HB 1598-FN - AS AMENDED BY THE HOUSE

16Feb2022... 0207h 31Mar2022... 1172h 31Mar2022... 1198h 31Mar2022... 1230h 31Mar2022... 1283h

2022 SESSION

22-2787 04/05

HOUSE BILL 1598-FN

AN ACT legalizing the possession and use of cannabis.

SPONSORS: Rep. Abbas, Rock. 8; Rep. Doucette, Rock. 8; Rep. Espitia, Hills. 31; Rep. Rhodes,

Ches. 15; Rep. Osborne, Rock. 4; Rep. Roy, Rock. 32; Rep. Conley, Straf. 13; Rep.

McGuire, Merr. 29; Rep. Nunez, Hills. 37

COMMITTEE: Criminal Justice and Public Safety

AMENDED ANALYSIS

This bill:

- I. Legalizes the possession and use of cannabis for persons 21 years of age and older.
- II. Authorizes the liquor commission to regulate and administer the cultivation, manufacture, testing, and retail sale of cannabis statewide, and makes an appropriation therefor.
- III. Authorizes alternative treatment centers registered to dispense therapeutic cannabis to register, as a separate entity, to manufacture, cultivate, or transport cannabis to the state for retail sale.
- IV. Authorizes a municipality to enact an ordinance prohibiting or limiting the number and type of cannabis establishments that may be permitted within the municipality and regulating the time, place, and manner of operation of a cannabis establishment permitted within the municipality.
- V. Establishes the cannabis control fund and requires funds to be distributed to the department of health and human services, bureau of drug and alcohol services, for education tax relief, public safety agency training purposes, and children's behavioral health services.
- VI. Makes an appropriation to the department of health and human services to create public media and social media campaigns to address some of the risks of cannabis use.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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22-2787 04/05

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Two

AN ACT legalizing the possession and use of cannabis.

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

- 1 Purpose and Findings. The general court hereby finds that:
- I. The people of the state of New Hampshire find and declare that the use of cannabis by a person 21 years of age or older should be legal and subject to reasonable regulations.
- II. In the interest of the health and public safety of our citizenry, the people of the state of New Hampshire further find and declare that cannabis should be regulated in a manner similar to alcohol so that:
- (a) Individuals will be required to show proof of age before purchasing cannabis, and that the state shall protect the privacy of an individual's personally identifiable information in cannabis transactions.
- (b) Selling, distributing, or transferring cannabis to minors and other individuals under the age of 21 shall remain illegal.
- (c) Driving under the influence of cannabis or using cannabis while driving shall be illegal.
 - (d) All retail cannabis stores shall be operated by the state of New Hampshire.
- (e) Cannabis sold in this state shall be tested, labeled, and subject to additional regulations to ensure that consumers are informed and protected.
- (f) The state of New Hampshire shall not collect any transfer tax from any cannabis cultivator or retail sales tax from any consumer.
- 2 New Subparagraph; Application of Receipts; Cannabis Control Fund. Amend RSA 6:12, I(b) by inserting after subparagraph (382) the following new subparagraph:
- 21 (383) Moneys deposited in the cannabis control fund established in RSA 318-F:15.
- 22 3 Alcoholic Beverages; Statement From Purchaser as to Age. Amend RSA 179:8, I(d) to read as follows:
 - (d) A valid passport [from] *issued by the United States or by* a country with whom the United States maintains diplomatic relations.

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- 4 Model Drug Dealer Liability Act; Definition of Illegal Drug. Amend RSA 318-C:4, I to read as follows:
- I. "Illegal drug" means any drug which is a schedule I-IV drug under RSA 318-B, the possession, use, manufacture, sale, or transportation of which is not otherwise authorized by law.
- 5 New Chapter; Regulation of Cannabis. Amend RSA by inserting after chapter 318-E the following new chapter:

8 CHAPTER 318-F

REGULATION OF CANNABIS

318-F:1 Definitions. In this chapter:

- I. "Alternative treatment center" means an entity as defined in RSA 126-X:1, I.
- II. "Cannabis" means all parts of the plant of the genus cannabis whether growing or not, the seeds thereof, the resin extracted from any part of the plant, and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or its resin, including cannabis concentrate. "Cannabis" shall not include hemp, fiber produced from the stalks, oil, or cake made from the seeds of the plant, sterilized seed of the plant that is incapable of germination, or the weight of any other ingredient combined with cannabis to prepare topical or oral administrations, food, drink, or other product.
- III. "Cannabis accessories" or "cannabis paraphernalia" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, composting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, vaporizing, or containing cannabis, or for ingesting, inhaling, or otherwise introducing cannabis into the human body.
- IV. "Cannabis cultivation facility" or "cultivation facility" means an entity registered to cultivate, prepare, and package cannabis, and sell cannabis to retail cannabis stores, to cannabis product manufacturing facilities, and to other cannabis cultivation facilities, but not to consumers. A cannabis cultivation facility shall not produce cannabis concentrates, tinctures, extracts, or other cannabis products.
- V. "Cannabis establishment" means a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, a retail cannabis store, a cannabis transporter, or any other type of cannabis business authorized and registered by the commission.
- VI. "Cannabis product manufacturing facility" or "product manufacturing facility" means an entity registered to purchase cannabis, to manufacture, prepare, and package cannabis products, and sell cannabis and cannabis products to other cannabis product manufacturing facilities and to retail cannabis stores, but not to consumers.
- VII. "Cannabis products" means concentrated cannabis products and cannabis products that are comprised of cannabis and other ingredients and are intended for personal use such as, but not

