

House 1737

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Eighty One

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts
in General Court assembled:

THE CANNABIS REVENUE AND EDUCATION ACT

Be it enacted by the Senate and House of representatives in General Court assembled, and by the
authority of the same, as follows:

PREAMBLE

The governor and the representatives of the people of Massachusetts, concerned over uncontrolled use of marijuana, especially among the young people of this Commonwealth; acknowledging that previous efforts have not succeeded in eliminating or curtailing marijuana use and abuse; determined to exercise some measure of control over the use of cannabis consistent with respect for individual freedom and responsibility; and declaring our objectives to be the reduction of cannabis abuse and the elimination of marijuana-related crime, do hereby ordain and enact The Cannabis Revenue and Education Act.

Section 201. Chapter 94C of the General Laws of Massachusetts, the Controlled Substances Act, is hereby amended by adding the following sections:-

Section 49. Exceptions. The following conduct shall not be a violation of this chapter or any other provision of law;

(a) Possession or cultivation of cannabis by an adult for personal use.

(b) Gratuitous distribution of cannabis to an adult. Transfer directly or indirectly related to or contemporaneous with the sale or tendering for sale of any goods, services or other things of value, shall not be deemed gratuitous.

(c) Possession of distribution of cannabis under a valid license issued in accordance with The Cannabis Revenue and Education Act.

Section 50. “Gratuitous” and “cannabis” are defined by Section 301 of The Cannabis Revenue and Education Act.

Section 202. The Cannabis Revenue and Education Act shall in no way affect existing provisions of law relating to the operation of a motor vehicle under the influence of an intoxicant.

DEFINITIONS

Section 301. When used in this chapter, the following words shall, unless the context indicates otherwise, have the following meanings:

A. ACT: This chapter of the General Laws of Massachusetts, also known as The Cannabis Revenue and Education Act, as amended.

B. ADULT: A person over eighteen years of age.

C. AUTHORITY. The Cannabis Control Authority.

D. CANNABIS: Any part of the plant *Cannabis sativa* L., or *Cannabis indica*, or any other variety of the genus *cannabis*, whether growing or not; the seeds thereof; and resin extracted from any part of the plant, and every compound, manufacture, salt derivative, mixture or preparation of the plant, its seeds or resin. It does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt derivative, mixture or preparation of the mature stalks except the resin extracted therefrom., fiber, oil or cake or the sterilized seed of the plant which is incapable of germination.

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

F. CULTIVATE: To cause or permit to grow.

G. CULTIVATION LICENSE: A License issued in accordance with Section 401(1) of this act.

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

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

J. NON-GRATUITOUS: Not gratuitous; with consideration; commercial.

K. PACKAGE: A container in which cannabis is sold to the purchaser or retail.

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

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

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

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

P. SALE: Transfer for consideration.

Q. THC: Delta-9 tetrahydrocannabinol..

CANNABIS CONTROL AUTHORITY

Section 401. There is hereby created a body politic and corporate and political subdivision of the commonwealth to be known as the Cannabis Control Authority. The authority shall have the power to hold property, to sue and be sued in law and equity and to prosecute and defend all actions relating to its property and affairs.

Section 402. The affairs of the authority shall be managed by a board of seven directors, hereinafter referred to as the directors. A full term thereon shall be seven years. Persons to serve respectively for an initial seven-year term, an initial six-year term, and an initial five-year term, and their replacements, shall be appointed by the governor, with the approval of the council. Directors for an initial four-year term and an initial one-year term shall be appointed and vacancies in said directorships filled by the president of the senate. Directors for an initial three-year term and an initial two-year term shall be appointed, and

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

Section 403. The concurrence of not fewer than four members of the board of directors shall be required for all official actions of the authority. A copy of the minutes of each meeting of the board of directors, including any rules and regulations adopted by the authority or any amendments thereof, shall be forthwith transmitted, by and under the certification of the secretary thereof, to the governor.

