be appointed within 30 days of the bill taking effect.
- The commission must hire an executive director within 60 days of its organizational meeting.
- If the homegrown registry is not created within 120 days of the Cannabis Commission's organizational meeting, adults may grow cannabis without registering until it is available.
- The commission must prescribe forms and adopt rules to implement the program within 180 days of its organizational meeting.
- Once licensing regulations are adopted, the commission shall begin accepting applications. Then, it may not unreasonably delay processing, approval, or rejection of applications.