

SENATE No. 1801

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
13 related to or contemporaneous with the sale or tendering for sale of any goods, services or other
14 things of value, shall be deemed not gratuitous.

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

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

22 a. ACT: This chapter of the General Laws of Massachusetts, also known as The
23 Cannabis Regulation and Taxation Act, as amended.

24 b. ADULT: A person over twenty-one years of age.

25 c. AUTHORITY. The Cannabis Control Authority established by section 5.

26 d. CANNABIS: Any part of the plant Cannabis sativa L, or Cannabis indica, or any other
27 variety of the genus cannabis, whether growing or not; the seeds thereof; and resin extracted
28 from any part of the plant, and every compound, manufacture, salt derivative, mixture or
29 preparation of the plant, its seeds or resin. It does not include the mature stalks of the plant, fiber
30 produced from the stalks, oil or cake made from the seeks of the plant, any other compound,
31 manufacture, salt derivative, mixture or preparation of the mature stalks except the resin

32 extracted therefrom., fiber, oil or cake or the sterilized seed of the plant which is incapable of
33 germination. Cannabis containing less than 1% THC is not subject to the provisions of this act.

34 e. COMMERCIAL: Of or related to a non-gratuitous exchange; with consideration.

35 f. CULTIVATE: To cause or permit to grow.

36 g. DOMESTIC: originating from or within Massachusetts.

37 h. CULTIVATION LICENSE: A License issued in accordance with Section 10 of this
38 act.

39 i . FARMER-PROCESSOR-RETAILER: a person licensed in accordance with section
40 ten10 to cultivate, process and sell cannabis from a single premises.

41 j. IMPORT: To bring into the commonwealth or cause to be brought into the
42 commonwealth or to receive from without the commonwealth.

43 k. LICENSED PREMISES: The grounds and buildings whereon a license possesses
44 cannabis and conducts such business as licensed to do.

45 l. LICENSING AUTHORITIES: the authority or the local licensing authorities or both,
46 as the case may be.

47 m. LOCAL LICENSING AUTHORITIES: the licensing boards and commissions
48 established in any city or town under special statute or charter or, in a city having no such board
49 or commission the aldermen, or, in a town having no such board or commission, the selectmen.

50 n. NON-GRATUITOUS: Not gratuitous; with consideration; commercial.

51 o.. PACKAGE: A container in which cannabis is sold to the purchaser at retail.

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

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

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

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

59 t.. SALE: Transfer for consideration.

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

61 CANNABIS CONTROL AUTHORITY

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

64 Section 6. The affairs of the authority shall be managed by a board of seven directors,
65 hereinafter referred to as the directors. A full term thereon shall be seven years. Persons to serve
66 respectively for an initial seven-year term, an initial six-year term, and an initial five-year term,
67 and their replacements, shall be appointed by the governor, with the approval of the council.
68 Directors for an initial four-year term and an initial one-year term shall be appointed and
69 vacancies in said directorships filled by the president of the senate. Directors for an initial three-
70 year term and an initial two-year term shall be appointed, and vacancies in said directorships

71 filled, by the speaker of the house. Directors shall receive a salary of 20% of the salary of the
72 governor, and will serve on a part-time basis. The directors shall elect, from among their
73 number, a chairman, who shall preside over all official activities of the board of directors. The
74 chairman shall serve for three years or until his term as director ends. A chairman may not serve
75 in excess of six consecutive years. No director shall serve more than fourteen years.

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

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

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

111 Notwithstanding the serving of the term of such commitment by any person, the authority may
112 proceed in all respects with such inquiry and examination as if the witness had not previously
113 been called upon to testify. Officers who serve subpoenas issued by the authority or under its
114 authority and witnesses attending a hearing conducted by it hereunder shall receive fees and
115 compensation at the same rates as officers and witnesses before the courts of the commonwealth,
116 to be paid on vouchers of the authority or to be paid without appropriation out of the proceeds of

117 the excise imposed by this chapter, on vouchers approved by the authority. The rules and
118 regulations adopted by the authority shall be printed as part of the application blank for licenses
119 and for renewal thereof, and every applicant, as a condition of being licensed hereunder, shall
120 submit to such examinations as the authority may deem necessary to establish his knowledge and
121 understanding of The Cannabis Regulation and Taxation Act.

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

124 Class C One hundred fifty dollar per ounce

125 Class B Two hundred dollars per ounce.

126 Class A Two hundred fifty dollars per ounce.

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

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

138 a. The holder of a cultivation license may possess, propagate, grow and cultivate cannabis
139 and carry on such other horticultural activities as are reasonably required for the commercial
140 cultivation of cannabis. He may sell cannabis only to the holder of a processing license, his
141 agent or employee, but to no other person. He shall file regular reports as may be required by the
142 authority, and shall be subject to all reasonable times to inspection by the authority or its
143 representatives. A cultivation license shall be exercisable in one place only. The annual fee for a
144 cultivation license shall be \$500.

