

HB 481-FN-A-LOCAL - AS INTRODUCED

2019 SESSION

19-0028

04/01

HOUSE BILL ***481-FN-A-LOCAL***

AN ACT relative to **the legalization and regulation** of cannabis and making appropriations therefor.

SPONSORS: Rep. Cushing, Rock. 21; Rep. O'Connor, Rock. 6; Rep. Cleaver, Hills. 35; Rep. Butler, Carr. 7; Rep. McGuire, Merr. 29; Rep. Webb, Rock. 6; Rep. Tanner, Sull. 9; Rep. Wallace, Rock. 33; Rep. Knirk, Carr. 3; Rep. Conley, Straf. 13; Sen. Reagan, Dist 17; Sen. Hennessey, Dist 5

COMMITTEE: Criminal Justice and Public Safety

ANALYSIS

This bill establishes procedures for the legalization, regulation, and taxation of cannabis; the licensing and regulation of cannabis establishments; the regulation of hemp and hemp products; and makes appropriations therefor.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears [~~in brackets and struckthrough.~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Nineteen

AN ACT relative to the legalization and regulation of cannabis and making appropriations therefor.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 Purpose and Findings. The general court hereby finds that:

2 I. In the interest of allowing law enforcement to focus on violent and property crimes,
3 generating revenue for education and other public purposes, and individual freedom, the people of
4 the state of New Hampshire find and declare that the use of cannabis should be legal for a person
5 21 years of age or older and taxed in a manner similar to alcohol.

6 II. In the interest of the health and public safety of our citizenry, the people of the state of
7 New Hampshire further find and declare that cannabis should be regulated in a manner similar to
8 alcohol so that:

9 (a) Individuals will have to show proof of age before purchasing cannabis.

10 (b) Selling, distributing, or transferring cannabis to minors and other individuals under
11 the age of 21 shall remain illegal.

12 (c) Driving under the influence of cannabis shall remain illegal.

13 (d) Legitimate, taxpaying business people, and not criminal actors, will conduct sales of
14 cannabis.

15 (e) Cannabis sold in this state will be tested, labeled, and subject to additional
16 regulations to ensure that consumers are informed and protected.

17 (f) Some of the tax revenue generated from legal cannabis sales will be used to support
18 what are now severely underfunded programs for education and treatment related to the use of
19 both legal and illegal drugs.

20 (g) In the interest of enacting rational policies for the treatment of all variations of the
21 cannabis plant, hemp should be regulated separately from strains of cannabis with higher delta-9
22 tetrahydrocannabinol (THC) concentrations.

23 2 New Subparagraph; Application of Receipts; Cannabis Control Fund. Amend RSA 6:12, I(b)
24 by inserting after subparagraph (343) the following new subparagraph:

25 (344) Moneys deposited in the cannabis control fund established in RSA 77-H:3.

26 3 Alcoholic Beverages; Statement From Purchaser as to Age. Amend RSA 179:8, I(d) to read as
27 follows:

28 (d) A valid passport ~~from~~ issued by the United States or by a country with whom
29 the United States maintains diplomatic relations.

30 4 Controlled Drug Act; Drug Forfeiture Fund. Amend RSA 318-B:17-c, I to read as follows:

1 I. There is hereby established within the office of the state treasurer a special revolving
2 fund to be designated as the drug forfeiture fund. This fund shall be administered by the attorney
3 general and may be used to pay the costs of local, county and state drug related investigations,
4 **costs of collection of baseline data related to marijuana regulation**, as well as drug control
5 law enforcement programs within New Hampshire. The fund may also be used to pay
6 extraordinary costs of local, county and state drug prosecutions and trial expenses.

7 5 Model Drug Dealer Liability Act; Definition of Illegal Drug. Amend RSA 318-C:4, I to read as
8 follows:

9 I. "Illegal drug" means any drug which is a schedule I-IV drug under RSA 318-B, **the**
10 **possession, use, manufacture, sale, or transportation of which is not otherwise authorized**
11 **by law**.

12 6 New Chapter; Regulation of Cannabis. Amend RSA by inserting after chapter 318-E the
13 following new chapter:

14 CHAPTER 318-F
15 REGULATION OF CANNABIS

16 318-F:1 Definitions. In this chapter:

17 I. "Alternative treatment center" means an entity as defined in RSA 126-X:1, I.

18 II. "Consumer" means a person 21 years of age or older who purchases cannabis or cannabis
19 products for personal use by a person 21 years of age or older, but not for resale.

20 III. "Commission" means the cannabis control commission established in RSA 318-F:7.

21 IV. "Department" means the department of health and human services.

22 V. "Disqualifying offense" means a violation of a state or federal controlled substances law
23 that was classified as a felony in the jurisdiction in which the person was convicted, but not
24 including:

25 (a) An offense for which the sentence, including any term of probation, incarceration, or
26 supervised release was completed 5 or more years earlier; or

27 (b) An offense prior to the effective date of this chapter that consisted of cultivation or
28 possession of an amount of cannabis not exceeding the possession limit.

29 VI. "Hemp" means the plant of the genus cannabis and any part of such plant, whether
30 growing or not, with a delta-9 tetrahydrocannabinol concentration that does not exceed 3/10 percent
31 on a dry weight basis of any part of the plant cannabis, or per volume or weight of cannabis
32 product, or the combined percent of delta-9 tetrahydrocannabinol and tetrahydrocannabinolic acid
33 in any part of the plant cannabis regardless of moisture content.

34 VII. "Immature cannabis plant" means a cannabis plant that has not flowered and that does
35 not have buds that may be observed by visual examination.

36 VIII. "Cannabis" means all parts of the plant of the genus cannabis whether growing or not,
37 the seeds thereof, the resin extracted from any part of the plant, and every compound, manufacture,
38 salt, derivative, mixture, or preparation of the plant, its seeds, or its resin, including cannabis

1 concentrate. "Cannabis" shall not include hemp, fiber produced from the stalks, oil, or cake made
2 from the seeds of the plant, sterilized seed of the plant that is incapable of germination, or the
3 weight of any other ingredient combined with cannabis to prepare topical or oral administrations,
4 food, drink, or other product.

5 IX. "Cannabis accessories" or "cannabis paraphernalia" means any equipment, products, or
6 materials of any kind that are used, intended for use, or designed for use in planting, propagating,
7 cultivating, growing, harvesting, composting, manufacturing, compounding, converting, producing,
8 processing, preparing, testing, analyzing, packaging, repackaging, storing, vaporizing, or containing
9 cannabis, or for ingesting, inhaling, or otherwise introducing cannabis into the human body.

10 X. "Cannabis cultivation facility" or "cultivation facility" means an entity registered to
11 cultivate, prepare, and package cannabis, and sell cannabis to retail cannabis stores, to cannabis
12 product manufacturing facilities, and to other cannabis cultivation facilities, but not to consumers.
13 A cannabis cultivation facility shall not produce cannabis concentrates, tinctures, extracts, or other
14 cannabis products.

15 XI. "Cannabis establishment" means a cannabis cultivation facility, a cannabis testing
16 facility, a cannabis product manufacturing facility, a retail cannabis store, a cannabis transporter,
17 or any other type of cannabis business authorized and registered by the commission.

18 XII. "Cannabis product manufacturing facility" or "product manufacturing facility" means
19 an entity registered to purchase cannabis, to manufacture, prepare, and package cannabis products,
20 and sell cannabis and cannabis products to other cannabis product manufacturing facilities and to
21 retail cannabis stores, but not to consumers.

22 XIII. "Cannabis products" means concentrated cannabis products and cannabis products
23 that are comprised of cannabis and other ingredients and are intended for use or consumption, such
24 as, but not limited to, edible products, ointments, and tinctures.

25 XIV. "Cannabis testing facility" or "testing facility" means an entity registered to test
26 cannabis for potency and contaminants.

27 XV. "Cannabis transporter" means an entity registered to transport cannabis between
28 cannabis establishments.

29 XVI. "Municipality" means a city or a town.

30 XVII. "Possession limit" means:

31 (a) One ounce of cannabis in plant form;

32 (b) Five grams of concentrated cannabis, including hashish;

33 (c) Cannabis products containing no more than 500 milligrams of THC;

34 (d) Six cannabis plants, no more than 3 of which may be mature; and provided that no
35 more than 12 plants, and no more than 6 mature plants, may be cultivated at any single dwelling
36 unit regardless of the number of adults over the age of 21; and

37 (e) Any additional cannabis produced by the person's cannabis plants, provided that any
38 amount of cannabis in excess of one ounce of cannabis, 5 grams of concentrated cannabis, and

1 cannabis products containing no more than 500 milligrams of THC shall be possessed in the same
2 secure facility where the plants were cultivated.

3 XVIII. "Public place" means any place to which the general public has access.

4 XIX. "Retail cannabis store" or "retail store" means an entity registered to purchase
5 cannabis from cannabis cultivation facilities, to purchase cannabis and cannabis products from
6 cannabis product manufacturing facilities, and to sell, transfer, and deliver cannabis and cannabis
7 products to consumers.

8 XX. "Resident" means a natural person who:

9 (a) Is domiciled in New Hampshire; and

10 (b) Has maintained a place of abode in New Hampshire for at least the past 2 years,
11 unless the individual was homeless and residing in New Hampshire for at least 51 percent of the
12 last 2 years.

13 318-F:2 Personal Use of Cannabis.

14 I. Except as otherwise provided in this chapter, the following acts, if undertaken by a
15 person 21 years of age or older, shall not be illegal under New Hampshire law or the law of any
16 political subdivision of the state or be a basis for seizure or forfeiture of assets under New
17 Hampshire law:

18 (a) Possessing, consuming, using, displaying, growing, obtaining, purchasing,
19 processing, producing, or transporting an amount of cannabis that does not exceed the possession
20 limit, except that no adult other than one who is acting in his or her capacity as a staffer of a
21 cannabis product manufacturer may perform extractions using solvents other than water, glycerin,
22 propylene glycol, vegetable oil, or food-grade ethanol.

