

HOUSE No. 2929

The Commonwealth of Massachusetts

In the Year Two Thousand 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;
3 determined to exercise some measure of control over the use of cannabis consistent with respect
4 for individual freedom and responsibility; and declaring our objectives to be the reduction of
5 cannabis abuse, the elimination of marijuana-related crime and the raising of public revenue, do
6 hereby ordain and enact The Cannabis 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
13 to or contemporaneous with the sale or tendering for sale of any goods, services or other things
14 of value, shall be deemed not gratuitous.

15 c. Possession or distribution of cannabis under a valid license issued in accordance with
16 this act.

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

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

21 a. ACT: This chapter of the General Laws of Massachusetts, also known as The
22 Cannabis Regulation and 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
26 variety of the genus *cannabis*, whether growing or not; the seeds thereof; and resin extracted
27 from any part of the plant, and every compound, manufacture, salt derivative, mixture or
28 preparation of the plant, its seeds or resin. It does not include the mature stalks of the plant, fiber
29 produced from the stalks, oil or cake made from the seeks of the plant, any other compound,
30 manufacture, salt derivative, mixture or preparation of the mature stalks except the resin
31 extracted therefrom., fiber, oil or cake or the sterilized seed of the plant which is incapable of
32 germination. Cannabis containing less than 1% THC is not subject to the provisions 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
37 act.
- 38 i. FARMER-PROCESSOR-RETAILER: a person licensed in accordance with section ten
39 to cultivate, process and sell cannabis from a single premises.
- 40 j. IMPORT: To bring into the commonwealth or cause to be brought into the
41 commonwealth or to receive from without the commonwealth.
- 42 k. LICENSED PREMISES: The grounds and buildings whereon a license possesses
43 cannabis and conducts such business as licensed to do.
- 44 l. LICENSING AUTHORITIES: the authority or the local licensing authorities or both,
45 as the case may be.
- 46 m. LOCAL LICENSING AUTHORITIES: the licensing boards and commissions
47 established in any city or town under special statute or charter or, in a city having no such board
48 or commission the aldermen, or, in a town having no such board or commission, the selectmen.
- 49 n. NON-GRATUITOUS: Not gratuitous; with consideration; commercial.
- 50 o.. PACKAGE: A container in which cannabis is sold to the purchaser at retail.

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

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

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

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

58 t.. SALE: Transfer for consideration.

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

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

62 Section 6. The affairs of the authority shall be managed by a board of seven directors,
63 hereinafter referred to as the directors. A full term thereon shall be seven years. Persons to serve
64 respectively for an initial seven-year term, an initial six-year term, and an initial five-year term,
65 and their replacements, shall be appointed by the governor, with the approval of the council.
66 Directors for an initial four-year term and an initial one-year term shall be appointed and
67 vacancies in said directorships filled by the president of the senate. Directors for an initial three-
68 year term and an initial two-year term shall be appointed, and vacancies in said directorships
69 filled, by the speaker of the house. Directors shall receive a salary of 20% of the salary of the
70 governor, and will serve on a part-time basis. The directors shall elect, from among their
71 number, a chairman, who shall preside over all official activities of the board of directors. The

72 chairman shall serve for three years or until his term as director ends. A chairman may not serve
73 in excess of six consecutive years. No director shall serve more than fourteen years.

74 Section 7. The concurrence of not fewer than four members of the board of directors
75 shall be required for all official actions of the authority. A copy of the minutes of each meeting
76 of the board of directors, including any rules and regulations adopted by the authority or any
77 amendments thereof, shall be forthwith transmitted, by and under the certification of the
78 secretary thereof, to the governor.

79 Section 8. . The authority shall have general supervision of the conduct of the business of
80 cultivating, possessing, distributing, sale at retail and wholesale and importing cannabis, and also
81 of the quality, purity and grade thereof. The authority shall make such rules and regulations as it
82 deems necessary to enable it to carry out and enforce the provisions of this act, and shall
83 prescribe the forms of application for licenses under this chapter and may require therein such
84 information as it deems necessary. Every license hereunder shall be governed and controlled by
85 the rules and regulations adopted by the authority. Subject to the provisions herein, the authority
86 may suspend or revoke any license for any violation of the rules and regulations established
87 hereunder or for aiding or abetting in any violation of such rules and regulations, but before such
88 suspension or revocation, the authority shall give a hearing to the licensee, after due notice to
89 him of the charges against him and of the time and place of the hearing. Such licensee may
90 appear at the hearing with witnesses and be represented by counsel. The authority and any
91 representative thereof duly authorized to conduct any hearing under this chapter shall have
92 power to administer oaths and take testimony under oath relative to the matter of inquiry or
93 investigation. At any hearing ordered by the authority, the authority or its representative
94 authorized to conduct such hearing may subpoena witnesses and require the production of books,