Section 404. The authority shall have general supervision of the conduct of the business of cultivating, possessing, distributing, sale at retail and wholesale and importing cannabis, and also of the quality, purity and grade thereof. The authority shall make such rules and regulations as it deems necessary to enable it to carry out and enforce the provisions of this act, and shall prescribe the of application for licenses under this chapter and may require therein such information as it deems necessary. Every license hereunder shall be governed and controlled by the rules and regulations adopted by the authority. Subject to the provisions herein, the authority may suspend or revoke any license for any violation of the rules and regulations established hereunder or for aiding or abetting in any violation of such rules and regulations, but before such suspension or revocation, the authority shall give a hearing to the licensee, after due notice to him of the charges against him and of the time and place of the hearing. Such licensee may appear at the hearing with witnesses and be represented by counsel. The authority and any representative thereof duly authorized to conduct any hearing under this chapter shall have power to administer oaths and take testimony under oath relative to the matter of inquiry or investigation. At any hearing ordered by the authority, the authority or its representative authorized to conduct such hearing may subpoena witnesses and require th production of books, papers, and documents pertinent to such inquiry. No witness under subpoena authorized to be issued by any provision of this

chapter shall be excused from testifying or producing books or papers on the ground that such testimony or the production of such books or other documentary evidence would tend to incriminate him, but such evidence or the books or papers so produced shall not be used in any criminal proceeding against him arising out of any violation of any provision of this act. If any person shall disobey such process or, having appeared in obedience thereto, shall refuse to answer any pertinent question put to him by the authority or its authorized agent or to produce any books and papers pursuant thereto, the authority or such representative may apply to the superior court for the county wherein the person, relative to whose business such hearing is ordered, resides or wherein such business has been conducted, or to any justice of said court if the same shall not be in session, setting forth such disobedience to process or refusal to answer, and said court or justice shall cite such person to appear before said court or justice to answer such questions or to produce such books and papers, and, upon his refusal so to do, may commit him to jail until he shall testify, but not for a longer period than sixty days. Notwithstanding the serving of the term of such commitment by any person, the authority may proceed in all respects with such inquiry and examination as if the witness had not previously been called upon to testify. Officers who serve subpoenas issued by the authority or under its authority and witnesses attending a hearing conducted by it hereunder shall receive fees and compensation at the same rates as officers and witnesses before the courts of the commonwealth, to be paid on vouchers of the authority or to be paid without appropriation out of the proceeds of the excise imported by this chapter, on vouchers approved by the authority. The rules and regulations adopted by the authority shall be printed as part of the application blank for licenses and for renewal thereof, and every applicant, as a condition of being licensed hereunder, shall submit to such examinations as the authority may deem necessary to establish his knowledge and understanding of The Cannabis Revenue and Education Act.

Section 405. The authority shall impose and collect an excise upon sales at a retail of cannabis at a rate to be established, and from time to time adjusted, by the authority. The excise shall be paid by the processor to the authority in accordance with rules and regulations

established by the authority. The rate of said excise shall be sufficiently high to maximize the incentive for the sale of cannabis not in accordance with the provisions of this act.

Section 406. The authority shall, consistent with the objectives set forth in the preamble to this act, issue the following licenses to such applicants as may qualify under this act and the rules and regulations of the authority: cultivation licenses, processing licenses and research licenses. Provided, however, no such license shall be issued until the applicant therefor demonstrates to the satisfaction of the authority that he is twenty-one or more years of age, is familiar with all laws and regulations relating to cannabis, and will exercise said license in premises adequately secure and otherwise suitable.

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

b. The annual fee for a cultivation license shall be \$50.

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

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

(2) The cannabis grade;

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

b. The processor shall affix upon each cannabis package a tax stamp or such other documentation as the authority may require, and shall transfer neither title nor possession of same to any person without the said stamps affixed. Said stamps shall be of such design and in such denomination as the authority may prescribe, and shall be the means by which the excise imposed by section 405 hereunder shall be paid to the authority. The authority, in its discretion, may authorize the use of a metering machine approved by it in lieu of stamps in order to press or attach to each package of cannabis evidence of the payment of said excise. Such machine shall be sealed by its authorized representative and shall be used in accordance with such rules and regulations as the authority may prescribe. The authority may for cause at any time suspend or revoke the authority to use such a metering machine.

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

d. All processors shall file under the penalties of perjury with the authority, on forms to be furnished by it, monthly reports on or before the 20th day of each calendar month showing the number of stamps on hand at the beginning of the month, the number purchased during the month, the number on hand at the end of the month, the number affixed or otherwise disposed of during the month, and such other information as the authority shall require. All processors shall keep complete and accurate records from which information can be obtained to complete and audit said report, and such other records as the authority may prescribe, shall preserve such records for three years and shall offer them for inspection at any time upon oral or written demand of the authority or its duly authorized agents. The stocks of

unused stamps in any metering machines shall be open to inspection by the authority or its duly authorized agents at all reasonable times.

e. The annual fee for a processing license shall be \$1,000.