23 (b) Transporting no more than 6 cannabis plants, including no more than 3 mature
24 plants, to his or her primary residence.

25 (c) Transferring an amount of cannabis that does not exceed the possession limit to a
26 person who is 21 years of age or older without remuneration. For purposes of this section, a
27 transfer is for remuneration if cannabis is given away contemporaneously with another transaction
28 between the same parties, if a gift of cannabis is offered or advertised in conjunction with an offer
29 for sale of goods or services, or if the gift of cannabis is contingent upon a separate transaction for
30 goods or services.

31 (d) Transferring or selling cannabis seeds or up to 6 cannabis seedlings to cannabis
32 cultivation facilities.

33 (e) Transferring cannabis, including cannabis products, to a cannabis testing facility.

34 (f) Controlling property where the acts described under this section occur.

35 (g) Assisting another person who is 21 years of age or older in any of the acts described
36 under this section.

37 II. No law enforcement officer employed by an agency that receives state or local
38 government funds shall expend any state or local resources, including the officer's time, to effect

1 any arrest or seizure of cannabis, or conduct any investigation, on the sole basis of activity the
2 officer believes to constitute a violation of federal law if the officer has reason to believe that such
3 activity is in compliance with this chapter, nor shall any such officer expend any state or local
4 resources, including the officer's time, to provide any information or logistical support related to
5 such activity to any federal law enforcement authority or prosecuting entity.

6 318-F:3 Restrictions on Personal Cultivation; Penalty.

7 I. Except as allowed under RSA 126-X, no person who is 21 years of age or older shall
8 cultivate cannabis plants except as provided in this section.

9 II. Cannabis plants shall not be cultivated in a location where the plants are subject to view
10 from public property or from another person's private property without the use of binoculars,
11 aircraft, or other optical aids.

12 III. A person who cultivates cannabis shall take reasonable precautions to ensure the plants
13 are secure from access by a person under 21 years of age. Cultivating cannabis in an enclosed,
14 locked space to which unauthorized persons do not have access, or other similar security
15 precautions, shall be prima facie evidence of reasonable precautions.

16 IV. Cannabis cultivation shall only occur on property the cultivator legally owns, leases, or
17 controls, or with the consent of the person who legally owns, leases, or controls the property.

18 V. Any person who violates this section shall be guilty of a violation and may be fined not
19 more than \$500 for a first offense and not more than \$1,000 for a second or subsequent offense.

20 318-F:4 Public Smoking of Cannabis Prohibited; Penalty. No person shall smoke cannabis in a
21 public place. Any person who violates this section shall be guilty of a violation and may be fined not
22 more than \$100.

23 318-F:5 Consuming Cannabis in a Moving Vehicle Prohibited; Penalty.

24 I. No person shall consume cannabis while driving or attempting to drive a motor vehicle on
25 a way, or while operating or attempting to operate an off-highway recreational vehicle, snowmobile,
26 boat, vessel, aircraft, or other motorized device used for transportation.

27 II. No person shall smoke or vaporize cannabis while the person is a passenger in a motor
28 vehicle that is being driven on any way.

29 III. Any person who violates this section shall be guilty of a violation and may be fined not
30 more than \$500, or have his or her driver's license suspended for up to 6 months, or both, for the
31 first violation.

32 IV. Any person who violates this section shall be guilty of a violation and may be fined not
33 more than \$1,000 or have his or her driver's license suspended for up to one year, or both, for a
34 second or subsequent violation.

35 V. In this section, "way" shall have the same meaning as in RSA 265-A:44.

36 318-F:6 Cannabis Accessories Authorized.

37 I. Except as provided by this section, it shall not be illegal under New Hampshire law or be
38 a basis for seizure or forfeiture of assets under New Hampshire law for a person 21 years of age or

1 older to manufacture, possess, or purchase cannabis accessories, or to distribute or sell cannabis
2 accessories to a person who is 21 years of age or older.

3 II. Except as provided by this section, a person who is 21 years of age or older, or a business
4 entity, may manufacture, possess, obtain, and purchase cannabis paraphernalia, and may
5 distribute, deliver, or sell cannabis paraphernalia to a person who is 21 years of age or older.

6 III. No person or entity shall manufacture, distribute, or sell cannabis accessories that
7 violate reasonable regulations enacted by the cannabis control commission. Any person or entity
8 that violates this paragraph shall be guilty of a violation for a first offense and subject to a fine of up
9 to \$1,000 and forfeiture of the cannabis accessories. A person shall be guilty of a class A
10 misdemeanor for a second or subsequent offense and shall forfeit the cannabis accessories.

11 318-F:7 **Cannabis Control Commission.**

12 I. There is hereby established a cannabis control commission, which shall have regulatory
13 and licensing authority over cannabis establishments. The commission shall consist of the
14 chairperson of the commission, 2 commissioners, and staff.

15 II. No later than 30 days after the effective date of this chapter, the governor shall
16 nominate the chairperson of the commission and the commissioners, who shall be confirmed with
17 the advice and consent of the executive council following a public hearing before the executive
18 council. Vacancies shall be filled in like manner for the unexpired term.

19 (a) The chairperson of the commission shall serve a term of 6 years.

20 (b) Commissioners shall each serve a term of 4 years.

21 (c) The chairperson of the commission and commissioners shall be appointed based on
22 their experience or expertise in the regulation and business of consumer commodities, public health,
23 social justice, or the production and distribution of cannabis and cannabis products. No person
24 shall be appointed chairperson of the commission or a commissioner if the person is opposed to
25 making cannabis legal and regulated for adults 21 and older at the time of the passage of this
26 chapter.

27 (d) The chairperson shall be a full-time unclassified employee and shall engage in no
28 other gainful employment during his or her term.

29 (e) The annual salary of the commission chairperson shall be as specified in RSA 94:1-a
30 and shall be established by the joint committee on employee classification pursuant to the procedure
31 set forth in RSA 14:14-c and RSA 94:1-d. The chairperson shall receive his or her reasonable
32 expenses while traveling in the performance of his or her duties, provided that the chairperson shall
33 not be allowed as expenses travel between his or her place of residence and the commission
34 chairperson's office in Concord, nor shall the commission chairperson be allowed board or lodging
35 while in Concord.

36 (f) Except as provided in this section, each commissioner shall be paid \$200 a day, or
37 \$100 per half-day, plus mileage at the state employee rate while engaged in his or her official
38 duties. These rates shall be adjusted annually to account for inflation or deflation based on the

1 consumer price index.

2 III.(a) The chairperson of the commission shall be appointed and commissioned as such and
3 shall be the administrative head of the commission.

4 (b) The commission shall meet at least once per month for the 12 months after the
5 effective date of this section and at least once every 3 months thereafter.

6 (c) The chairperson of the commission shall lead the administration of the commission
7 and oversee the licensing and regulation of cannabis and hemp, with guidance from the
8 commissioners.

9 (d) The commission may hire and terminate such staff necessary to carry out the
10 purpose of the commission and to fix their compensation, subject to the rules of the director of
11 personnel. The commission may authorize expenditures that are reasonably necessary for the
12 administration of this chapter and may secure any necessary technical or professional assistance.

13 IV.(a) The commission may, subject to rules adopted by the director of personnel, employ
14 and dismiss cannabis control investigators. Cannabis control investigators shall, under the
15 direction of the commission, investigate any or all matters arising under this chapter.

16 (b) Any cannabis control investigator employed by the commission shall, within 6
17 months of employment, satisfactorily complete a police training program as provided by RSA 106-
18 L:6, unless he or she has already completed such a program.

19 (c) The chairperson of the commission, commissioner, staff, or cannabis control
20 investigator may enter any cannabis establishment, at any time, and may examine any registration
21 issued or purported to have been issued under the terms of this chapter.

22 V. The chairperson of the commission and commissioners shall not have any interest,
23 directly or indirectly, in any business under the jurisdiction of the commission or any other
24 cannabis business.

25 VI. The governor and council may remove a chairperson of the commission or a
26 commissioner for neglect of duty, misconduct, or malfeasance in office, after providing the
27 individual with a written statement of the charges and an opportunity to be heard.

28 VII. No member of the commission shall render any professional service for any cannabis
29 establishment in this state, or any affiliate thereof, or act as attorney or render professional service
30 against any such cannabis establishment or affiliate; nor shall he or she be a member of a firm
31 which renders any such service; nor shall he or she directly or indirectly be a party to any contract
32 with any such cannabis establishment.

33 VIII. In addition to any other type of behavior or activity of a chairperson of the commission
34 or commissioner that is proscribed by law, a chairperson of the commission or commissioner shall
35 conduct himself or herself in accordance with a code of ethics that shall include, but not be limited
36 to, the following elements:

37 (a) Avoidance of impropriety and the appearance of impropriety in all of his or her
38 activities;

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- 1 (b) Performance of his or her duties impartially and diligently;
- 2 (c) Avoidance of all ex parte communications concerning a case pending before the
3 commission;
- 4 (d) Abstention from public comment about a matter pending before the commission and
5 require similar abstention on the part of commission personnel;
- 6 (e) Require staff and personnel, subject to commission direction, to observe the
7 standards of fidelity and diligence that apply to the chairperson of the commission and
8 commissioners;
- 9 (f) Initiate appropriate disciplinary measures against commission personnel for
10 unprofessional conduct;
- 11 (g) Disqualify himself or herself from proceedings in which his or her impartiality might
12 be reasonably questioned;
- 13 (h) Inform himself or herself about personal and fiduciary interests and make a
14 reasonable effort to inform himself or herself about the personal financial interests of his or her
15 spouse and minor children;
- 16 (i) Regulate his or her extracurricular activities to minimize the risk of conflict with his
17 or her official duties;
- 18 (j) Refrain from solicitation of funds for any political purpose, although a chairperson of
19 the commission or commissioner may be listed as an officer, director, or trustee of such
20 organizations; and
- 21 (k) Refrain from financial or business dealings that would tend to reflect adversely on
22 his or her impartiality.