145 b.. The holder of a processing license, his agents and employees, may obtain cannabis
146 only from the holder of a cultivation or import license. He may possess, process, package, box
147 and crate cannabis, and may transfer cannabis only to the holder of a trade license, his agent or
148 employees. Processing, packaging, boxing and crating of cannabis shall be conducted in only
149 one place. Cannabis shall be packaged in quantities only of not less than one, nor more than
150 five ouncesone ounce, by dry weight, in bulk only, and shall not be rolled into cigarette form.
151 The processor shall cause a label to be placed on each package bearing the following
152 information:

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

154 (2) The cannabis grade;

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

158 c. The processor shall affix upon each cannabis package a tax stamp or such other
159 documentation as the authority may require, and shall transfer neither title nor possession of

160 same to any person without the said stamps affixed. Said stamps shall be of such design and in
161 such denomination as the authority may prescribe, and shall be the means by which the excise
162 imposed by section 405 hereunder shall be paid to the authority. The authority, in its discretion,
163 may authorize the use of a metering machine approved by it in lieu of stamps in order to press or
164 attach to each package of cannabis evidence of the payment of said excise. Such machine shall
165 be sealed by its authorized representative and shall be used in accordance with such rules and
166 regulations as the authority may prescribe. The authority may for cause at any time suspend or
167 revoke the authority to use such a metering machine.

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

176 e. All processors shall file under the penalties of perjury with the authority, on forms to
177 be furnished by it, monthly reports on or before the 20th day of each calendar month showing the
178 number of stamps on hand at the beginning of the month, the number purchased during the
179 month, the number on hand at the end of the month, the number affixed or otherwise disposed of
180 during the month, and such other information as the authority shall require. All processors shall
181 keep complete and accurate records from which information can be obtained to complete and
182 audit said report, and such other records as the authority may prescribe, shall preserve such

183 records for three years and shall offer them for inspection at any time upon oral or written
184 demand of the authority or its duly authorized agents. The stocks of unused stamps in any
185 metering machines shall be open to inspection by the authority or its duly authorized agents at all
186 reasonable times.

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

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

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

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

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

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

200 i. The holder of a trade license, his agents and employees, may obtain cannabis only
201 from a duly licensed processor or importer, and may possess cannabis only bearing valid
202 documentation required to be affixed to all packages under the provision of paragraph 2(b)

203 above. He may keep, store, warehouse, and transport same, and may sell cannabis only to duly
204 licensed retailer. The annual fee for a trade license shall be \$3,000.

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

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

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

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

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

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

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

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

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

225 s. The holder of a farmer-processor-retailer license may cultivate, process and retail
226 cannabis subject to the same requirements of this act relating to labeling, grading and taxation of
227 a processor license, provided all cannabis processed and sold is grown on the licensed premises.

228 t. The annual fee for a farmer-processor-retailer license shall be \$2,500.

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

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

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

244 Section 13. Each license issued hereunder shall expire in two years from the date of issue
245 by the authority, unless sooner revoked by the authority as provided hereunder, or unless the
246 business with respect to which such license was issued shall change ownership, or unless the
247 holder of the license shall remove his business from the premises covered by the license, the
248 authority not having given written approval for the transfer of said license to another person in
249 accordance with the provisions of section 413, in any of which cases the license shall thereupon
250 expire. In the event that a licensee removes his business to another location within his city or
251 town, the license with respect to the former place of business shall, without the payment of an
252 additional fee, be reissued for the new location for the balance of the unexpired term. The holder
253 of each license, on application to the authority, accompanied by the applicable fee prescribed in
254 section two, may, before the expiration date of the license then held by him, renew his license for
255 a further period of two years. In case of suspension, revocation or cancellation of a license
256 issued by the authority, no abatement or refund of any part of the fee paid therefor shall be made.

257 Section 14. Stamps and documentation hereunder may be issued by the authority to
258 processors on a credit basis, provided the processor shall have furnished a surety company bond
259 with a surety company authorized to do business in the commonwealth as surety, in such amount
260 as the authority may fix. In lieu of a surety company bond a licensee may deposit with the
261 authority bonds or other negotiable obligations of the commonwealth or of the United States of
262 America of such aggregate face amount as the authority may from time to time deem necessary
263 adequately to secure payment of the excise provided by this chapter; provided, that bonds need
264 not be accepted by the authority unless in registered form and of denominations satisfactory to it.
265 In case of a deposit of bonds or other negotiable obligations with the authority hereunder, it shall,
266 while in possession of such bonds, remit to such licensee as aforesaid, or persons entitled thereto,

267 the interest accruing and payable thereon, and if such excises together with all interest and other
268 charges accrued thereon shall be paid in full and if the person is no longer a licensee hereunder,
269 it shall return such bonds or obligations to the persons entitled thereto. If the excise together
270 with all interest and other charges accrued thereon provided by this chapter shall not be paid in
271 accordance with this chapter, the authority may sell all or any part of such bonds or obligations
272 to satisfy the amount due the authority as aforesaid and shall return to the persons entitled thereto
273 any excess left in its hands, provided, however, the person is no longer a licensee hereunder.