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- limited to, creams, ointments, or tinctures. For the purpose of this paragraph, "cannabis products" 1 2 shall not include cannabis-infused food or drink products including but not limited to, cannabis-3 infused edibles such as candies, gummies, brownies, or cookies, or cannabis-infused alcoholic or non-4 alcoholic drinks or beverages of any kind.
- VIII. "Cannabis testing facility" or "testing facility" means an entity registered to test 5 6 cannabis for potency and contaminants.
- "Cannabis transporter" means an entity registered to transport cannabis between 8 cannabis establishments.
 - X. "Consumer" means a person 21 years of age or older who purchases cannabis or cannabis products for personal use by a person 21 years of age or older, but not for resale.
- 11 "Commission" means the liquor commission, division of cannabis enforcement and 12 licensing.
- 13 XII. "Department" means the department of health and human services.
- 14 XIII. "Disqualifying offense" means a violation of a state or federal controlled substances law 15 that was classified as a felony in the jurisdiction in which the person was convicted, but not 16 including:
 - (a) An offense for which the sentence, including any term of probation, incarceration, or supervised release was completed 5 or more years earlier; or
 - (b) An offense prior to the effective date of this chapter that consisted of cultivation or possession of an amount of cannabis not exceeding the possession limit.
- XIV. "Immature cannabis plant" means a cannabis plant that has not flowered and that 2122 does not have buds that may be observed by unaided visual examination.
 - XV. "Municipality" means a city, town, or an unincorporated place.
- 24XVI. "Possession limit" means:

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- (a) Four ounces of cannabis in plant form.
- (b) Ten grams of concentrated cannabis, including hashish.
- (c) Cannabis products containing THC purchased from a retail cannabis store which shall be limited to the rapeutic use only, for which the purchaser presents documentation permitting use of cannabis for therapeutic purposes pursuant to RSA 126-X, and which shall not contain more than 2 grams of THC.
- (d) For a person 21 years of age or older, cannabis-infused food or drink products, including but not limited to, cannabis-infused edibles such as candies, gummies, brownies, or cookies, or cannabis-infused alcoholic or non-alcoholic drinks or beverages of any kind, which contain a total of no more than 300 milligrams of tetrahydrocannabinol.
- 35 This paragraph shall not apply to the possession limits set forth in RSA 126-X:2.
- XVII. "Public place" means any place to which the general public has access. 36

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- XVIII. "Retail cannabis store" or "retail store" means a state-operated facility that purchases cannabis from a cannabis cultivation facility, or purchases cannabis and cannabis products from a cannabis product manufacturing facility, and sells, transfers, and delivers cannabis and cannabis products to consumers.
 - XIX. "Resident" means a natural person who:
 - (a) Is domiciled in New Hampshire; and
- (b) Has maintained a place of abode in New Hampshire for at least the past 2 years, unless the individual was homeless and residing in New Hampshire for at least 51 percent of the last 2 years.
 - 318-F:2 Personal Use of Cannabis.

- I. Except as otherwise provided in this chapter, the following acts, if undertaken by a person 21 years of age or older, shall not be illegal under New Hampshire law or the law of any political subdivision of the state or be a basis for seizure or forfeiture of assets under New Hampshire law:
- (a) Possessing, consuming, using, displaying, obtaining, purchasing, processing, producing, or transporting an amount of cannabis that does not exceed the possession limit, except that no adult other than one who is acting in his or her capacity as a staffer of a cannabis product manufacturer may perform extractions using solvents other than water, glycerin, propylene glycol, vegetable oil, food-grade ethanol, or carbon dioxide.
- (b) Transferring an amount of cannabis that does not exceed the possession limit to a person who is 21 years of age or older without remuneration. For purposes of this section, a transfer is for remuneration if cannabis is given away contemporaneously with another transaction between the same parties, if a gift of cannabis is offered or advertised in conjunction with an offer for sale of goods or services, or if the gift of cannabis is contingent upon a separate transaction for goods or services.
 - (c) Transferring cannabis, including cannabis products, to a cannabis testing facility.
 - (d) Controlling property where the acts described under this section occur.
- (e) Assisting another person who is 21 years of age or older in any of the acts described under this section.
- II. No law enforcement officer employed by an agency that receives state or local government funds shall expend any state or local resources, including the officer's time, to effect any arrest or seizure of cannabis, or conduct any investigation, on the sole basis of activity the officer believes to constitute a violation of federal law if the officer has reason to believe that such activity is in compliance with this chapter, nor shall any such officer expend any state or local resources, including the officer's time, to provide any information or logistical support related to such activity to any federal law enforcement authority or prosecuting entity.
- 318-F:3 Personal Cultivation Prohibited. No person shall cultivate cannabis plants unless authorized by law to do so.