23 IX. The chairperson of the commission or a commissioner may speak, write, or lecture
24 concerning the regulatory process in New Hampshire but shall be reimbursed only for actual
25 expenses incurred therein.

26 X. No chairperson of the commission or commissioner shall accept any employment with
27 any cannabis establishment regulated by the commission until one year after he or she shall become
28 separated from the commission.

29 XI. The commission shall be provided with suitable offices in the city of Concord and shall
30 adopt a proper seal.

31 XII. The commission shall be provided with an office in which its records, documents, and
32 books shall be kept, and with a suitable room in which it may hold hearings.

33 XIII. The commission may confer and cooperate with any other state or local agency in any
34 matter relating to its duties.

35 318-F:8 **Cannabis Advisory Board.**

36 I. There shall be a cannabis advisory board to study and make recommendations on the
37 regulation and taxation of cannabis and cannabis products in New Hampshire.

38 II. The board shall consist of 11 members appointed by the governor and shall consist of:

1 one expert in cannabis cultivation, one expert in cannabis retailing, one expert in cannabis product
2 manufacturing, one expert in cannabis testing, one board member or officer of an alternative
3 treatment center, one registered medical cannabis patient, one individual who represents cannabis
4 consumers, one expert in public health, one expert in law enforcement, one expert in social welfare
5 or social justice, and one attorney with experience providing legal services to cannabis businesses,
6 cannabis consumers or medical cannabis patients.

7 III. Members of the board shall serve terms of 2 years. Members of the board shall serve
8 without compensation but shall be reimbursed for their expenses actually and necessarily incurred
9 in the discharge of their official duties, including mileage at the state employee rate for attendance
10 to meetings and other official functions.

11 IV. The board shall meet at the discretion of the commission, but shall meet no less
12 frequently than once every 2 months for the first 9 months after the effective date of this section.

13 V. A majority of the members of the board present and voting shall constitute a quorum.

14 VI. The cannabis advisory board shall:

15 (a) Advise the commission on regulations to ensure the thorough and efficient
16 implementation of this chapter.

17 (b) Advise the commission on what additional types of cannabis establishments, if any,
18 the commission, should register.

19 (c) Consider all matters submitted to it by the commission.

20 (d) Hold a hearing to solicit public input no less frequently than once every 6 months,
21 including input on the availability of reasonably priced therapeutic cannabis at alternative
22 treatment centers that are now co-located or otherwise affiliated with retail cannabis stores.

23 (e) No later than July 1, 2021, and every year thereafter, reevaluate the tax rate and
24 method of taxation and make recommendations to the commission, including recommendations for
25 changes to the tax rate and method of taxation for once federal law allows interstate cannabis sales.

26 (f) Advise the commission spending and recommending any modifications to ensure the
27 thorough and efficient implementation of this chapter.

28 (g) Make recommendations for changes to the law and regulations for once federal law
29 allows interstate cannabis sales.

30 318-F:9 Regulation of Cannabis.

31 I. Not later than March 1, 2020, the commission shall adopt rules, pursuant to RSA 541-A,
32 for the registration, regulation, and taxation of cannabis cultivation facilities. Not later than June
33 1, 2020, the commission shall adopt rules, pursuant to RSA 541-A, for the registration, regulation,
34 and taxation of all other cannabis establishments and on the manufacture and sale of cannabis
35 accessories. The rules shall include the following:

36 (a) Procedures for the issuance, denial, renewal, suspension, and revocation of a
37 registration for cannabis establishments, including procedures to hear complaints and impose
38 penalties if cannabis establishments that are affiliated with or co-located with alternative treatment

1 centers fail to provide an adequate supply and variety of therapeutic cannabis and cannabis
2 products for qualifying patients.

3 (b) A schedule of reasonable application, registration, and annual renewals, provided:

4 (1) That the non-refundable portion of application fees shall not exceed \$1,000,
5 adjusted annually for inflation with this upper limit adjusted annually for inflation;

6 (2) The application, registration, and annual renewal fees for the smallest tier of
7 cultivation facilities may not exceed \$250; and

8 (3) All other registration and annual renewal fees shall not exceed \$10,000, unless
9 the commission determines a greater fee is necessary to carry out its regulatory and registration
10 responsibilities under this chapter.

11 (c) Qualifications for registration that are directly and demonstrably related to the
12 operation of a cannabis establishment and which may not disqualify applicants solely for cannabis
13 offenses prior to the effective date of this chapter.

14 (d) Regulations to create at least 3 tiers of cultivation facilities, based on the size of the
15 facility or the number of plants cultivated; security regulations and licensing fees shall vary based
16 on the size of the cultivation facility.

17 (e) Record keeping requirements for cannabis establishments.

18 (f) Requirements for the transportation of cannabis between cannabis establishments,
19 including documentation that shall accompany any cannabis being transported by cannabis
20 cultivation facilities.

21 (g) Procedures for the delivery of cannabis to consumers, including documentation that
22 shall accompany any cannabis being transported to consumers.

23 (h) A schedule of civil fines for violations of this chapter and department of revenue
24 administration rules.

25 (i) Procedures for hearings on civil fines and suspensions and revocations of a cannabis
26 establishment registration.

27 (j) Reasonable security requirements for each type of cannabis establishment, which
28 may be varied based on the size of the cannabis establishment.

29 (k) Health and safety rules, including regarding the packaging and preparing of
30 cannabis and restricting the use of pesticides that may be dangerous to cannabis consumers.

31 (l) Restrictions on the advertising, signage, marketing, and display of cannabis,
32 including but not limited to a prohibition on mass-market campaigns that have a high likelihood of
33 reaching minors, restrictions to prevent cannabis from being marketed to minors, a prohibition on
34 promotional products, and a prohibition on giveaways of cannabis, cannabis products, or cannabis
35 accessories. The department may require that any advertising for cannabis or cannabis products
36 include a standard, recognizable symbol.

37 (m) Restrictions on where a cannabis cultivation facility may be located, consistent with
38 the provisions of this chapter.

1 (n) Restrictions on the hours of sale when a retail cannabis store may sell cannabis and
2 cannabis products, provided the regulations shall not allow retailers to begin sales before 6:00 a.m.
3 or to sell cannabis or cannabis products after 11:45 p.m.

4 (o) Labeling requirements for cannabis products, including:

5 (1) Mandating the disclosure of the THC content of each product;

6 (2) Requirements for packaging to ensure it is not designed to appeal to minors; and

7 (3) Establishing the amount of THC that may be included in each serving of a
8 cannabis product.

9 (p) Health and safety rules and standards for the manufacture of cannabis products,
10 including:

11 (1) Restrictions or prohibitions on additives to products that are toxic, designed to
12 make the product more appealing to children, or misleading to consumers;

13 (2) Safety standards regulating the manufacture of cannabis extracts and
14 concentrates; and

15 (3) A prohibition on the inclusion of nicotine and other additives to products that
16 are designed to make the product more addictive.

17 (q) Standards for the operation of testing laboratories, including requirements for
18 equipment and qualifications for personnel.

19 (r) Requirements for the testing of cannabis, including:

20 (1) Requirements to ensure at a minimum that products sold for human
21 consumption do not contain contaminants that are injurious to health and to ensure correct
22 labeling;

23 (2) That testing shall include, but not be limited to, analysis for residual solvents,
24 poisons, or toxins; harmful chemicals; dangerous molds or mildew; filth; dangerous pesticides and
25 harmful microbials, such as E. coli or salmonella;

26 (3) Providing that in the event that test results indicate the presence of quantities
27 of any substance determined to be injurious to health, such products shall be immediately
28 quarantined and immediate notification to the commission shall be made. The adulterated product
29 shall be documented and properly destroyed;

30 (4) That testing shall also verify THC potency representations for correct labeling;

31 (5) That the commission shall determine an acceptable variance for potency
32 representations and procedures to address potency misrepresentations; and

33 (6) That the commission shall determine the protocols and frequency of cannabis
34 testing by a cannabis testing facility.

35 (s) Requirements for any cannabis establishments that have shared management or
36 ownership with alternative treatment centers, including to:

37 (1) Provide for separate storage of any cannabis that will be transferred to
38 qualifying patients or designated caregivers pursuant to RSA 126-X, and a separation of cannabis

1 sales to qualifying patients and consumers, such as by requiring separate counters;

2 (2) Ensure fair competition between vertically integrated cannabis establishments
3 and other cannabis establishments, including by requiring any vertically integrated retail cannabis
4 stores to stock and reasonably price a variety of products from cannabis establishments it is not
5 affiliated with; and

6 (3) Provide penalties for any cannabis establishments affiliated with alternative
7 treatment centers that increase prices for qualifying patients beyond the rate of inflation as a result
8 of their cannabis establishment registrations.

9 (t) Reasonable health and safety restrictions on cannabis accessories that may be
10 manufactured or sold in New Hampshire, including a prohibition on any vaporization device that
11 includes toxic or addictive additives. The commission may prohibit types of vaporizers that are
12 particularly likely to be utilized by minors without detection, but may not completely ban or
13 unreasonably restrict the manufacture or sale of vaporization devices.

14 II.(a) In order to ensure that individual privacy is protected, the commission shall not
15 require a consumer to provide a retail cannabis store with personal information other than
16 government-issued identification to determine the consumer's age, and a retail cannabis store shall
17 not be required to acquire and record personal information about consumers.

18 (b) In order to ensure that individual privacy is protected, no cannabis establishment
19 may record or store a consumer's name, address, purchases, or contact information unless the
20 consumer consents in writing. No cannabis establishment may make granting permission for the
21 collection or storage of the above information a condition of a consumer purchasing cannabis from
22 the establishment.

23 III. Not later than May 1, 2020, the commission, in consultation with the department, shall
24 develop an informational handout, which retail stores shall make available to all consumers, and
25 which shall include information on:

26 (a) Methods for administering cannabis and how long cannabis may impair a person
27 after it is ingested in each manner; and

28 (b) How to recognize problematic usage of cannabis and how to obtain appropriate
29 services or treatment for problematic usage.

30 318-F:10 Registration Procedures for Cannabis Establishments.