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

(1) If said cannabis contains less than 2% THC, then said cannabis shall be labeled "A".

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

(3) If the cannabis contains 5% THC or more, then said cannabis shall be labeled "C".

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

3.a. The holder of a trade license, his agents and employees, may obtain cannabis only from a duly licensed processor or importer, and may possess cannabis only bearing valid documentation required to be affixed to all packages under the provision of paragraph 2(b) above. He may keep, store, warehouse, and transport same, and may sell cannabis only to duly licensed retailer.

b. The annual fee for a trade license shall be \$3,000.

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

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

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

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

e. Cannabis shall not be sold or distributed to any person under eighteen years of age.

f. Possession of packaged cannabis not bearing valid documentation as prescribed hereunder shall be a violation of Chapter 94C, Section 34, of the General Laws. It shall be no defense to a claim of violation of this paragraph that the retailer in good faith believed

documentation borne by cannabis in his possession to be valid.

g. The annual fee for a retail license shall be \$2,000.

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

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

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

Section 407. No license shall be issued to any person who during the preceding ten years has been convicted of a felony except a felony under Section 94C involving cannabis.

Section 408. Only a cultivation license, processing license or import license shall authorize the offering for sale, selling, possessing with intent to sell, or making of a non-gratuitous transfer or other non-gratuitous disposition of cannabis within the commonwealth, unless said cannabis be in individual packages bearing such stamps or documentation as required by law and regulation. If any stamp or other documentation appearing on any package of cannabis be stained or smudged or its characteristics be so blurred, obscured or indistinct that it cannot be distinguished as genuine, it shall be invalid. The offering for sale, selling, possessing with intent to sell, or otherwise disposing of or making a non-gratuitous transfer of cannabis within the commonwealth, without a valid license hereunder shall be punishable under Chapter 94C, Section 32 of the General Laws.

Section 409. Each license issued hereunder shall expire in two years from the date of issue by the authority, unless sooner revoked by the authority as provided hereunder, or unless the business with respect to which such license was issued shall change ownership, or unless the holder of the license shall remove his business from the premises covered by the license, the authority not having given written approval for the transfer of said license to another person in accordance with the provisions of section 413, in any of which cases the license shall thereupon expire. In the event that a licensee removes his business to another location within his city or town, the license with respect to the former place of business shall, without the

payment of an additional fee, be reissued for the new location for the balance of the unexpired term. The holder of each license, on application to the authority, accompanied by the applicable fee prescribed in section two, may, before the expiration date of the license then held by him, renew his license for a further period of two years. In case of suspension, revocation or cancellation of a license issued by the authority, no abatement or refund of any part of the fee paid therefor shall be made.

Section 410. Stamps and documentation hereunder may be issued by the authority to processors on a credit basis, provided the processor shall have furnished a surety company bond with a surety company authorized to do business in the commonwealth as surety, in such amount as the authority may fix. In lieu of a surety company bond a licensee may deposit with the authority bonds or other negotiable obligations of the commonwealth or of the United States of America of such aggregate face amount as the authority may from time to time deem necessary adequately to secure payment of the excise provided by this chapter; provided, that bonds need not be accepted by the authority unless in registered form and of denominations satisfactory to it. In case of a deposit of bonds or other negotiable obligations with the authority hereunder, it shall, while in possession of such bonds, remit to such licensee as aforesaid, or persons entitled thereto, the interest accruing and payable thereon, and if such excises together with all interest and other charges accrued thereon shall be paid in full and if the person is no longer a licensee hereunder, it shall return such bonds or obligations to the persons entitled thereto. If the excise together with all interest and other charges accrued thereon provided by this chapter shall not be paid in accordance with this chapter, the authority may sell all or any part of such bonds or obligations to satisfy the amount due the authority as aforesaid and shall return to the persons entitled thereto any excess left in its hands, provided, however, the person is no longer a licensee hereunder.