95 papers, and documents pertinent to such inquiry. No witness under subpoena authorized to be
96 issued by any provision of this chapter shall be excused from testifying or producing books or
97 papers on the ground that such testimony or the production of such books or other documentary
98 evidence would tend to incriminate him, but such evidence or the books or papers so produced
99 shall not be used in any criminal proceeding against him arising out of any violation of any
100 provision of this act. If any person shall disobey such process or, having appeared in obedience
101 thereto, shall refuse to answer any pertinent question put to him by the authority or its authorized
102 agent or to produce any books and papers pursuant thereto, the authority or such representative
103 may apply to the superior court for the county wherein the person, relative to whose business
104 such hearing is ordered, resides or wherein such business has been conducted, or to any justice of
105 said court if the same shall not be in session, setting forth such disobedience to process or refusal
106 to answer, and said court or justice shall cite such person to appear before said court or justice to
107 answer such questions or to produce such books and papers, and, upon his refusal so to do, may
108 commit him to jail until he shall testify, but not for a longer period than sixty days.

109 Notwithstanding the serving of the term of such commitment by any person, the authority may
110 proceed in all respects with such inquiry and examination as if the witness had not previously
111 been called upon to testify. Officers who serve subpoenas issued by the authority or under its
112 authority and witnesses attending a hearing conducted by it hereunder shall receive fees and
113 compensation at the same rates as officers and witnesses before the courts of the commonwealth,
114 to be paid on vouchers of the authority or to be paid without appropriation out of the proceeds of
115 the excise imposed by this chapter, on vouchers approved by the authority. The rules and
116 regulations adopted by the authority shall be printed as part of the application blank for licenses
117 and for renewal thereof, and every applicant, as a condition of being licensed hereunder, shall

118 submit to such examinations as the authority may deem necessary to establish his knowledge and
119 understanding of The Cannabis Regulation and Taxation Act.

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

122 Class C One hundred fifty dollar per ounce

123 Class B Two hundred dollars per ounce.

124 Class A Two hundred fifty dollars per ounce.

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

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

136 a. The holder of a cultivation license may possess, propagate, grow and cultivate cannabis
137 and carry on such other horticultural activities as are reasonably required for the commercial
138 cultivation of cannabis. He may sell cannabis only to the holder of a processing license, his

139 agent or employee, but to no other person. He shall file regular reports as may be required by the
140 authority, and shall be subject to all reasonable times to inspection by the authority or its
141 representatives. A cultivation license shall be exercisable in one place only. The annual fee for a
142 cultivation license shall be \$500.

143 b.. The holder of a processing license, his agents and employees, may obtain cannabis
144 only from the holder of a cultivation or import license. He may possess, process, package, box
145 and crate cannabis, and may transfer cannabis only to the holder of a trade license, his agent or
146 employees. Processing, packaging, boxing and crating of cannabis shall be conducted in only
147 one place. Cannabis shall be packaged in quantities only of one ounce, by dry weight, in bulk
148 only, and shall not be rolled into cigarette form. The processor shall cause a label to be placed
149 on each package bearing the following information:

150 (1) The name and place of business of the processor;

151 (2) The cannabis grade;

152 (3) The following statement: The Operation of a Motor Vehicle under the influence of
153 cannabis, alcohol or any other intoxicant is a crime punishable of a fine of up to \$1,000 or
154 imprisonment up to two years, or both, and may result in the loss of your license to drive.

155 c. The processor shall affix upon each cannabis package a tax stamp or such other
156 documentation as the authority may require, and shall transfer neither title nor possession of
157 same to any person without the said stamps affixed. Said stamps shall be of such design and in
158 such denomination as the authority may prescribe, and shall be the means by which the excise
159 imposed by section 405 hereunder shall be paid to the authority. The authority, in its discretion,
160 may authorize the use of a metering machine approved by it in lieu of stamps in order to press or

161 attach to each package of cannabis evidence of the payment of said excise. Such machine shall
162 be sealed by its authorized representative and shall be used in accordance with such rules and
163 regulations as the authority may prescribe. The authority may for cause at any time suspend or
164 revoke the authority to use such a metering machine.

165 d. The authority shall redeem any unused or mutilated but identifiable stamps or unused
166 amounts for which a meter is set that any license processor may present for redemption;
167 provided, they were originally lawfully purchased by the processor who presents them for
168 redemption. Such redemption shall be made at the face value thereof. The authority may
169 prescribe necessary rules and regulations for redemptions under this section. If the authority is
170 satisfied that a processor is entitled to a redemption he shall issue to him stamps of equivalent
171 value to cover the mutilated stamps or he may order a refund equal to the actual amount paid for
172 said unused or mutilated stamps for the unused amounts for which the meter was set.