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

282 b.. If any person secures, manufactures or causes to be secured or manufactured, or has
283 in his possession, any cannabis excise stamp or die or device not prescribed or authorized by the
284 authority, or any counterfeit impression, such fact shall be prima facie evidence that such person
285 has counterfeited cannabis excise stamps. Whoever wilfully removes or alters or knowingly
286 permits to be removed or altered the cancellation or defacing mark of any stamp provided for by
287 this chapter with intent to use such stamp, or knowingly or wilfully buys, prepares for use, uses,
288 has in possession, or suffers to be used, any metering machine without authority, or any washed,
289 restored or counterfeit stamps, or whoever intentionally removes or causes to be removed, or

290 knowingly permits to be removed any stamp or meter impression affixed pursuant to this
291 chapter, or whoever tampers with or causes to be tampered with any metering machine
292 authorized to be used under the provisions thereof, shall be punished by a fine of not more than
293 \$2,000 or by imprisonment for not more than five years, or both.

294 Section 16. Sale or distribution of cannabis by vending machine or similar automation is
295 prohibited.

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

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

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

313 Section 20. Any person aggrieved by the conduct of any license holder hereunder, his
314 agents or employees, shall state his grievance in writing to the local licensing commission of the
315 city or the selectmen of the town wherein the complained of conduct occurred. After
316 investigation and hearing said commission or selectmen shall, if the public interest so requires,
317 within seventy-five days from the date of the first regular meeting following the receipt of said
318 complaint, submit to the authority a certified copy of the original complaint, together with a
319 report of the commission's or the selectmen's findings and recommendation, which
320 recommendations shall include, but not be limited to, one of the following:

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

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

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

325 d. The authority shall, within thirty days of receipt of such findings and
326 recommendations, implement the said recommendations unless the licensee complained of shall,
327 during said thirty-day period: have requested a hearing or the authority shall have deemed a
328 hearing to be in the interest of fairness. In either said event, the authority shall, within sixty
329 days, hold a hearing de novo, and thereupon accept, reject or reverse the recommendation of the
330 license commission. No revision shall exceed the limits set forth in this section for
331 recommendations of the license commission. All hearings shall be conducted in accordance with

332 the Massachusetts Administrative Procedure Act, and the licensee shall have the right of appeal
333 as prescribed therein. The authority may suspend or revoke any license issued under this act for
334 failure of the licensee to comply with any provision hereof, or if the licensee has ceased to act in
335 the capacity for which other license was issued, or for other good cause; and no person whose
336 license has been suspended or revoked shall sell cannabis or cause or permit cannabis to be sold
337 during the period fo such suspension or revocation.

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

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

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

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

356 Section 25. Every licensee shall keep such records in such detail and affording such
357 information as the authority may from time to time prescribe, and shall file with the authority,
358 whenever and as often as it may require, duplicates of copies of such records; and the authority
359 shall at all times, through its designated officers and agents, have access to all books, records and
360 other documents of any licensee relating to the business which he is licensed hereunder to
361 conduct.

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

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

375 surviving spouse or legal representative meets the qualifications prescribed by section 406 for
376 the type of license sought to be retained.

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

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

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

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

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

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

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

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

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

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

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

417 b. . The balance of said fund shall be distributed to the general fund of the
418 commonwealth.

419 GENERAL PROVISIONS

420 Section 38. a. No holder of a license of any class shall, directly or indirectly, personally
421 or through any agent or employee, whether for consideration or gratuitously, cause to be
422 published in a newspaper or magazine distributed anywhere in the commonwealth or to be
423 broadcast to a radio or television receiver in the commonwealth, or to appeal in any display signs
424 or personal solicitation, or any manner of advertising, any advertisement or notice to promote or
425 encourage the consumption or use in any way of cannabis.

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

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

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

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

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

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

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

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

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

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

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

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

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

457 Section 45. The sum of \$2,500,000.00 shall be appropriated to fund the authority
458 initially, which sum shall be repaid by the authority to the treasurer of the commonwealth within

459 five years from the day that the first cannabis sale is made under the provisions of this act,
460 together with interest at the rate of 15% per annum from said day.