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- 318-F:4 Smoking or Vaporizing of Cannabis in Public Prohibited; Penalty. No person shall smoke or vaporize cannabis in an area accessible to the public. Any person who violates this section shall be guilty of a violation, may be fined not more than \$500, and shall forfeit all cannabis and cannabis products.
 - 318-F:5 Smoking or Vaporizing of Cannabis in a Moving Vehicle Prohibited; Penalty.
- I. No person shall consume, smoke, or vaporize cannabis or knowingly permit a passenger in their motor vehicle to consume, smoke, or vaporize cannabis while operating or attempting to operate a motor vehicle on a way, or while operating or attempting to operate an off highway recreational vehicle, snowmobile, boat, vessel, aircraft, or other motorized device used for transportation on a way.
- II. Any person who violates this section who is the operator of a motor vehicle on a way, or while operating or attempting to operate an off-highway recreational vehicle, snowmobile, boat, vessel, aircraft, or other motorized device used for transportation, shall be guilty of a violation, may be fined not more than \$500, and shall have his or her driver's license suspended for up to 3 months for the first offense, and shall be guilty of a misdemeanor, and may be fined not more than \$1,000 and have his or her driver's license suspended for up to 6 months, or both, for a second or subsequent offense.
- III. The license suspension as described in this section shall only apply a person who violates this section and who is the operator of the motor vehicle, recreational vehicle, snowmobile, boat, vessel, aircraft, or other motorized device used for transportation.
- IV. When determining whether a person violated an offense under the section, the issue of whether the operator of the motor vehicle is impaired shall not be an element of the offense. A person who consumes, smokes, or vaporizes or permits another to consume, smoke, or vaporize cannabis in a motor vehicle, recreational vehicle, snowmobile, boat, vessel, aircraft, or other motorized device used for transportation he or she is operating shall be liable under this section without regard to fault.
 - V. In this section, "way" shall have the same meaning as in RSA 265-A:44.
 - 318-F:6 Cannabis Accessories Authorized.

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- I. Except as provided by this section, it shall not be illegal under New Hampshire law or be a basis for seizure or forfeiture of assets under New Hampshire law for a person 21 years of age or older to manufacture, possess, or purchase cannabis accessories, or to distribute or sell cannabis accessories to a person who is 21 years of age or older.
- II. Except as provided by this section, a person who is 21 years of age or older, or a business entity, may manufacture, possess, obtain, and purchase cannabis paraphernalia, and may distribute, deliver, or sell cannabis paraphernalia to a person who is 21 years of age or older.
- III. No person or entity shall manufacture, distribute, or sell cannabis accessories that violate reasonable regulations enacted by the commission. Any person or entity that violates this

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paragraph shall be guilty of a violation for a first offense and subject to a fine of up to \$1,000 and 1 2 forfeiture of the cannabis accessories. A person shall be guilty of a class A misdemeanor for a second 3 or subsequent offense and shall forfeit the cannabis accessories. 318-F:7 Regulation of Cannabis. Not later than 8 months after the effective date of this chapter, 4 5 the commission shall adopt rules, pursuant to RSA 541-A relative to: 6 I. The registration, licensure, and regulation of all other cannabis establishments. 7 II. The manufacture and sale of cannabis accessories. 8 III. The requirements for the transportation of cannabis between cannabis establishments, 9 including documentation that shall accompany any cannabis being transported by cannabis 10 cultivation facilities. 11 IV. Procedures for the delivery of cannabis to consumers, including documentation that shall 12 accompany any cannabis being transported to consumers. 13 V. Procedures for hearings on civil fines and suspensions and revocations of licenses. 14 VI. Reasonable security requirements for each type of cannabis establishment, which may 15 be varied based on the size of the cannabis establishment. 16 VII. Health and safety rules, including regarding the packaging and preparing of cannabis 17 products, presence of contaminants, and restricting the use of pesticides that may be dangerous to 18 cannabis consumers. 19 VIII. Restrictions on the advertising, signage, marketing, and display of cannabis, including 20 prohibiting the design of advertising, signage, and marketing that would target or appeal to minors. 21IX. Labeling requirements for cannabis products, including: 22 (a) Mandating the disclosure of the THC content of each product. 23 (b) Requirements for packaging to ensure it is not designed to appeal to minors. 24(c) Establishing the amount of THC that may be included in each serving of a cannabis 25 product. 26 X. Requirements for the testing of all cannabis products for potency and contaminants. 27 XI. Requirements for informational materials which shall be available at any retail cannabis 28 store which shall include: 29 Information about the risks of cannabis use during pregnancy and while (a) 30 breastfeeding. Such information shall include the posting of an informational poster regarding the 31 risks of cannabis use during pregnancy and while breastfeeding in a conspicuous location. This may 32be identical to that required under RSA 126-X:8, XVI(c)(7). 33 (b) Information regarding safe storage and disposal of cannabis and paraphernalia to

prevent accidental poisonings, including the contact information for the Northern New England

Poison Control Center. This may be identical to that required under RSA 126-X:8, XVI(c)(8).

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(c) Information about the risks of cannabis use in adolescence. Such information shall include the posting of an informational poster on the risks of cannabis use in adolescence in a conspicuous location. This may be identical to that required under RSA 126-X:8, XVI(c)(9). 318-F:8 Registration Procedures for Cannabis Establishments. I. Each application for a registration to operate a cannabis establishment shall be submitted to the commission. II. Each application shall include both the fee established by the commission and a \$250 fee for the municipality to review the application. III. The liquor commission shall: (a) Accept and process applications beginning no later than May 1, 2023 for cannabis cultivation facilities, and beginning no later than August 1, 2023 for cannabis product manufacturing facilities, cannabis transporters, and cannabis testing facilities. (b) Immediately forward a copy of each application and the municipal fee to the municipality in which the applicant desires to operate the cannabis establishment. (c) Issue a registration to the applicant within 90 days after receipt of an application unless: (1) The commission finds the applicant is not in compliance with the requirements of this chapter or rules adopted under this chapter; (2) The commission is notified by the relevant municipality that the applicant is not in compliance with an ordinance adopted pursuant to this chapter and in effect at the time of application; or More qualified applicants have applied than the number of registrations (3) available in the municipality, and the applicant was not selected. IV. Each registration applies to a single parcel of real property. Any additional address requires a separate application and registration. V. A renewal application may be submitted up to 90 days prior to the expiration of the cannabis establishment's registration. The renewal application shall be granted within 30 days of its submission unless the applicant has not paid the fee, the cannabis establishment's registration is suspended or revoked, or the cannabis establishment has a pattern of violations of this law, the rules issued pursuant to it, or municipal regulations. VI. Notwithstanding RSA 126-X, an alternative treatment center registered to operate pursuant to RSA 126-X may file an application to obtain a separate registration to operate as a for profit cannabis cultivation facility, cannabis product manufacturing facility, or cannabis transporter, pursuant to this chapter. Such applicant shall comply with the same application procedures set forth in this section and shall be subject to the provisions of this chapter. If approved, the applicant may operate as an alternative treatment center pursuant to RSA 126-X, and as a cannabis