173 e. All processors shall file under the penalties of perjury with the authority, on forms to
174 be furnished by it, monthly reports on or before the 20th day of each calendar month showing the
175 number of stamps on hand at the beginning of the month, the number purchased during the
176 month, the number on hand at the end of the month, the number affixed or otherwise disposed of
177 during the month, and such other information as the authority shall require. All processors shall
178 keep complete and accurate records from which information can be obtained to complete and
179 audit said report, and such other records as the authority may prescribe, shall preserve such
180 records for three years and shall offer them for inspection at any time upon oral or written
181 demand of the authority or its duly authorized agents. The stocks of unused stamps in any
182 metering machines shall be open to inspection by the authority or its duly authorized agents at all
183 reasonable times.

184 f. The holder of a processing license, his agents and employees, may possess, process,
185 package, box and crate cannabis seeds and may transfer such seeds as are capable of germination
186 to the holder of a cultivation license if said seed is capable of producing cannabis preparations
187 having a THC content of more than 1.5% by mass. The annual fee for a processing license shall
188 be \$1,000.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

222 s. The holder of a farmer-processor-retailer license may cultivate, process and retail
223 cannabis subject to the same requirements of this act relating to labeling, grading and taxation of

224 a processor license, provided all cannabis processed and sold is grown on the licensed premises.
225 The annual fee for a farmer-processor-retailer license shall be \$2,500.

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

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

231 Section 12. Only a cultivation license, processing license or import license shall
232 authorize the offering for sale, selling, possessing with intent to sell, or making of a non-
233 gratuitous transfer or other non-gratuitous disposition of cannabis within the commonwealth,
234 unless said cannabis be in individual packages bearing such stamps or documentation as required
235 by law and regulation. If any stamp or other documentation appearing on any package of
236 cannabis be stained or smudged or its characteristics be so blurred, obscured or indistinct that it
237 cannot be distinguished as genuine, it shall be invalid. The offering for sale, selling, possessing
238 with intent to sell, or otherwise disposing of or making a non-gratuitous transfer of cannabis
239 within the commonwealth, without a valid license hereunder shall be punishable under Chapter
240 94C, Section 32 of the General Laws.

241 Section 13. Each license issued hereunder shall expire in two years from the date of issue
242 by the authority, unless sooner revoked by the authority as provided hereunder, or unless the
243 business with respect to which such license was issued shall change ownership, or unless the
244 holder of the license shall remove his business from the premises covered by the license, the
245 authority not having given written approval for the transfer of said license to another person in

246 accordance with the provisions of section 413, in any of which cases the license shall thereupon
247 expire. In the event that a licensee removes his business to another location within his city or
248 town, the license with respect to the former place of business shall, without the payment of an
249 additional fee, be reissued for the new location for the balance of the unexpired term. The holder
250 of each license, on application to the authority, accompanied by the applicable fee prescribed in
251 section two, may, before the expiration date of the license then held by him, renew his license for
252 a further period of two years. In case of suspension, revocation or cancellation of a license
253 issued by the authority, no abatement or refund of any part of the fee paid therefor shall be made.

254 Section 14. Stamps and documentation hereunder may be issued by the authority to
255 processors on a credit basis, provided the processor shall have furnished a surety company bond
256 with a surety company authorized to do business in the commonwealth as surety, in such amount
257 as the authority may fix. In lieu of a surety company bond a licensee may deposit with the
258 authority bonds or other negotiable obligations of the commonwealth or of the United States of
259 America of such aggregate face amount as the authority may from time to time deem necessary
260 adequately to secure payment of the excise provided by this chapter; provided, that bonds need
261 not be accepted by the authority unless in registered form and of denominations satisfactory to it.
262 In case of a deposit of bonds or other negotiable obligations with the authority hereunder, it shall,
263 while in possession of such bonds, remit to such licensee as aforesaid, or persons entitled thereto,
264 the interest accruing and payable thereon, and if such excises together with all interest and other
265 charges accrued thereon shall be paid in full and if the person is no longer a licensee hereunder,
266 it shall return such bonds or obligations to the persons entitled thereto. If the excise together
267 with all interest and other charges accrued thereon provided by this chapter shall not be paid in
268 accordance with this chapter, the authority may sell all or any part of such bonds or obligations

269 to satisfy the amount due the authority as aforesaid and shall return to the persons entitled thereto
270 any excess left in its hands, provided, however, the person is no longer a licensee hereunder.