Section 411. 1. Whoever falsely or fraudulently makes, forges, alters or counterfeits, or causes or procures to be falsely or fraudulently made, forged, altered or counterfeited, any excise stamps or other documentation prepared or prescribed by the authority under this chapter, or whoever knowingly and wilfully utters, publishes, passes or tenders as true, any such false, altered, forged or counterfeited stamp or makes a false affixation of or uses any

stamp provided for by this chapter which has already once been used, for the purposes of evading the excise imposed by this chapter, shall be punished by a fine of not more than \$2,000 or by imprisonment for not more than five years, or both.

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

Section 412. Sale or distribution of cannabis by vending machine or similar automation is prohibited.

Section 413. Any license issued under this chapter may, upon application to the authority upon such forms and in accordance with such procedures as the authority may prescribe, be transferred from one location to another or the description of the licensed premises may be changed with the approval of the authority. Any license under this chapter held by an individual, partnership or corporation may be transferred to any individual, partnership or corporation qualified to receive such a license in the first instance, if, in the opinion of the authority, such transfer is in the public interest.

Section 414. The license of any licensee who, directly or through any agent, employee or other person, changes in any manner cannabis in his possession by adding a dilutant, attenuant, intoxicant, preservative or any additive of any kind, the effect whereof is to reduce the purity of cannabis to less than 100%, shall be suspended by the authority for a period of not less than six months, and the licensee shall be subject to such additional sanction as the

authority may prescribe. Presence on the licensed premises of cannabis less than 100% pure shall be prima facie evidence of a violation of this section.

Section 415. Whoever places or causes to be placed any additive in cannabis shall be liable to any person injured by reason of ingestion thereof to the extent of three times actual damages, plus damages for pain and suffering, costs and reasonable attorney's fees.

Section 416. Any person aggrieved by the conduct of any license holder hereunder, his agents or employees, shall state his grievance in writing to the local licensing commission of the city or the selectmen of the town wherein the complained of conduct occurred. After investigation and hearing said commission or selectmen shall, if the public interest so requires, within seventy-five days from the date of the first regular meeting following the receipt of said complaint, submit to the authority a certified copy of the original complaint, together with a report of the commission's or the selectmen's findings and recommendation, which recommendations shall include, but not be limited to, one of the following:

1. That no action be taken against the license whose conduct is complained of.
2. That the licensee's license be suspended for a specified period of time, not less than one week nor more than one year.
3. That the licensee's license be revoked.

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

to be sold during the period of such suspension or revocation.

Section 417. Except as specifically provided in this act, all costs and expenses of the authority, including salaries and rent, shall be borne by the authority from revenues collected.

Section 418. The number of retail licenses exercisable within any city or town shall not exceed the total number of alcoholic beverage licenses which may be issued in said city or town under the provisions of Chapter 138 of the General Laws, regardless of the number of alcoholic beverage licenses actually issued. For purposes of this section, "alcoholic beverage licenses" shall mean the aggregate number of licenses which authorize the sale of alcoholic beverages to consumers, whether package, tavern or victualler.

Section 419. Licensees hereunder shall not sell, borrow, loan or exchange unstamped cannabis or stamps to, from or with other such licensees unless authorized by the authority. Licensees other than processors shall not accept deliveries of unstamped or improperly stamped packages of cannabis except as authorized by the authority. Every licensed retailer and trade licensee shall immediately examine all packages of cannabis received by them and shall immediately return to their supplier any and all packages of cannabis that are unstamped or improperly stamped. Such supplier shall replace them with packages of cannabis upon which stamps have been properly affixed.

Section 420. No holder of a license of any class shall have, directly or indirectly, present or future, an interest in any other license of the same class or of any other class.

Section 421. Every licensee shall keep such records in such detail and affording such information as the authority may from time to time prescribe, and shall file with the authority, whenever and as often as it may require, duplicates or copies of such records; and the authority shall at all times, through its designated officers and agents, have access to all books, records and other documents of any licensee relating to the business which he is licensed hereunder to conduct.

Section 422. Every licensee shall, on or before the twentieth day of each calendar month, file with the authority, on a form prescribed by it, a report under the penalties of perjury, stating the amount of cannabis sold by such licensee in the commonwealth during the preceding calendar month and such report shall contain or be accompanied by such further

information as the authority shall require; provided, that if a licensee ceases to sell cannabis within the commonwealth he shall forthwith file with the authority such a report for the period ending with such cessation. Each import licensee shall, upon importation of cannabis into the commonwealth, file with the authority a report, stating the amount of cannabis imported and such other information as the authority shall require.