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- cultivation facility, cannabis product manufacturing facility, or cannabis transporter, pursuant to this chapter, as a separate entity.
 - 318-F:9 Enactment of Municipal Ordinances.

- I. A municipality may enact an ordinance prohibiting or limiting the number and type of cannabis establishments that may be permitted within the municipality and regulating the time, place, and manner of operation of a cannabis establishment, which is permitted within the municipality.
- II. A municipality may enact an ordinance specifying the entity within the municipality that shall be responsible for reviewing applications submitted for a registration to operate a cannabis establishment within the municipality. The entity designated by the municipality shall be responsible for indicating whether the application is in compliance with municipal ordinances.
 - 318-F:10 Residency Required.
- I. Except as provided in this section, any person applying for a cannabis establishment registration shall have been a resident, or shall have at least one director, officer, partner, member, or manager who has been a New Hampshire resident, for at least 3 years immediately preceding the date of application.
 - II. This section shall not apply to an applicant for a testing facility registration.
 - 318-F:11 Background Checks Required.
- I. A cannabis establishment shall conduct a state and federal background check prior to making a final offer of employment to a prospective manager or operator.
- II. No cannabis establishment shall employ any person who has been convicted of a disqualifying offense as an officer, director, general partner, member, or manager. No person convicted of a disqualifying offense shall work as an officer, director, general partner, member, or manager of a cannabis establishment or serve on the board of a cannabis establishment.
- 318-F:12 Restrictions on Location. No cannabis establishment shall operate, nor shall a prospective cannabis establishment apply for a registration, if the establishment would be located within 1,000 feet of the property line of a pre-existing public or private elementary or secondary school.
 - 318-F:13 Proof of Purchaser's Identity.
- I. For the purposes of this chapter, any person or entity making the sale of cannabis or cannabis accessories to any purchaser whose age is in question may accept any official documentation listed in RSA 179:8 as proof that the purchaser is 21 years of age or older.
- II. The establishment of all of the following facts by a retail cannabis store or an agent or employee of a retail cannabis store making a sale of cannabis or cannabis accessories to a person under the age of 21 shall constitute an affirmative defense to any prosecution for such sale:
- (a) That the person presented what an ordinary and prudent person would believe to be valid documentation of a type listed in RSA 179:8.

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- (b) That the sale was made in good faith relying upon such documentation and appearance in the reasonable belief that the person was 21 years of age or older.
 - 318-F:14 Professional License Holder Immunity.

- I. A holder of a professional or occupational license shall not be subject to professional discipline for providing advice or services related to cannabis establishments or applications to operate cannabis establishments on the basis that cannabis is illegal under federal law.
- II. An applicant for a professional or occupational license shall not be denied a license based on previous employment related to cannabis establishments operating in accordance with state law.
 - 318-F:15 Cannabis Control Fund Established; Disbursement of Funds.
- I.(a) There is established in the state treasury a nonlapsing fund to be known as the cannabis control fund. The fund shall be kept distinct and separate from all other funds in the state treasury, and the moneys credited to the fund shall be held distinct and separate from all other funds over which the state treasurer has control. Moneys in the fund shall be deposited with any financial institution as defined in RSA 383-A:2-201(a)(27-a), with a branch in the state.
- (b) Notwithstanding any provision of law to the contrary, a financial institution with a branch within this state may provide financial services, including receiving deposits, extending credit, conducting fund transfers, or other financial services, to the state and the commission with respect to moneys credited to the cannabis control fund, any other cannabis related funds over which the state or a municipality has control regardless of the manner or fund in which such funds are held, and with respect to the funds of any private entity authorized to conduct a cannabis-related business activity pursuant to this chapter.
- II. The commission shall credit all fees and civil penalties imposed under this chapter and all other related moneys received from public or private sources to the fund.
- III. Beginning July 1, 2023, and each biennium thereafter, the commission shall include the cost of administration of this chapter in the commission's efficiency expenditure request pursuant to RSA 9:4. Appropriations for such costs shall be a charge against the fund.
- IV. Not later than June 30, 2027, the commission shall reimburse the general fund from the cannabis control fund for any initial or start-up funds appropriated to the commission for the administration and operation of this chapter, Any remaining fund moneys shall be disbursed each fiscal year as follows:
- (a) Fifty percent of remaining funds shall be transferred to the education trust fund established in RSA 198:39. The comptroller shall notify the commissioner of the department of revenue administration of the amount of the transfer. For the purpose of setting the education tax rate under RSA 76:3, the amount of revenue required to be collected pursuant to RSA 76:3 shall be reduced by the amount transferred to the education trust fund as required in this subparagraph, and the commissioner shall set the rate at a level sufficient to generate the reduced amount. This rate shall be effective for the following fiscal year.