31 I. Each application for a registration to operate a cannabis establishment shall be submitted
32 to the commission.

33 II. Each application shall include both the fee established by the commission and a \$500 fee
34 for the municipality to review the application, except that the fee shall be \$75 in the case of the
35 smallest tier of cultivation facilities.

36 III. The commission shall:

37 (a) Accept and process applications beginning no later than May 1, 2020 for cannabis
38 cultivation facilities, beginning no later than August 1, 2020 for cannabis product manufacturing

1 facilities, cannabis transporters, and cannabis testing facilities, and beginning no later than
2 September 1, 2020 for retail cannabis stores;

3 (b) Immediately forward a copy of each application and the municipal fee to the
4 municipality in which the applicant desires to operate the cannabis establishment; and

5 (c) Issue a registration to the applicant within 90 days after receipt of an application
6 unless:

7 (1) The commission finds the applicant is not in compliance with the requirements
8 of this chapter or rules adopted under this chapter;

9 (2) The commission is notified by the relevant municipality that the applicant is not
10 in compliance with an ordinance adopted pursuant to this chapter and in effect at the time of
11 application; or

12 (3) More qualified applicants have applied than the number of registrations
13 available in the municipality, and the applicant was not selected.

14 IV. Each registration applies to a single parcel of real property. Any additional address
15 requires a separate application and registration.

16 V. A renewal application may be submitted up to 90 days prior to the expiration of the
17 cannabis establishment's registration. The renewal application shall be granted within 30 days of
18 its submission unless the applicant has not paid the fee, the cannabis establishment's registration is
19 suspended or revoked, or the cannabis establishment has a pattern of violations of this law, the
20 rules issued pursuant to it, or municipal regulations.

21 318-F:11 Enactment of Municipal Ordinances.

22 I. A municipality may enact an ordinance prohibiting or limiting the number and type of
23 cannabis establishments that may be permitted within the municipality and regulating the time,
24 place, and manner of operation of a cannabis establishment, which is permitted within the
25 municipality.

26 II. A municipality may enact an ordinance specifying the entity within the municipality
27 that shall be responsible for reviewing applications submitted for a registration to operate a
28 cannabis establishment within the municipality. The entity designated by the municipality shall be
29 responsible for indicating whether the application is in compliance with municipal ordinances.

30 318-F:12 Financial Interests Prohibited.

31 I. No cannabis testing facility or individual with a controlling interest in a cannabis testing
32 facility shall have a direct or indirect financial interest in a retail cannabis store, a cannabis
33 cultivation facility, or a cannabis product manufacturing facility.

34 II. Prior to January 1, 2023, no person or business entity may have a controlling interest in
35 more than 3 cannabis establishments of any single category.

36 III. Beginning January 1, 2023, no person or business entity may have a controlling
37 interest in more than 20 percent of operational cultivation facilities, product manufacturing
38 facilities, or retail cannabis stores, unless the person or business entity has a controlling interest in

1 no more than 3 cannabis establishments of a single category. After January 1, 2023, no person or
2 business entity may have a controlling interest in more than 50 percent of cannabis testing
3 facilities, unless the person or entity has a controlling interest in no more than 3 cannabis testing
4 facilities.

5 IV. In this section, “controlling interest” means a financial or voting interest of 10 percent
6 or greater in a cannabis establishment.

7 318-F:13 Residency Required.

8 I. Except as provided in this section, any person applying for a cannabis establishment
9 registration shall have been a resident, or shall have at least one director, officer, or partner who
10 has been a New Hampshire Resident, for at least 3 years immediately preceding the date of
11 application.

12 II. This section shall not apply to an applicant for a testing facility registration.

13 318-F:14 Background Checks Required.

14 I. A cannabis establishment shall conduct a state and federal background check prior to
15 making a final offer of employment to a prospective manager or operator.

16 II. No cannabis establishment shall employ any person who has been convicted of a
17 disqualifying offense as an officer, manager, director, or general partner. No person convicted of a
18 disqualifying offense shall work as an officer, director, manager, or general partner of a cannabis
19 establishment or serve on the board of a cannabis establishment.

20 318-F:15 Restrictions on Location. No cannabis establishment shall operate, nor shall a
21 prospective cannabis establishment apply for a registration, if:

22 I. The establishment would be located within 1,000 feet of the property line of a pre-existing
23 public or private elementary or secondary school, unless the municipality where the establishment
24 seeks to operate has established a smaller distance limitation; or

25 II. The establishment sells alcohol for consumption.

26 318-F:16 Informational Materials and Warning Labels.

27 I. A retail cannabis store shall include an informational handout designed by the
28 commission in consultation with the department with all cannabis and cannabis products sold to
29 consumers.

30 II. All cannabis and cannabis products sold by a retail cannabis store shall include warning
31 labels that provide the following information: “Warning: This product has intoxicating effects. For
32 use by adults 21 and older. Keep out of reach of children.” The department may require a
33 standard, recognizable symbol on all cannabis packaging to signify that THC or other cannabinoids
34 are included in the product.

35 III. All cannabis products sold by retail cannabis stores shall include:

36 (a) A warning label that provides, “Caution: When eaten or swallowed, the intoxicating
37 effects of this product may be delayed by up to 2 hours,” unless the department determines that a
38 different time frame should be specified.

1 (b) A disclosure of ingredients and possible allergens.

2 (c) A nutritional fact panel.

3 (d) Opaque, child-resistant packaging, which shall be designed or constructed to be
4 significantly difficult for children under 5 years of age to open and not difficult for normal adults to
5 use properly as defined by 16 C.F.R. section 1700.20.

6 318-F:17 Lawful Operation of Cannabis-Related Facilities. If undertaken by a person 21 years
7 of age or older, the following acts shall not be illegal under New Hampshire law or be a basis for
8 seizure or forfeiture of assets under New Hampshire law:

9 I. Possessing, displaying, or transporting cannabis or cannabis products; obtaining or
10 purchasing cannabis from a cannabis cultivation facility; delivering or transferring cannabis to a
11 cannabis testing facility; obtaining or purchasing cannabis or cannabis products from a cannabis
12 product manufacturing facility; or sale, delivery, or distribution of cannabis or cannabis products to
13 an adult who is 21 years of age or older or to retail cannabis stores, if the person or business entity
14 conducting the activities described in this paragraph has obtained a current, valid registration to
15 operate a retail cannabis store or is acting in his or her capacity as an owner, employee, or agent of
16 a registered retail cannabis store.

17 II. Cultivating, harvesting, processing, packaging, transporting, displaying, or possessing
18 cannabis; obtaining or purchasing cannabis seeds or seedlings or immature cannabis plants from
19 any adult 21 years of age or older; delivering or transferring cannabis to a cannabis testing facility;
20 selling or transferring cannabis that has not been processed into extracts, concentrates, or other
21 preparations to a cannabis cultivation facility, a cannabis product manufacturing facility, or a retail
22 cannabis store; or obtaining or purchasing cannabis from a cannabis cultivation facility, if the
23 person or business entity conducting the activities described in this paragraph has obtained a
24 current, valid registration to operate a cannabis cultivation facility or is acting in his or her capacity
25 as an owner, employee, or agent of a registered cannabis cultivation facility.

26 III. Packaging, processing, transporting, manufacturing, displaying, or possessing cannabis
27 or cannabis products; delivering or transferring cannabis or cannabis products to a cannabis testing
28 facility; selling cannabis or cannabis products to a retail cannabis store or a cannabis product
29 manufacturing facility; purchasing or obtaining cannabis from a cannabis cultivation facility; or
30 purchasing or obtaining cannabis or cannabis products from a cannabis product manufacturing
31 facility, if the person or business entity conducting the activities described in this paragraph has
32 obtained a current, valid registration to operate a cannabis product manufacturing facility or is
33 acting in his or her capacity as an owner, employee, or agent of a registered cannabis product
34 manufacturing facility.

35 IV. Possessing, obtaining, cultivating, processing, storing, transporting, receiving, or
36 displaying cannabis or cannabis products if the person or business entity has obtained a current,
37 valid registration to operate a cannabis testing facility or is acting in his or her capacity as an
38 owner, employee, or agent of a registered cannabis testing facility.

1 V. Engaging in any activities involving cannabis or cannabis products if the person or
2 business entity conducting the activities has obtained a current, valid registration to operate a
3 cannabis establishment or is acting in his or her capacity as an owner, employee, or agent of a
4 registered cannabis establishment, and the activities are within the scope of activities allowed by
5 the commission for that type of cannabis establishment.

6 VI. Possessing, obtaining, cultivating, processing, storing, transporting, or receiving
7 cannabis obtained from a cannabis establishment or transporting, delivering, or transferring
8 cannabis to a cannabis establishment if the person or business entity has obtained a current, valid
9 registration to operate a cannabis transporter or is acting in his or her capacity as an owner,
10 employee, or agent of a registered cannabis transporter.

11 VII. Obtaining or purchasing cannabis from a cannabis cultivation facility; delivering or
12 transferring cannabis to a cannabis testing facility; or obtaining or purchasing cannabis or cannabis
13 products from a cannabis product manufacturing facility if the person or business entity conducting
14 the activities described in this paragraph possesses a valid registration to operate an alternative
15 treatment center or is acting in his or her capacity as an owner, employee, or agent of a registered
16 alternative treatment center.

17 VIII. Leasing or otherwise allowing the use of property owned, occupied, or controlled by
18 any person, corporation, or other entity for any of the activities conducted lawfully in accordance
19 with this chapter.

20 IX. Selling, offering for sale, transferring, transporting, or delivering cannabis to
21 establishments licensed to process or sell cannabis under the laws of other states if the person or
22 business entity has obtained a current, valid registration to operate a cannabis transporter,
23 cannabis product manufacturing facility, or cannabis cultivation facility or is acting in his or her
24 capacity as an owner, employee, or agent of a cannabis transporter, cannabis product
25 manufacturing facility, or cannabis cultivation facility.

26 318-F:18 Proof of Purchaser's Identity.