Section 423. The surviving spouse or legal representative of a deceased non-corporate licensee may continue to exercise the license for thirty days following the death of the licensee, but thereafter only with the written consent of the authority, which consent shall expire, if not sooner revoked, fifteen months from the date of death. Consent shall be withheld unless the said surviving spouse or legal representative meets the qualifications prescribed by section 406 for the type of license sought to be retained.

Section 424. No holder of a cannabis license hereunder shall have any property right in any document or paper evidencing the granting of such license issued by the authority, and said authority, upon the expiration, suspension, revocation, cancellation, or forfeiture of such a license shall be entitled upon demand to the immediate possession thereof. The superior court shall have jurisdiction in equity, on petition of the licensing authorities, to enforce this provision.

Section 425. Every license issued under the provisions of this act or a duplicate copy thereof shall be prominently displayed on the premises covered by the license.

Section 426. All records of the authority are public within the meaning of the General Laws, Chapter 66.

Section 427. The authority shall annually, not later than the fourth Wednesday of April, file a written report with the governor and the respective clerks of the senate and house of representatives which shall contain a comprehensive reporting, accounting, description and analysis of its activities.

Section 428. The state auditor shall conduct an annual post-audit of all accounts and transactions of the authority, reasonable costs thereof to be borne by the authority.

Section 429. The authority shall report immediately to the governor and the general court any matters which require immediate changes in the laws of the commonwealth in order to prevent abuses and evasions of this act or the rules and regulations promulgated thereunder

or to rectify undesirable conditions in connection with the administration of this act.

Section 430. The authority shall carry on a continuous study and investigation of cannabis in the commonwealth in order (1) to ascertain any defects in this act or in the administration thereof or any evasion of said law or said rules and regulations as may arise or be practiced, and (2) to formulate recommendations for changes in said law and the rules and regulations promulgated thereunder to prevent such abuses and evasions, and (3) to guard against the use of said law and regulations issued thereunder as a cover for the carrying on of criminal activities.

Section 431. The authority, its agents and employees, may, during reasonable business hours and without notice thereof, conduct such inspections of the licensed premises; including the books, records and accounts of the licensee, as it shall deem appropriate for the enforcement of this act.

Section 432. The authority shall make a continuous study and investigation of the operation and administration of similar laws in other states and countries, of studies on the subject which from time to time may be published or available, of any federal laws which may affect the administration of this act, and of the reaction of citizens of the commonwealth to existing and potential features of the act with a view to recommending and effecting changes that will tend to better serve and implement the purpose of this act as set forth in the preamble.

Section 433. All fees, taxes, excises and other monies collected in accordance with this act shall be expended only for the following purposes, and in the following order.

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

2. The balance of said fund shall be distributed as follows:

a. One-half to the general fund of the commonwealth, to be applied solely to the reduction of taxes as shall be determined by the governor.

b. One-half to The Cannabis Education Trust as established by section 501 of this act, which fund shall, upon said payment, be subject to the provisions of this act relating thereto.

THE CANNABIS EDUCATION TRUST

Section 501. There is hereby established a trust fund known as The Cannabis Education Trust. The trust corpus shall consist of all revenues paid therein in accordance with section 433 of this act, together with such assets as may from time to time be contributed to, or acquired by, for consideration, or otherwise, the trustees of The Cannabis Education Trust, who shall be fiduciaries to the people of the commonwealth.

Section 502. 1. There shall be seven trustees, and shall be appointed by the provisions: one shall the Commonwealth of Public Health or its delegates; one shall the Commonwealth of Public Health or its delegates; one shall be a member of the board of trustees of the University of Massachusetts, one shall be a professional representative active in the field of adolescent medicine; two shall be citizen representatives active and knowledgeable in the field of drug abuse prevention; and one shall be a representative of the young people of Massachusetts.

2. In making his original appointments of trustees, the governor shall appoint: one trustee to a term of seven years; one trustee to a term of six years, one trustee to a term of five years, one trustee to a term of four years, one trustee to a term of three years; one trustee to a term of two years; and one trustee to a term of one year. Upon the expiration of the term of any member, his successor shall be appointed by the governor to a term of seven years.