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- (b) Thirty percent of remaining funds shall be disbursed to the department of administrative services to be credited to the New Hampshire retirement system to offset the retirement system's unfunded accrued liability. Upon certification by the commissioner of the department of administrative services that the retirement system has no remaining unfunded accrued liability, this disbursement of funds shall be credited to the education trust fund established in RSA 198:39.
- (c) Ten percent of remaining funds, or \$25,000,000, whichever is less, shall be credited to the department of health and human services, bureau of drug and alcohol services, for use in evidence-based, voluntary programs for substance use-related education, prevention, treatment, and recovery that includes mental health treatment that is contributing to substance misuse, and for scientifically and medically accurate public education campaigns educating youth and adults about the health and safety risks of alcohol, tobacco, cannabis, and other substances, including education campaigns separately targeting youth and adults that provide medically and scientifically accurate information about the health and safety risks posed by cannabis use, including driving under the influence of cannabis.
- (d) Five percent of remaining funds shall be disbursed to public safety agencies, including police, fire, and rescue agencies, for the hiring and training of additional drug recognition experts, for advanced roadside impaired driving enforcement training, and to assist in responding to drug overdose incidents.
- (e) Five percent of remaining funds shall be disbursed to the department of health and human services, division for behavioral health, bureau of children's behavioral health, to be used for children's behavioral health services.
 - 6 The Liquor Commission; Liquor Investigator Training. Amend RSA 176:9 to read as follows: 176:9 Liquor Investigator; Training.
- I. The commission may, subject to rules adopted by the director of personnel, employ and dismiss liquor investigators. Liquor investigators shall, under the direction of the commission, investigate any or all matters arising under this title. The commission may select and retain market consultants through a competitive bidding process approved by the governor and the executive council. Any such contract with a third-party agent shall be for consulting services relating to marketing and regulation of cannabis for purposes of cultivation, manufacturing, testing, and retail sale.
- II. Any new liquor investigator employed by the commission under this section after August 13, 1985, shall, within 6 months of employment, satisfactorily complete a preparatory police training program as provided by RSA 106-L:6, unless he or she has already completed such a program.
- III. The commissioner, deputy commissioner, assistant, or liquor investigator may enter any place where liquor, beverages, tobacco products, e-cigarettes, or cannabis are sold [ex], manufactured, or cultivated at any time, and may examine any license or permit issued or

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1 purported to have been issued under the terms of this title. They shall make complaints for 2 violations of this title. 7 New Paragraph; The Liquor Commission; Commission to Sell. Amend RSA 176:11 by 3 inserting after paragraph II the following new paragraph: 4 III.(a) It shall be the duty of the commission to buy and have in its possession cannabis and 5 6 cannabis products as defined in RSA 318-F:1 for sale in the manner provided in RSA 318-F, and to 7 sell cannabis for therapeutic purposes as authorized under RSA 126-X. Such cannabis shall be free 8 from adulteration and misbranding within the meaning of the provisions of RSA 146. All cannabis 9 sold for therapeutic use shall conform to the standards and tests for such cannabis under New 10 Hampshire law at the time of sale. All purchases of cannabis shall be made by the commission 11 directly and not through the department of administrative services. The commission shall be subject 12 to all the provisions of RSA 9. 13 (b) In the event that the commission determines New Hampshire cannabis revenues are 14 being diverted by actions taken by persons holding any type of cannabis license, the commission may 15 take such marketing or merchandising action, or both, as it deems necessary, including sanctions 16 against the competing entities. 17 8 New Paragraph; The Liquor Commission; Rulemaking. Amend RSA 176:14 by inserting after 18 paragraph IX the following new paragraph: 19 IX-a. Cannabis licenses, including: 20 (a) Separate licenses for cultivation, manufacturing, and testing of cannabis, and dual licenses as the commission may approve. 2122 (b) Requirements and restrictions for each type of license. 23 (c) Procedures and forms to apply for or renew a license. 24 (d) Safekeeping of licenses. 25 (e) Authorized expansion of a licensed facility and procedures for authorization. 26 Procedures to approve exceptions of license requirements, restrictions, and (f) 27 limitations. 28 (g) Training and continuing education required or recommended for licensees. 29 IX-b. Cannabis licensee operations, including: 30 (a) Procedures for on-premises and off-premises licensees to purchase cannabis. 31 (b) Credit and billing procedures, including fees for late payment. 32 (c) Bailment requirements, including fees. 33 (d) Restrictions on packaging, promotions, signage, and operating hours. 34 (e) Relations between types of licensees.

(f) Collection of additional fees required under RSA 178:6, VI, RSA 178:8, IV, and RSA

36 178:26.