27 I. For the purposes of this chapter, any person or entity making the sale of cannabis or
28 cannabis accessories to any purchaser whose age is in question may accept any official
29 documentation listed in RSA 179:8 as proof that the purchaser is 21 years of age or older.

30 II. The establishment of all of the following facts by a retail cannabis store or an agent or
31 employee of a retail cannabis store making a sale of cannabis or cannabis accessories to a person
32 under the age of 21 shall constitute an affirmative defense to any prosecution for such sale:

33 (a) That the person presented what an ordinary and prudent person would believe to be
34 valid documentation of a type listed in RSA 179:8.

35 (b) That the sale was made in good faith relying upon such documentation and
36 appearance in the reasonable belief that the person was 21 years of age or older.

37 318-F:19 Driving; Minors; and Control of Property.

38 I. Nothing in this chapter shall be construed to permit driving or operating under the

1 influence of drugs or liquor pursuant to RSA 265-A, nor shall this section prevent the state from
2 enacting and imposing penalties for driving under the influence of or while impaired by cannabis.

3 II. Nothing in this chapter shall be construed to permit the transfer of cannabis, with or
4 without remuneration, to a person under the age of 21, or to allow a person under the age of 21 to
5 purchase, possess, use, transport, grow, or consume cannabis.

6 III. Nothing in this chapter shall prohibit a state or county correctional facility from
7 prohibiting the possession, consumption, use, display, transfer, distribution, sale, transportation, or
8 growing of cannabis on or in the correctional facility's property.

9 IV.(a) Except as provided in this section, this chapter does not require any person,
10 corporation, or any other entity that occupies, owns, or controls a property to allow the
11 consumption, cultivation, display, sale, or transfer of cannabis on or in that property.

12 (b) In the case of the rental of a residential dwelling, a landlord shall not prohibit the
13 possession of cannabis or the consumption of cannabis by non-smoked means unless:

14 (1) The tenant is a roomer who is not leasing the entire residential dwelling;

15 (2) The residence is incidental to the provision of educational, counseling, religious,
16 or similar service;

17 (3) The residence is a transitional housing facility; or

18 (4) Failing to prohibit cannabis possession or consumption would violate federal law
19 or regulations or cause the landlord to lose a monetary or licensing-related benefit under federal
20 law or regulations.

21 (c) This chapter shall not prevent a landlord from prohibiting cannabis smoking or
22 cannabis cultivation.

23 (d) An adult who is 21 or older may use cannabis on privately owned real property only
24 with permission of the property owner or, in the case of leased or rented property, with the
25 permission of the tenant in possession of the property, except that a tenant shall not allow a person
26 to smoke cannabis on rented property if smoking on the property violates the lease or the lessor's
27 rental policies that apply to all tenants at the property. However, a tenant may permit an adult
28 who is 21 or older to use cannabis on leased property by ingestion or inhalation through
29 vaporization even if smoking is prohibited by the lease or rental policies. For purposes of this
30 chapter, vaporization shall mean the inhalation of cannabis without the combustion of the cannabis.

31 318-F:20 Enforcement of Contracts. Contracts related to the operation of a cannabis
32 establishment registered pursuant to this chapter shall be enforceable. No contract entered into by
33 a registered cannabis establishment or its employees or agents as permitted pursuant to a valid
34 registration, or by those who allow property to be used by an establishment, its employees, or its
35 agents as permitted pursuant to a valid registration, shall be unenforceable on the basis that
36 cultivating, obtaining, manufacturing, distributing, dispensing, transporting, selling, possessing, or
37 using cannabis or hemp is prohibited by federal law.

38 318-F:21 Occupational Licensing.

1 I. A holder of a professional or occupational license may not be subject to professional
2 discipline for providing advice or services related to cannabis establishments or applications to
3 operate cannabis establishments on the basis that cannabis is illegal under federal law.

4 II. An applicant for a professional or occupational license may not be denied a license based
5 on previous employment related to cannabis establishments operating in accordance with state law.

6 318-F:22 Data Collection Related to Cannabis Regulation. No later than January, 2021, and
7 every 2 years thereafter, the department of safety, information and analysis center, drug
8 monitoring initiative, shall produce and publish a report that includes baseline data and the most
9 current data regarding health and welfare outcomes since cannabis became legal and taxed for
10 adults' use, including but not limited to high school graduation rates; youth and adult rates of
11 alcohol, cannabis, and illegal drug use; rates of maladaptive use of cannabis; rates of alcohol abuse;
12 opiate use and abuse rates; the number and type of youth and adult convictions for cannabis
13 offenses; and the rates of individuals needing but not receiving substance abuse treatment. The
14 report shall also include information on treatment and prevention services provided, education
15 campaigns undertaken, and funding allocated under RSA 77-H:3.

16 7 New Chapter; Hemp Regulation. Amend RSA by inserting after chapter 433-C the following
17 new chapter:

18 CHAPTER 433-D

19 REGULATION OF HEMP

20 433-D:1 Definitions. In this chapter:

21 I. "Department" means the department of agriculture, markets, and food.

22 II. "Hemp" means the plant of the genus cannabis and any part of such plant, whether
23 growing or not, with a delta-9 tetrahydrocannabinol concentration that does not exceed three-tenths
24 percent on a dry weight basis of any part of the plant cannabis, or per volume or weight of cannabis
25 product, or the combined percent of delta-9 tetrahydrocannabinol and tetrahydrocannabinolic acid
26 in any part of the plant regardless of moisture content.

27 III. "Hemp products" means all products made from hemp, including but not limited to
28 cloth, cordage, fiber, food, fuel, paint, paper, construction materials, plastics, seed, seed meal, seed
29 oil, and certified seed for cultivation.

30 433-D:2 Hemp as an Agricultural Product. Hemp may be grown as a crop, produced, possessed,
31 and commercially traded in New Hampshire pursuant to this chapter. The cultivation of hemp
32 shall be subject to and comply with any rules adopted by the department pursuant to this chapter.

33 433-D:3 Registration.

34 I. Except as provided in this section, a person or entity that intends to grow hemp shall
35 register with the department and submit on a form provided by the department the following:

36 (a) The name and address of the person or entity.

37 (b) A statement that the seeds obtained for planting are of a type and variety that do
38 not exceed the maximum concentration of delta-9 tetrahydrocannabinol set forth in this chapter.

1 (c) The location and acreage of all parcels sown and other field reference information as
2 may be required by the state.

3 II. A person or entity registered with the department pursuant to this section shall allow
4 hemp crops, throughout sowing, growing season, harvest, storage, and processing, to be inspected
5 and tested by and at the discretion of the department.

6 III. The department may assess an annual registration fee of \$100 for the performance of
7 its duties under this chapter.

8 IV. A person or entity that is allowed to cultivate cannabis plants under RSA 318-F or RSA
9 126-X may instead cultivate hemp plants without registering under this chapter. If the person or
10 entity has not registered to cultivate hemp under this chapter, the hemp plants shall be considered
11 cannabis plants and shall comply with the requirements of RSA 318-F or RSA 126-X, including any
12 limitation on the number of cannabis plants that the person or entity may cultivate.

13 433-D:4 Rulemaking. The department may adopt rules, pursuant to RSA 541-A, relative to
14 requiring hemp to be tested during growth for tetrahydrocannabinol levels and requiring inspection
15 and supervision of hemp during sowing, growing season, harvest, storage, and processing. The
16 department shall not adopt a rule that would prohibit a person or entity to grow hemp based on the
17 legal status of hemp under federal law.

18 433-D:5 Exemption from State Penalties.

19 I. It shall not be a violation of state or local law for a person or entity to plant, grow,
20 harvest, possess, process, sell, and buy hemp if that person or entity does so in compliance with this
21 chapter and rules adopted in accordance with this chapter.

22 II. It shall not be a violation of state or local law for a person or entity to purchase and
23 possess industrial hemp or hemp products.

24 8 New Chapter; Taxation of Cannabis. Amend RSA by inserting after chapter 77-G the
25 following new chapter:

26 CHAPTER 77-H

27 TAXATION OF CANNABIS

28 77-H:1 Definitions. In this chapter, except as provided below, the definitions set forth in RSA
29 318-F:1 shall apply:

30 I. "Commissioner" means the commissioner of the department of revenue administration.

31 II. "Department" means the department of revenue administration.

32 III. "Fund" means the cannabis control fund established in RSA 77-H:3.

33 IV. "Municipality" means a city, town, or unincorporated place.

34 77-H:2 Tax Imposed.

35 I. Except as provided in this section, a tax shall be levied upon the sale or transfer of
36 cannabis, directly or via a cannabis transporter, from a cannabis cultivation facility to a retail
37 cannabis store or cannabis product manufacturing facility at the rate of:

38 (a) \$30 per ounce on all cannabis flowers.

1 (b) \$10 per ounce on all parts of cannabis other than cannabis flowers and immature
2 cannabis plants.

3 (c) \$15 per immature cannabis plant.

4 II. The rates of tax imposed by this section apply proportionately to quantities of less than
5 one ounce.

6 III. The department shall adjust the rates annually to account for inflation or deflation
7 based on the Consumer Price Index.

8 IV. The tax shall not be levied on any transfers of cannabis to retail cannabis stores that
9 are also alternative treatment centers if the untaxed cannabis is stored separately and is reserved
10 for transfers to qualifying patients or designated caregivers pursuant to RSA 126-X.

11 V. On the 15th day of each month, every cannabis cultivation facility shall pay the excise
12 taxes due on the cannabis that the cannabis cultivation facility transferred or sold in the prior
13 calendar month.

14 VI. The commissioner shall collect all taxes, fees, and fines generated pursuant to this
15 chapter and RSA 318-F and deposit the funds into the cannabis control fund.

16 77-H:3 Cannabis Control Fund Established.

17 I. There is established in the department a nonlapsing fund to be known as the cannabis
18 control fund. The commissioner shall credit all fees, taxes, and civil penalties imposed under this
19 chapter and RSA 318-F and all other moneys from public or private sources to the fund. The fund
20 shall be nonlapsing and continually appropriated to the department to administer the provisions of
21 this chapter and RSA 318-F.