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

279 b.. If any person secures, manufactures or causes to be secured or manufactured, or has
280 in his possession, any cannabis excise stamp or die or device not prescribed or authorized by the
281 authority, or any counterfeit impression, such fact shall be prima facie evidence that such person
282 has counterfeited cannabis excise stamps. Whoever wilfully removes or alters or knowingly
283 permits to be removed or altered the cancellation or defacing mark of any stamp provided for by
284 this chapter with intent to use such stamp, or knowingly or wilfully buys, prepares for use, uses,
285 has in possession, or suffers to be used, any metering machine without authority, or any washed,
286 restored or counterfeit stamps, or whoever intentionally removes or causes to be removed, or
287 knowingly permits to be removed any stamp or meter impression affixed pursuant to this
288 chapter, or whoever tampers with or causes to be tampered with any metering machine
289 authorized to be used under the provisions thereof, shall be punished by a fine of not more than
290 \$2,000 or by imprisonment for not more than five years, or both.

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

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

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

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

310 Section 20. Any person aggrieved by the conduct of any license holder hereunder, his
311 agents or employees, shall state his grievance in writing to the local licensing commission of the
312 city or the selectmen of the town wherein the complained of conduct occurred. After

313 investigation and hearing said commission or selectmen shall, if the public interest so requires,
314 within seventy-five days from the date of the first regular meeting following the receipt of said
315 complaint, submit to the authority a certified copy of the original complaint, together with a
316 report of the commission's or the selectmen's findings and recommendation, which
317 recommendations shall include, but not be limited to, one of the following:

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

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

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

322 d. The authority shall, within thirty days of receipt of such findings and
323 recommendations, implement the said recommendations unless the licensee complained of shall,
324 during said thirty-day period: have requested a hearing or the authority shall have deemed a
325 hearing to be in the interest of fairness. In either said event, the authority shall, within sixty
326 days, hold a hearing de novo, and thereupon accept, reject or reverse the recommendation of the
327 license commission. No revision shall exceed the limits set forth in this section for
328 recommendations of the license commission. All hearings shall be conducted in accordance with
329 the Massachusetts Administrative Procedure Act, and the licensee shall have the right of appeal
330 as prescribed therein. The authority may suspend or revoke any license issued under this act for
331 failure of the licensee to comply with any provision hereof, or if the licensee has ceased to act in
332 the capacity for which other license was issued, or for other good cause; and no person whose
333 license has been suspended or revoked shall sell cannabis or cause or permit cannabis to be sold
334 during the period fo such suspension or revocation.

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

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

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

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

353 Section 25. Every licensee shall keep such records in such detail and affording such
354 information as the authority may from time to time prescribe, and shall file with the authority,
355 whenever and as often as it may require, duplicates of copies of such records; and the authority
356 shall at all times, through its designated officers and agents, have access to all books, records and

357 other documents of any licensee relating to the business which he is licensed hereunder to
358 conduct.

359 Section 26. Every licensee shall, on or before the twentieth day of each calendar month,
360 file with the authority, on a form prescribed by it, a report under the penalties of perjury, stating
361 the amount of cannabis sold by such licensee in the commonwealth during the preceding
362 calendar month and such report shall contain or be accompanied by such further information as
363 the authority shall require; provided, that if a licensee ceases to sell cannabis within the
364 commonwealth he shall forthwith file with the authority such a report for the period ending with
365 such cessation. Each import licensee shall, upon importation of cannabis into the
366 commonwealth, file with the authority a report, stating the amount of cannabis imported and
367 such other information as the authority shall require.

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

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

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

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

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

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

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

393 Section 34. The authority shall carry on a continuous study and investigation of cannabis
394 commerce in the commonwealth in order (1) to ascertain any defects in this act or in the
395 administration thereof or any evasion of said law or said rules and regulations as may arise or be
396 practiced, and (2) to formulate recommendations for changes in said law and the rules and
397 regulations promulgated thereunder to prevent such abuses and evasions, and (3) to guard against
398 the use of said law and regulations issued thereunder as a cover for the carrying on of criminal
399 activities.

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

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

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

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

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

416 GENERAL PROVISIONS

417 Section 38. a. No holder of a license of any class shall, directly or indirectly, personally
418 or through any agent or employee, whether for consideration or gratuitously, cause to be
419 published in a newspaper or magazine distributed anywhere in the commonwealth or to be
420 broadcast to a radio or television receiver in the commonwealth, or to appear in any display signs

421 or personal solicitation, or any manner of advertising, any advertisement or notice to promote or
422 encourage the consumption or use in any way of cannabis.

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

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

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

429 (3). A single notice reading “Authorized Cannabis Outlet” , in a style to be prescribed by
430 the authority.

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

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

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

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

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

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

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

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

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

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