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

- (k) Objects used or intended for use or customarily intended for use in ingesting, inhaling, or otherwise introducing [marijuana,] cocaine[, hashish, or hashish oil] into the human body, such as:
- 10 Controlled Drug Act; Penalties. Amend the introductory paragraph in RSA 318-B:26, I to read as follows:
 - I. Any person who manufactures, sells, prescribes, administers, or transports or possesses with intent to sell, dispense, or compound any controlled drug, controlled drug analog or any preparation containing a controlled drug, except as authorized in this chapter or as otherwise authorized by law; or manufactures, sells, or transports or possesses with intent to sell, dispense, compound, package or repackage (1) any substance which he or she represents to be a controlled drug, or controlled drug analog, or (2) any preparation containing a substance which he or she represents to be a controlled drug, or controlled drug analog, shall be sentenced as follows, except as otherwise provided in this section:
 - 11 Controlled Drug Act; Penalties. Amend the introductory paragraph in RSA 318-B:26, II to read as follows:
 - II. Any person who knowingly or purposely obtains, purchases, transports, or possesses actually or constructively, or has under his control, any controlled drug or controlled drug analog, or any preparation containing a controlled drug or controlled drug analog, except as authorized in this chapter *or as otherwise authorized by law*, shall be sentenced as follows, except as otherwise provided in this section:
 - 12 Controlled Drug Act; Penalties. Amend RSA 318-B:26, II(c)-(e) to read as follows:
 - (c) In the case of more than 3/4 ounce of marijuana or more than 5 grams of hashish, including any adulterants or dilutants[5] is possessed by a person who is under 21 years of age, or, in the case of an amount exceeding the possession limit defined in RSA 318-F:1 possessed by a person who is 21 years of age or older, except if possessed by a person authorized pursuant to RSA 126-X, the person shall be guilty of a misdemeanor. [In the case of marijuana infused products possessed by persons under the age of 21 or marijuana infused products as defined in RSA 318-B:2 e, other than a personal use amount of a regulated marijuana infused product as defined in RSA 318-B:2 e, I(b), that are possessed by a person 21 years of age or older, the person shall be guilty of a misdemeanor.]
 - (d) In the case of 3/4 ounce or less of marijuana or 5 grams or less of hashish, including any adulterants or dilutants, *that is possessed by a person who is under 21 years of age*, the person shall be guilty of a violation pursuant to RSA 318-B:2-c. [In the case of a person 21 years of age or older who possesses a personal-use amount of a regulated marijuana infused product as defined in RSA 318-B:2-c, I(b), the person shall be guilty of a violation pursuant to RSA 318-B:2-c.]

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- (e) In the case of a residual amount of a controlled [substance,] *drug*, *other than marijuana* [as defined in RSA 318 B:1, XXIX-a], a person shall be guilty of a misdemeanor if the person is not part of a service syringe program under RSA 318-B:43.
 - 13 Controlled Drug Act; Penalties. Amend RSA 318-B:26, III(a) to read as follows:
- (a) [Except as provided in RSA 318-B:2-c,] Controls any premises or vehicle where he or she knows a controlled drug or its analog, *other than marijuana*, is illegally kept or deposited;
 - 14 Personal Possession of Marijuana. Amend RSA 318-B:2-c to read as follows:
 - 318-B:2-c [Personal] Possession of Marijuana by a Person Under 21 Years of Age.
 - [1.] In this section:

- [(a)] *I.* "Marijuana" includes the leaves, stems, flowers, and seeds of all species of the plant genus cannabis, but shall not include the resin extracted from any part of such plant and every compound, manufacture, salt, derivative, mixture, or preparation from such resin including hashish, and further, shall not include the mature stalks of such plant, fiber produced from such stalks, oil or cake made from the seeds of such plant, any other compound, manufacture, salt, derivative, mixture, or preparation of such mature stalks, fiber, oil or cake, or the sterilized seed of such plant which is incapable of germination.
- [(b) "Personal use amount of a regulated marijuana infused product" means one or more products that is comprised of marijuana, marijuana extracts, or resins and other ingredients and is intended for use or consumption, such as, but not limited to, edible products, ointments, and tinetures, which was obtained from a state where marijuana sales to adults are legal and regulated under state law, and which is in its original, child-resistant, labeled packaging when it is being stored, and which contains a total of no more than 300 milligrams of tetrahydrocannabinol.]
- II. Except as provided in RSA 126-X, any person *under 21 years of age* who knowingly possesses 3/4 of an ounce or less of marijuana, including adulterants or dilutants, shall be guilty of a violation, and subject to the penalties provided in paragraph V.
- III. Except as provided in RSA 126-X, any person *under 21 years of age* who knowingly possesses 5 grams or less of hashish, including adulterants or dilutants, shall be guilty of a violation, and subject to the penalties provided in paragraph V.
- IV. [Except as provided in RSA 126-X, any person 21 years of age or older possessing a personal-use amount of a regulated marijuana-infused product shall be guilty of a violation, and subject to the penalties provided in paragraph V. Persons 18 years of age or older and under 21 years of age who knowingly possess marijuana-infused products shall be guilty of a misdemeanor.
- V_·](a) Except as provided in this paragraph, any person 18 years of age or older who is convicted of violating paragraph II or III[, or any person 21 years of age or older who is convicted of violating paragraph IV] shall be subject to a fine of \$100 for a first or second offense under this paragraph, or a fine of up to \$300 for any subsequent offense within any 3-year period; however, any person convicted based upon a complaint which alleged that the person had 3 or more prior