22 II. On or before March 15 and September 15 of each year, the commission shall determine
23 the cost of the administration of RSA 318-F for the next 2 fiscal quarters and shall notify the state
24 treasurer of these costs. The commissioner may expend moneys from the fund to administer the
25 provisions of RSA 318-F.

26 III. On or before March 15 and September 15 of each year, the commissioner shall
27 determine the cost of the administration of this chapter for the next 2 fiscal quarters and shall
28 notify the state treasurer of these costs. The commissioner may expend moneys from the fund to
29 administer the provisions of this chapter.

30 IV. After deducting the cost of administration of this chapter and RSA 318-F from the fund,
31 the remaining funds shall be allocated every 6 months as follows:

32 (a) Fifty thousand dollars to the department of safety, information and analysis center,
33 drug monitoring initiative, for data collection and reporting related to the health impacts of
34 cannabis prohibition and cannabis regulation;

35 (b) Of the remaining funds:

36 (1) Twenty-three percent to the department of health and human services for use in
37 evidence-based, voluntary programs for the prevention and treatment of substance abuse.

38 (2) Twenty percent to municipalities based on the percent of all cannabis retail sales

1 that were made in those municipalities during the prior 3 months. For cannabis delivered to
2 consumers, this portion of the revenue shall be divided equally between the municipality where the
3 cannabis establishment that made the sale is located and the municipality where the delivery
4 occurred.

5 (3) Thirteen percent to municipalities based on the percent of all operational
6 cannabis establishments, excluding retail stores, operating in those municipalities during the
7 previous 3 months.

8 (4) Five percent to public safety agencies, including police, fire, and rescue agencies
9 for the hiring and training of additional drug recognition experts, for advanced roadside impaired
10 driving enforcement training, and to assist in responding to drug overdose.

11 (5) Six percent to the department of health and human services for scientifically
12 and medically accurate public education campaigns educating youth and adults about the health
13 and safety risks of alcohol, tobacco, cannabis, and other substances, which shall include media- and
14 Internet-based education campaigns separately targeting youth and adults that provide medically
15 and scientifically accurate information about the health and safety risks posed by cannabis use,
16 including driving under the influence of cannabis.

17 (6) Thirty-three percent to the general fund.

18 9 Controlled Drug Act; Definitions. Amend the introductory paragraph in RSA 318-B:1, X-a (k)
19 to read as follows:

20 (k) Objects used or intended for use or customarily intended for use in ingesting,
21 inhaling, or otherwise introducing [~~marijuana,~~] cocaine[~~], hashish, or hashish oil~~] into the human
22 body, such as:

23 10 Controlled Drug Act; Penalties. Amend the introductory paragraph in RSA 318-B:26, I to
24 read as follows:

25 I. Any person who manufactures, sells, prescribes, administers, or transports or possesses
26 with intent to sell, dispense, or compound any controlled drug, controlled drug analog or any
27 preparation containing a controlled drug, except as authorized in this chapter **or as otherwise**
28 **authorized by law**; or manufactures, sells, or transports or possesses with intent to sell, dispense,
29 compound, package or repackage (1) any substance which he **or she** represents to be a controlled
30 drug, or controlled drug analog, or (2) any preparation containing a substance which he **or she**
31 represents to be a controlled drug, or controlled drug analog, shall be sentenced as follows, except as
32 otherwise provided in this section:

33 11 Controlled Drug Act; Penalties. Amend the introductory paragraph in RSA 318-B:26, II to
34 read as follows:

35 II. Any person who knowingly or purposely obtains, purchases, transports, or possesses
36 actually or constructively, or has under his control, any controlled drug or controlled drug analog,
37 or any preparation containing a controlled drug or controlled drug analog, except as authorized in
38 this chapter **or as otherwise authorized by law**, shall be sentenced as follows, except as

1 otherwise provided in this section:

2 12 Controlled Drug Act; Penalties. Amend RSA 318-B:26, II(c)-(e) to read as follows:

3 (c) In the case of more than 3/4 ounce of marijuana or more than 5 grams of hashish,
4 including any adulterants or dilutants[;] **is possessed by a person who is under 21 years of age,**
5 **or, in the case of an amount exceeding the possession limit defined in RSA 318-F:1**
6 **possessed by a person who is 21 years of age or older,** the person shall be guilty of a
7 misdemeanor. [~~In the case of marijuana-infused products possessed by persons under the age of 21~~
8 ~~or marijuana-infused products as defined in RSA 318-B:2-e, other than a personal-use amount of a~~
9 ~~regulated marijuana-infused product as defined in RSA 318-B:2-e, I(b), that are possessed by a~~
10 ~~person 21 years of age or older, the person shall be guilty of a misdemeanor.~~]

11 (d) In the case of 3/4 ounce or less of marijuana or 5 grams or less of hashish, including
12 any adulterants or dilutants, **that is possessed by a person who is under 21 years of age,** the
13 person shall be guilty of a violation pursuant to RSA 318-B:2-c. [~~In the case of a person 21 years of~~
14 ~~age or older who possesses a personal-use amount of a regulated marijuana-infused product as~~
15 ~~defined in RSA 318-B:2-e, I(b), the person shall be guilty of a violation pursuant to RSA 318-B:2-e.]~~

16 (e) In the case of a residual amount of a controlled [substance,] **drug, other than**
17 **marijuana,** as defined in RSA 318-B:1, XXIX-a, a person shall be guilty of a misdemeanor if the
18 person is not part of a service syringe program under RSA 318-B:43.

19 13 Controlled Drug Act; Penalties. Amend RSA 318-B:26, III(a) to read as follows:

20 (a) [~~Except as provided in RSA 318-B:2-e,]~~ Controls any premises or vehicle where he or
21 she knows a controlled drug or its analog, **other than marijuana,** is illegally kept or deposited;

22 14 Personal Possession of Marijuana. Amend RSA 318-B:2-c to read as follows:

23 318-B:2-c [Personal] **Possession of Marijuana by a Person Under 21 Years of Age.**

24 [~~]~~ In this section:

25 [~~(a)~~] **I.** "Marijuana" includes the leaves, stems, flowers, and seeds of all species of the
26 plant genus cannabis, but shall not include the resin extracted from any part of such plant and
27 every compound, manufacture, salt, derivative, mixture, or preparation from such resin including
28 hashish, and further, shall not include the mature stalks of such plant, fiber produced from such
29 stalks, oil or cake made from the seeds of such plant, any other compound, manufacture, salt,
30 derivative, mixture, or preparation of such mature stalks, fiber, oil or cake, or the sterilized seed of
31 such plant which is incapable of germination.

32 [~~(b)~~] "~~Personal-use amount of a regulated marijuana-infused product~~" means ~~one or more~~
33 ~~products that is comprised of marijuana, marijuana extracts, or resins and other ingredients and is~~
34 ~~intended for use or consumption, such as, but not limited to, edible products, ointments, and~~
35 ~~tinctures, which was obtained from a state where marijuana sales to adults are legal and regulated~~
36 ~~under state law, and which is in its original, child-resistant, labeled packaging when it is being~~
37 ~~stored, and which contains a total of no more than 300 milligrams of tetrahydrocannabinol.]~~

38 II. Except as provided in RSA 126-X, any person **under 21 years of age** who knowingly

1 possesses 3/4 of an ounce or less of marijuana, including adulterants or dilutants, shall be guilty of a
2 violation, and subject to the penalties provided in paragraph V.

3 III. Except as provided in RSA 126-X, any person **under 21 years of age** who knowingly
4 **possesses 5 grams or less of hashish, including adulterants or dilutants, shall** be guilty of a
5 violation, and subject to the penalties provided in paragraph V.

6 IV. ~~Except as provided in RSA 126 X, any person 21 years of age or older possessing a~~
7 ~~personal-use amount of a regulated marijuana-infused product shall be guilty of a violation, and~~
8 ~~subject to the penalties provided in paragraph V. Persons 18 years of age or older and under 21~~
9 ~~years of age who knowingly possess marijuana-infused products shall be guilty of a misdemeanor.~~

10 V.(a) Except as provided in this paragraph, any person 18 years of age or older who is
11 convicted of violating paragraph II or III~~, or any person 21 years of age or older who is convicted of~~
12 ~~violating paragraph IV~~ shall be **subject to a fine of \$100 for a first or second offense** under this
13 paragraph, or a fine of up to \$300 for any subsequent offense within any 3-year period; however,
14 any person convicted based upon a complaint which alleged that the person had 3 or more prior
15 convictions for violations of paragraph II~~;~~ **or** III ~~or IV~~, or under reasonably equivalent offenses in
16 an out-of-state jurisdiction since the effective date of this paragraph, within a 3-year period
17 preceding the fourth offense shall be guilty of a class B misdemeanor. The offender shall forfeit the
18 marijuana~~, regulated marijuana-infused products,~~ or hashish to the state. A court shall waive the
19 fine for a single conviction within a 3-year period upon proof that person has completed a substance
20 abuse assessment by a licensed drug and alcohol counselor within 60 days of the conviction. A
21 person who intends to seek an assessment in lieu of the fine shall notify the court, which shall
22 schedule the matter for review after 180 days. Should proof of completion of an assessment be filed
23 by or before that time, the court shall vacate the fine without a hearing unless requested by a party.

24 (b) Any person under 18 years of age who is convicted of violating paragraph II or III
25 shall forfeit the marijuana or hashish and shall be subject to a delinquency petition under RSA 169-
26 B:6.

27 ~~VI.]~~ V.(a) Except as provided in this section, no person shall be subject to arrest for a
28 violation of paragraph II~~;~~ **or** III ~~or IV~~ and shall be released provided the law enforcement officer
29 does not have lawful grounds for arrest for a different offense.

30 (b) Nothing in this chapter shall be construed to prohibit a law enforcement agency
31 from investigating or charging a person for a violation of RSA 265-A.

32 (c) Nothing in this chapter shall be construed as forbidding any police officer from
33 taking into custody any minor who is found violating paragraph II~~;~~ **or** III ~~or IV~~.