3. Trustees shall serve without salary. Their reasonable expenses shall be paid from trust income.

Section 503. The trustees shall receive and collect all monies, gifts and other assets coming to them by virtue of section 433 of this act, or otherwise, and shall hold, manage, invest and reinvest same in accordance with the powers enumerated hereinafter, and shall apply all income and expend funds therefrom together with no more than ten per cent of the trust corpus in any twelve-month period, toward the exercise of powers and performance of duties of the trustees as hereinafter enumerated.

Section 504. The trustees shall designate one of their own as presiding trustee for two

successive years, or until the end of his term as trustee. Four trustees shall constitute a quorum.

Section 505. The trustees are hereby authorized and empowered, in their absolute discretion, but always acting in a fiduciary capacity and above all else for the good of the public consistent with the preamble and objectives of this act:

1. To establish and oversee efficient administrative measures for the performance of the duties enumerated below; and

2. To appoint an executive director and such other professional and non-professional personnel as they may deem appropriate for said performance; and

3. To enter into any and all appropriate

Section 506. It shall be the primary duty of the trustees to minimize the abuse of cannabis by persons in the Commonwealth of Massachusetts. For purposes of this paragraph, the use of cannabis by persons under eighteen years of age, or used by a person to the extent that same:

a. threatens public safety; or

b. encroaches upon the liberties of others; or

c. is not based on a rational and informed decision; or

d. interferes with one's life or is detrimental to the achievement of one's personal goals.

Is hereby non-exclusively deemed abuse. In furtherance of their primary duty, the trustees shall establish such educational programs as shall effectively, fairly, legally, ethically and expeditiously accomplish said ends. Moreover, the trustees shall sponsor and promote medical, social, legal, economic, and such other research and study as may contribute to such effort.

Section 507. All records of the trust are public within the meaning of the General Laws, Chapter 66.

Section 508. The trustees shall annually, not later than the fourth Wednesday of April, file a written report with the governor and the respective clerks of the senate and house of

representatives which shall contain a comprehensive reporting, accounting, description and analysis of its activities and its progress toward the elimination or reduction of cannabis abuse in the Commonwealth of Massachusetts in the preceding calendar year.

Section 509. The state auditor shall conduct an annual post-audit of all accounts and transaction of the trust, reasonable costs thereof to be an expense of the trust, and borne thereby.

GENERAL PROVISIONS

Section 601. 1. No holder of a license of any class shall, directly or indirectly, personally or through any agent or employee, whether for consideration or gratuitously, cause to be published in a newspaper or magazine distributed anywhere in the commonwealth or to be broadcast to a radio or television receiver in the commonwealth, or to appear in any display signs or personal solicitation, or any manner of advertising, any advertisement or notice to promote or encourage the consumption or use in any way of cannabis.

2. The preceding shall not apply to the following:

a. Cannabis packages, crates, cartons, or boxes of Cannabis packages, provided, however, that no such items shall be used for any display, ornament, or fixture on the licensed premises.

b. Logos contained in private correspondence or publications not intended for public distribution.

c. A single notice reading "Authorized Cannabis Outlet" , in a style to be prescribed by the authority.

d. Such advertising or other notice sponsored by or caused to be placed in the authority of The Cannabis Education Trust.

Section 602. The sale of cannabis in accordance with this action shall not be subject to the provisions of:

1. Chapter 64H of the General Laws, relating to a sales tax on sales of tangible

personal property at retail; or

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

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

Section 603. The use of any device or game of chance to aid, promote or induce sales or purchases of cannabis or any goods or services is prohibited.

The giving of cannabis in connection with any device or game of chance is prohibited.

Section 604. Any contract, express or implied, made by any person, firm or corporation in violation of any of the provisions herein is declared to be an illegal and void contract and no recovery thereon shall be had.

Section 605. All excises paid in pursuance of this act shall conclusively be presumed to be a direct tax on the retail consumer, pre-collected for the purpose of convenience and facility only.

Section 606. If any provisions or provisions of this chapter is or are declared unconstitutional or inoperative by a final judgment, order or decree of the supreme court of the United States or of the supreme judicial court of the commonwealth, the remaining parts of said chapter shall not be affected thereby.

Section 607. Any of the masculine pronouns or nouns herein shall be construed to include or refer to the feminine or neuter gender as well as the masculine.

Section 608. The sum of \$1,500,000.00 shall be appropriated to fund the authority initially, which sum shall be repaid by the authority to the treasurer of the commonwealth within five years from the day that the first cannabis sale is made under the provisions of this act, together with interest at the rate of 15% per annum from said day.

###