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- convictions for violations of paragraph II[¬] or III[¬or IV], or under reasonably equivalent offenses in an out-of-state jurisdiction since the effective date of this paragraph, within a 3-year period preceding the fourth offense shall be guilty of a class B misdemeanor. The offender shall forfeit the marijuana[¬, regulated marijuana infused products¬,] or hashish to the state. A court shall waive the fine for a single conviction within a 3-year period upon proof that person has completed a substance abuse assessment by a licensed drug and alcohol counselor within 60 days of the conviction. A person who intends to seek an assessment in lieu of the fine shall notify the court, which shall schedule the matter for review after 180 days. Should proof of completion of an assessment be filed by or before that time, the court shall vacate the fine without a hearing unless requested by a party.
- (b) Any person under 18 years of age who is convicted of violating paragraph II or III shall forfeit the marijuana or hashish and shall be subject to a delinquency petition under RSA 169-B:6.
- [VI.] V.(a) Except as provided in this section, no person shall be subject to arrest for a violation of paragraph II[$\bar{}_{\bar{}_{1}}$] or III[$\bar{}_{\bar{}_{1}}$ or IV] and shall be released provided the law enforcement officer does not have lawful grounds for arrest for a different offense.
- (b) Nothing in this chapter shall be construed to prohibit a law enforcement agency from investigating or charging a person for a violation of RSA 265-A.
- (c) Nothing in this chapter shall be construed as forbidding any police officer from taking into custody any minor who is found violating paragraph II[,] *or* III[, or IV].
- (d) Any person *under 21 years of age who is* in possession of an identification card, license, or other form of identification issued by the state or any state, country, city, or town, or any college or university, who fails to produce the same upon request of a police officer or who refuses to truthfully provide his or her name, address, and date of birth to a police officer who has informed the person that he or she has been found to be in possession of what appears to the officer to be 3/4 of an ounce or less of marijuana[, a personal-use amount of a regulated marijuana infused product,] or 5 grams or less of hashish, may be arrested for a violation of paragraph II[,] or III[, or IV].
- [VII.] VI. All fines imposed pursuant to this section shall be deposited into the alcohol abuse prevention and treatment fund established in RSA 176-A:1 and utilized for evidence-informed substance abuse prevention programs.
- [VIII.] VII.(a) No record that includes personally identifiable information resulting from a violation of this section shall be made accessible to the public, federal agencies, or agencies from other states or countries.
- (b) Every state, county, or local law enforcement agency that collects and reports data for the Federal Bureau of Investigation Uniform Crime Reporting Program shall collect data on the number of violations of paragraph II[-] or III[- or IV]. The data collected pursuant to this paragraph shall be available to the public. A law enforcement agency may update the data annually and may make this data available on the agency's public Internet website.

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1 15 Alcohol or Drug Impairment; Possession of Drugs. Amend RSA 265-A:43 to read as follows:

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

16 Appropriation; Liquor Commission. The sum of \$4,600,000 for the fiscal year ending June 30, 2023 is hereby appropriated to the liquor commission for the cost of administration of RSA 318-F. The governor is authorized to draw a warrant for said sum from any money in the treasury not otherwise appropriated.

17 Appropriation; Department of Health and Human Services. The sum of \$150,000 for the fiscal year ending June 30, 2023 is hereby appropriated to the department of health and human services to create public media and social media campaigns which would be launched prior to the availability of cannabis for purchase from a cannabis retail store to address growing false perceptions of harmlessness and the impact of cannabis use for youth, safe storage of cannabis and use around children, increased motor vehicle accident risks, increased risk of psychosis, and potential risks of use during pregnancy.

18 Taxation; Education Tax. Amend RSA 76:3 to read as follows:

76:3 Education Tax. Beginning July 1, 2005, and every fiscal year thereafter, the commissioner of the department of revenue administration shall set the education tax rate at a level sufficient to generate revenue of \$363,000,000, less any amount credited to the education trust fund pursuant to RSA 318-F:15, IV(a), when imposed on all persons and property taxable pursuant to RSA 76:8, except property subject to tax under RSA 82 and RSA 83-F. The education property tax rate shall be effective for the following fiscal year. The rate shall be set to the nearest 1/2 cent necessary to generate the revenue required in this section.

- 19 Repeal. RSA 318-B:1, X-a(g), relative to separation gins and sifters used or intended for use with cannabis, is repealed .
- 30 20 Effective Date. This act shall take effect upon its passage.

HB 1598-FN- FISCAL NOTE

AS AMENDED BY THE HOUSE (AMENDMENTS #2022-1172h, 2022-1198h, 2022-1230h and 2022-1283h)

AN ACT legalizing the possession and use of cannabis.

FISCAL IMPACT: [X] State [X] County [X] Local [None

	Estimated Increase / (Decrease)			
STATE:	FY 2022	FY 2023	FY 2024	FY 2025
Appropriation	\$0	\$4,750,000	\$0	\$0
Revenue	\$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Expenditures	\$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Funding Source:	[X] General Cannabis Control F	[] Education Fund, Various Govern	[X] Highway ment Funds	[X] Other -

COUNTY:

Revenue	\$0	Indeterminable	Indeterminable	Indeterminable
Revenue	ΦΟ	Increase	Increase	Increase
Expenditures	ФО	Indeterminable	Indeterminable	Indeterminable
	\$0	Increase	Increase	Increase

LOCAL:

Revenue	\$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Expenditures	\$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase

METHODOLOGY:

The Liquor Commission indicates this bill would assign cannabis sale and licensure responsibilities to the Liquor Commission including the responsibility to set up retail store operations, regulate the licensing and enforcement of the provisions within the bill and generate the revenues that will be earmarked for various agencies and public health and law enforcement functions. The bill appropriates the sum of \$4,600,000 for the fiscal year ending June 30, 2023 to the Commission for the administration of RSA 318-F. The Commission provides the following information concerning the fiscal impact of the bill:

• The bill requires the Commission to adopt rules no later than 8 months after the effective date of this law and to begin to accept and process applications no later than May 1, 2023 for cannabis cultivation facilities, and no later than August 1, 2023 for cannabis product