34 (d) Any person **under 21 years of age who is** in possession of an identification card,
35 license, or other form of identification issued by the state or any state, country, city, or town, or any
36 college or university, who fails to produce the same upon request of a police officer or who refuses to
37 truthfully provide his or her name, address, and date of birth to a police officer who has informed
38 the person that he or she has been found to be in possession of what appears to the officer to be 3/4

1 of an ounce or less of marijuana~~[- a personal-use amount of a regulated marijuana-infused product,]~~
2 or 5 grams or less of hashish, may be arrested for a violation of paragraph II~~[,]~~ *or* III~~[, or IV]~~.

3 ~~[VII.]~~ VI. All fines imposed pursuant to this section shall be deposited into the alcohol abuse
4 prevention and treatment fund established in RSA 176-A:1 and utilized for evidence-informed
5 substance abuse prevention programs.

6 ~~[VIII.]~~ VII.(a) No record that includes personally identifiable information resulting from a
7 violation of this section shall be made accessible to the public, federal agencies, or agencies from
8 other states or countries.

9 (b) Every state, county, or local law enforcement agency that collects and reports data
10 for the Federal Bureau of Investigation Uniform Crime Reporting Program shall collect data on the
11 number of violations of paragraph II~~[,]~~ *or* III~~[, or IV]~~. The data collected pursuant to this paragraph
12 shall be available to the public. A law enforcement agency may update the data annually and may
13 make this data available on the agency's public Internet website.

14 15 Alcohol or Drug Impairment; Possession of Drugs. Amend RSA 265-A:43 to read as follows:

15 265-A:43 Possession of Drugs. Any person who drives on any way a vehicle while knowingly
16 having in his or her possession or in any part of the vehicle a controlled drug or controlled drug
17 analog in violation of the provisions of RSA 318-B shall be guilty of a misdemeanor, and his or her
18 license shall be revoked or his or her right to drive denied for a period of 60 days and at the
19 discretion of the court for a period not to exceed 2 years. This section shall not apply to the
20 possession of marijuana or hashish as provided in RSA 318-B:2-c~~[- or a personal-use amount of a~~
21 ~~regulated marijuana-infused product as defined in RSA 318-B:2-e, I(b)]~~.

22 16 New Section; Sentences; Annulment of Certain Arrests and Convictions for Cannabis.
23 Amend RSA 651 by inserting after section 5-a the following new section:

24 651:5-b Annulment of Certain Arrests and Convictions for Cannabis.

25 I. Any person who was arrested or convicted for knowingly or purposely obtaining,
26 purchasing, transporting, or possessing, actually or constructively, or having under his or her
27 control, $\frac{3}{4}$ of an ounce of cannabis or less where the offense occurred before September 16, 2017
28 may, notwithstanding the provisions of RSA 651:5, VI or any other law, at any time, petition the
29 court in which the person was convicted or arrested to annul the arrest record, court record, or
30 both. The petition shall state that the amount of cannabis was $\frac{3}{4}$ of an ounce or less. The petitioner
31 shall furnish a copy of the petition to the office of the prosecutor of the underlying offense. The
32 prosecutor may object within 10 days of receiving a copy of the petition and request a hearing. If
33 the prosecutor does not object within 10 days, the court shall grant the petition for annulment. If
34 the prosecutor timely objects, the court shall hold a hearing. In a hearing on a petition for
35 annulment, the court shall grant the petition if it finds based upon all evidence adduced that it is
36 more likely than not that the amount of cannabis involved in the case was $\frac{3}{4}$ of an ounce or less
37 where the offense occurred before September 16, 2017. In reaching a decision, the court shall not be
38 bound by the rules of evidence and may consider and give appropriate weight to all testimony

1 brought forward by either party, including but not limited to testimony, opinion, and reports. If the
2 petition is granted, and an order of annulment is entered, the provisions of RSA 651:5, X-XI shall
3 apply to the petitioner.

4 II. Any person who was convicted or arrested for knowingly or purposely obtaining,
5 purchasing, transporting, manufacturing, cultivating, or possessing, actually or constructively, or
6 having under his or her control, an amount of cannabis that does not exceed the possession limit, as
7 defined in RSA 318-F:1, at a time when the individual was 21 years of age or older may,
8 notwithstanding the provisions of any other statute including RSA 651:5, VI, at any time, petition
9 the court in which the person was convicted or arrested to annul the arrest record, court record, or
10 both. The petition shall state that the amount of cannabis was an amount that did not exceed the
11 possession limit. The petitioner shall furnish a copy of the petition to the office of the prosecutor of
12 the underlying offense. The prosecutor may object within 10 days of receiving a copy of the petition
13 and request a hearing. If the prosecutor does not object within 10 days, the court shall grant the
14 petition for annulment. If the prosecutor timely objects, the court shall hold a hearing. In a
15 hearing on a petition for annulment, the court shall grant the petition if it finds based upon all
16 evidence adduced that it is more likely than not that the amount of cannabis did not exceed the
17 possession limit. In reaching a decision, the court shall not be bound by the rules of evidence and
18 may consider and give appropriate weight to all testimony brought forward by either party,
19 including but not limited to testimony, opinion, and reports. If the petition is granted, and an order
20 of annulment is entered, the provisions of RSA 651:5, X-XI shall apply to the petitioner.

21 III. The department of safety may charge the successful petitioner a fee of \$100 for
22 researching and correcting the criminal history record accordingly, unless the petitioner
23 demonstrates that he or she is indigent, or has been found not guilty, or the case has been dismissed
24 or not prosecuted in accordance with RSA 651:5, II. The court shall provide a copy of the petition to
25 the prosecutor of the underlying offense and permit the prosecutor to be heard regarding the
26 interest of justice in regard to the petition.

27 17 Appropriations.

28 I. The sum of \$100,000 for the fiscal year ending June 30, 2019 is hereby appropriated to
29 the department of safety, information and analysis center, drug monitoring initiative, for the
30 purpose of collecting baseline data to be used in the reports required pursuant to RSA 318-F:22.
31 The governor is authorized to draw a warrant for said sum out of any money in the treasury not
32 otherwise appropriated.

33 II. The sum of \$2,000,000 for the fiscal year ending June 30, 2020 is hereby appropriated to
34 the cannabis control commission established in RSA 318-F:7 for deposit into the cannabis control
35 fund established in RSA 77-H:3 for the administration of RSA 318-F. The governor is authorized to
36 draw a warrant for said sum out of any money in the treasury not otherwise appropriated.

37 18 Repeal. The following are repealed:

38 I. RSA 318-B:1, X-a(g), relative to separation gins and sifters used or intended for use with

HB 481-FN-A-LOCAL - AS INTRODUCED
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1 cannabis.

2 II. RSA 318-F:8, relative to the cannabis advisory board.

3 III. RSA 318-F:13, relative to residency requirements related to cannabis establishments.

4 19 Effective Date.

5 I. RSA 318-F:2 through RSA 318-F:6, as inserted by section 6 of this act, shall take effect 60
6 days after its passage.

7 II. RSA 318-F:17, I-VIII, as inserted by section 6 of this act, shall take effect July 1, 2019.

8 III. Paragraph II of section 18 of this act shall take effect July 1, 2025.

9 IV. Paragraph III of section 18 of this act shall take effect July 1, 2023.

10 V. RSA 318-F:17, IX, as inserted by section 6 of this act, shall take effect upon certification
11 by the attorney general of New Hampshire to the director of the office of legislative services and the
12 secretary of state that the conduct allowed by that paragraph has become legal under the United
13 States Code.

14 VI. The remainder of this act shall take effect upon its passage.

**HB 481-FN-A-LOCAL- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to the legalization and regulation of cannabis and making appropriations therefor.

FISCAL IMPACT: State County Local None

STATE:	Estimated Increase / (Decrease)			
	FY 2020	FY 2021	FY 2022	FY 2023
Appropriation	\$2,000,000	\$0	\$0	\$0
Revenue	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Expenditures	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Funding Source:	<input checked="" type="checkbox"/> General Control Fund	<input type="checkbox"/> Education	<input checked="" type="checkbox"/> Highway	<input checked="" type="checkbox"/> Other - Cannabis

This bill makes an appropriation of \$100,000 to the Department of Safety for the fiscal year ending June 30, 2019 for the purpose of collecting baseline data to be used in the reports required pursuant to RSA 318-F:22.

COUNTY:

Revenue	Indeterminable	Indeterminable	Indeterminable	Indeterminable
Expenditures	Indeterminable Decrease	Indeterminable Decrease	Indeterminable Decrease	Indeterminable Decrease

LOCAL:

Revenue	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Expenditures	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase

METHODOLOGY:

This bill establishes procedures for the legalization, regulation and taxation of cannabis; the licensing and regulation of cannabis establishments; the regulation of hemp and hemp products; and makes appropriations therefor.

The Judicial Branch identified the following provisions of this bill which would have a fiscal impact on the Branch:

- Legalizing possession of up to one ounce of cannabis and up to five grams of hashish would reduce the number of possession cases. Such cases are currently violation level offenses or unspecified misdemeanors depending on the quantity of cannabis possessed.

- Legalizing possession and growing of up to six cannabis plants for personal use would reduce the number of cases for manufacture of cannabis; currently a felony.
- Legalizing transferring of up to one ounce of cannabis to a person 21 years old or older without remuneration would reduce the number of cases for the sale of cannabis; currently a felony.
- The bill provides several new violation level offenses.
- The bill allows those 21 years old or older to manufacture, possess or purchase cannabis accessories. Currently, manufacture, delivery, or possession with intent to deliver drug paraphernalia is an unspecified misdemeanor.
- Proposed RSA 433-D exempts growing, harvesting, possessing, processing, selling, buying or purchasing hemp from State laws. Hemp would be included in the definition of “Cannabis-type drug” in RSA 318-B:1, IV; however, none of the prohibited acts in RSA 318-B:2 and none of the penalties in RSA 318-B:2 and RSA 318-B:26 use the term “Cannabis-type drug”. Rather the term “cannabis”, which is not defined is used. The Branch is unable to identify what current offenses involve hemp and cannot determine how many or what type of offenses would no longer exist.
- Proposed RSA 77-H entitled Taxation of Cannabis may result in additional administrative appeals to Supreme Court from the Department of Revenue Administration.

The Branch does not have information on how many fewer felony or misdemeanor offenses would result from the bill, or how many violations and administrative appeals there might be. The Branch has provided information on the estimated average cost of such cases:

Judicial Branch	FY 2020	FY 2021
Violation Level Offense	\$51	\$52
Class B Misdemeanor	\$53	\$54
Class A Misdemeanor	\$76	\$77
Routine Criminal Felony Case	\$481	\$486
Appeals	Varies	Varies
It should be noted that average case cost estimates for FY 2020 and FY 2021 are based on data that is more than ten years old and does not reflect changes to the courts over that same period of time or the impact these changes may have on processing the various case types. An unspecified misdemeanor can be either class A or class B, with the presumption being a class B misdemeanor.		

The Judicial Council assumes this bill would not impact indigent defense expenditures, as violation level offenses do not trigger the right to counsel and many marijuana cases currently handled by the indigent defense system include a companion charge that qualifies the case for court-appointed counsel.

The Department of Justice indicates the Attorney General’s Drug Task Force investigates street-level crimes that sometimes involve the sale and possession of controlled drugs, including marijuana. If this bill were to pass, the task force’s efforts would be redirected away from marijuana cases to those involving other controlled drugs. The Department does not anticipate savings to the task force would result from this bill. The Department assumes the bill would have little impact on its prosecution or investigation tasks. Many offenses are prosecuted by local and county prosecutors. When the Department of Justice has investigative and prosecutorial responsibility or is involved in an appeal, the Department would likely absorb the cost within its existing budget. If the Department needs to prosecute significantly more cases or handle more appeals, then costs may increase by an indeterminable amount.

The Department of Corrections indicates there are currently 10 individuals incarcerated who could seek an appeal to the sentencing court or seek time served for the remainder of their sentences associated with marijuana possession or sales. In addition there is an unknown number of individuals generally coded under RSA 318-B:2 (Controlled Drug Act) who also may be able to seek review under the proposed bill. The Department does not have sufficient information to predict the number of individuals who may be subject to this legislation, but has provided the following average cost information:

FY 2018 Average Cost of Incarcerating an Individual	\$40,615	\$40,615
FY 2018 Annual Marginal Cost of a General Population Inmate	\$4,620	\$4,620
FY 2018 Average Cost of Supervising an Individual on Parole/Probation	\$571	\$571

The New Hampshire Association of Counties is not able to determine the number of individuals who may be subject to the provisions of this bill, but has provided the following average cost information:

County Prosecution Costs	Indeterminable	Indeterminable
Estimated Average Daily Cost of Incarcerating an Individual	\$105 to \$120	\$105 to \$120

The New Hampshire Municipal Association states this bill would have an indeterminable impact on local revenues and expenditures. The Association identified the following elements of the bill which would have a fiscal impact on cities and towns that choose not to prohibit cannabis:

- Applications to the Cannabis Control Commission would be subject to review buy the

host municipality which would receive a \$500 fee for such review. The fee would be \$75 for small cultivation facilities.

- A percentage of the revenue from the cannabis tax would be distributed to municipalities based on the percentage of retail sales made in municipalities.
- A percentage of the revenue would also be distributed to public safety agencies for hiring and training of drug recognition experts, advanced roadside impaired driving enforcement training and to assist in responding to drug overdoses.
- There may be a reduction in municipal expenditures related to drugs enforcement because the sale, possession, and use of cannabis by adults will no longer be illegal. However if legalization results in increased usage there may be increased costs related to impaired driving, overdose response and preventing sale to minors.

The Department of Safety provided the following assumptions concerning the fiscal impact of this bill:

- There would be additional revenue from payment of fines for various violations and license restoration fees. These amounts can't be determined as the number of potential violations and license suspensions are not known.
- There would be additional law enforcement costs associated with an increase in the number of cases involving driving under the influence of cannabis. These cases would be general arrests for DUI and possibly crash investigations.
- There would be savings as a result of fewer arrests and prosecutions for other cannabis related offenses. These savings are expected to be minimal, because on most occasions a cannabis related arrest is accompanied with non-cannabis related charges.
- Proposed RSA 318-F:22 would require the Department's New Hampshire Information and Analysis Center (NHIAC) to collect baseline data and produce reports on health and welfare outcomes relative to the baseline data every two years starting in January 2021. The bill makes an appropriation of \$100,000 for the fiscal year ending June 30, 2019 and allocates \$50,000 every 6 months for data collection and reporting from the Cannabis Control Fund. The cost of these requirements is currently indeterminable, but it is assumed additional staff will be needed.
- There would be an increase in the number of annulment petitions. The Department cannot estimate the number of additional petitions, but indicates each petition may require the Department's prosecutor and/or trooper to research the petition case, potentially file objections and prepare for and possibly attend hearings.

The Department of Revenue Administration indicates this bill would increase State revenue and expenditures by indeterminable amounts. The Department would be responsible for taxation of cannabis, collection of the tax, and adjusting the tax rates annually for inflation. The tax is to

be applied upon the sale or transfer from a cultivation facility to a retail store or manufacturing facility. The tax would not apply to cannabis reserved for transfers to qualifying patients or designated caregivers under RSA 126-X. The cultivation facilities would pay tax on the previous month's sales to the Department on the 15th day of each month. The Commissioner shall collect all taxes, fees and fines and deposit the funds into the Cannabis Control Fund established by the bill. The Commissioner may expend money from the fund to administer the provisions of the bill. The remaining balance is allocated every six month to the various agencies, departments, municipalities and the State general fund. The Department has no way of knowing the amount of cannabis that would be sold or transferred and subject to tax. However, the Department calculated a range of possible revenues based on a number of estimates and assumptions, including NH population by age group, the percentage of the population by age group using cannabis in the past year, and the number of ounces of cannabis consumed per person per year. The Department assumed the following:

- Without information on the use of flowers vs other parts and immature plants, the Department assumed consumers would only use the flowers taxed at \$30 per ounce. (This assumption overestimates the range)
- U.S. Census data is not available for persons aged 21 and over, so calculations use data for persons aged 20 and older. (This assumption also overestimates the range)

Based on these assumptions, the Department calculated the following range of possible revenue for the first year.

Consumers	Low	High
NH Residents Ages 20 +	130,000	130,000
Tourism Factor	1,563	1,563
Total Estimated Consumers	131,563	131,563
Amount of Cannabis and Tax		
Ounces / Person / Year	5.0	7.9
Total Consumption in Ounces(Consumers X Consumption / Person)	657,815	1,039,348
Tax Rate	\$30	\$30
Total Estimated Tax	\$19,734,450	\$31,180,431

The Department would need additional staff to develop and adopt rules and administer the tax and transfers from the fund. The Department assumes an Attorney, an Administrator III, an Administrative Secretary and two Tax Auditors would be needed. The cost for the additional staff would be \$466,000 in FY 2020, \$465,000 in FY 2021, \$486,000 in FY 2022 and \$511,000 in FY 2023. In addition, the Department estimates it would need additional funds of approximately \$2 million to implement a new tax in the tax system, update secure rooms for holding cash, for armored car transportation and to purchase cash counting machines and other essential items to process additional cash tax payments.

The Department of Agriculture, Markets and Foods assumed the following concerning the fiscal

impact of this bill:

- Requires a person or entity growing hemp to register with the Department and authorizes the Department to charge an annual registration fee of \$100.
- The Division of Regulatory Services would administer the Department's responsibilities relative to hemp.
- The Division of Weights and Measures Cannabis Control Fund would collect scale registration fees and inspect scales relative to the sale of hemp products.
- The Division of Pesticide Control would revise its program to include a cannabis/hemp pesticide license and cannabis/ hemp facility inspections.
- Based on information from surrounding states, there would be between 30 and 425 registrations in the first three years.
- Four additional staff would be needed and one existing position would be upgraded to perform the duties associated with the bill. Additional associated costs would include 3 vehicles, six computers, inspection equipment and office furnishings. The Department estimates the additional expenditures will be \$531,000 in FY 2020, \$475,000 in FY 2021, \$499,000 in FY 2022 and \$521,000 in FY 2023.
- Based on the estimated range of possible registrations, revenue would increase between \$3,000 and \$42,500.

Department of Health and Human Services (DHHS) indicates it would consult with the Cannabis Control Commission on development of an informational handout for retail establishments to give to consumers and may require a standard, recognizable symbol on all cannabis packaging. The Department assumes these costs will be covered by the Cannabis Control Fund. After deducting the cost of administration and a set amount for the Department of Safety for data collection and reporting, 23% of the funds remaining in the Cannabis Control Fund would be transferred to the DHHS for prevention and treatment of substance abuse and an additional 6% for public education campaigns about the health and safety risks posed by cannabis use. The Department states the amount of revenue available for these purposes is indeterminable.

Department of Administrative Services indicates this bill does not require the Department to regulate, license, tax, or perform financial data analysis related to legalization of cannabis. Therefore, there would be no impact on staffing or additional costs to the Department. The Department has provided information on the potential cost of office space for the Cannabis control Commission. The Commission would be composed of a full time commissioner, two part time commissioners, and an attached advisory board of 11 members. The Commissioner may hire staff and cannabis control investigators, but does not specify the number of staff. Based on state standards for office space, the Department estimated the first year cost for office space

including space for 5 staff at \$76,392. The annual cost for office space including room for 10 staff would be \$113,192. The first year cost would include office furnishings. Ongoing annual rent at \$22 per square foot would be \$40,392 to accommodate five staff and \$54,692 to accommodate 10 staff.

AGENCIES CONTACTED:

Judicial Branch, Judicial Council, Departments of Justice, Corrections, Safety, Revenue Administration, Agriculture, Markets and Foods, Health and Human Services, Administrative Services, the New Hampshire Association of Counties and New Hampshire Municipal Association