- manufacturing facilities, cannabis transporters, and cannabis testing facilities. The Commission believes this time line is short considering the scope of the legislation.
- The Commission anticipates possible legal challenges to the licensing review process if "unqualified" entities are denied a license for a cannabis business.
- The Commission indicates it will need additional personnel and resources to perform the duties outlined in the bill. The bill appropriates the sum of \$4,600,000 for the fiscal year ending June 30, 2023 to the Liquor Commission for the administration of RSA 318-F.
- Ongoing additional personnel and expenditures will depend on the number of locations
 established with the initial appropriation. Beginning July 1, 2023, and each biennium
 thereafter, the commission will include the cost of administration in its operating budget
 request pursuant to RSA 9:4.
- The Commission has been successful in developing a reputation among consumers in both the United States and Canada. To avoid alienating or confusing consumers, the Commission proposes to operate retail locations for the sale of cannabis separately from liquor and wine locations. The Commission would lease the new locations and equip the locations with the furniture and equipment necessary for the operation of retail outlets and the enforcement of the requirements in the bill.
- Because the sale of cannabis is not currently lawful, the Commission has no historical data to use in projecting revenues. The Commission would look at information from other states that have legalized cannabis, but none of these states utilize a model where the State is the retailer of cannabis. At this time the Commission is not able to project the amount of revenue that would be generated from the sale of cannabis, or the length of time needed to achieve any fiscal milestones.

The Department of Health and Human Services, Bureau of Drug and Alcohol Services notes there is considerable uncertainty about the impact that legalizing marijuana in New Hampshire would have on public budgets including potential increase in consumption, treatment utilization, and the costs associated with prevention. The Department states the science is currently divided on the causal effects of marijuana on psychoses, schizophrenia, and drugged driving and, therefore, the Department is unable to determine if these areas would be impacted resulting in additional costs. The evidence of treatment needs for cannabis use disorder in the state is however documented.

The Department indicates the impact on the Department's expenditures from allocation from the cannabis control fund of \$25 million or 10% of remaining funds to the Department is indeterminable due to the potential variability of sales revenue. The impact of the additional allocation of 5% or remaining funds to be used for children's behavioral health services is also indeterminable as the revenue cannot be estimated in advance. The bill also makes an

appropriation \$150,000 in FY 2023 to the Department to create a public and social media campaign to provide education on the impact for youth, safe storage of cannabis, risks of use of cannabis around children, increased incidents motor vehicle accidents, risks of use during pregnancy, increased risks of mental health conditions including psychosis. The Department estimates the appropriation may not be sufficient to cover the cost of a comprehensive public and social media campaign.

The Department assumes the bill may have unintended impacts on the state's Therapeutic Cannabis Program and the state's licensed Alternative Treatment Centers (ATCs). Typically, with adult-use legalization, a medical cannabis program will experience a decrease in patient registration as number of patients choose to access the non-State Registry-based market. The proposed model does not include any taxes on adult-use sales, which will encourage therapeutic patients to purchase from the lowest cost option and further drive patients away from the therapeutic cannabis ATCs, threatening their viability. In addition, the bill requires the sale of cannabis for therapeutic purposes and allows the sale of certain cannabis products to therapeutic patients, which are not available to non-therapeutic patients, creating direct competition with the state's licensed ATCs.

The Department indicates the overall fiscal impact of the is indeterminable, but assumes it would need the following new positions:

Positions	FY 2023	FY 2024	FY 2025
Program Specialist IV (LG 25)	\$90,000	\$94,000	\$98,000
Program Specialist IV (LG 25)	\$90,000	\$94,000	\$98,000
Business Administrator II (LG 24)	\$87,000	\$91,000	\$95,000
Financial Analyst (LG 24)	<u>\$87,000</u>	<u>\$91,000</u>	<u>\$95,000</u>
Totals:	\$354,000	\$370,000	\$386,000

The Department of Safety, Division of State Police indicates the impact to law enforcement in general would increase. The bill would likely result in an increase in impaired drivers, toxicology testing, black market sales and the investigation of crimes related to cannabis establishments. These enforcement issues would impact local and state law enforcement and lead to a need for increases in manpower and training.

The Department of Revenue Administration indicates this bill would require a transfer of revenue from the Cannabis Control Fund to the Education Trust Fund to offset the state education tax rate. The bill would be expected to reduce the amount of revenue raised by the state education tax without resulting in any loss of revenue to the education trust fund. The Department is unable to identify when transfers from the Cannabis Control Fund to the Education Trust Fund will begin, but assumes the first transfer would not likely occur for

several fiscal years due to the expected time line of standing up the framework for legalized sale of recreational cannabis in the state, and the requirement in RSA 318-F:15 that start-up costs be reimbursed to the general fund prior to transfer of revenue to the education trust fund. The Department assumes the bill would not result in additional administrative costs that could not be absorbed in its operating budget.

The New Hampshire Municipal Association indicates legalization of cannabis is likely to affect municipal expenditures, primarily for law enforcement. There may be a reduction in expenditures related to drug enforcement because sale, possession, and use of cannabis by adults will no longer be illegal. At the same time, if legalization results in an increase in usage, there may be an increase in expenditures related to impaired driving enforcement, overdose response, and preventing sale to minors. These effects are speculative and not capable of estimate. Therefore, the Association cannot estimate the effect on municipal expenditures.

The bill provides for a distribution of funds in the following formulation after the cost of operation and expansion of state-run retail outlets: 50% to offset the tax relative to the education trust fund, 30% to offset the retirement system's unfunded accrued liability, 10%, or \$25,000,000, whichever is less, to DHHS for substance use-related education, treatment, etc., 5% to public safety agencies and 5% of remaining funds to DHHS for children's behavioral health services. This formula would decrease the amount municipalities pay toward the retirement system's unfunded accrued liability, lessening municipal costs, but the Association cannot estimate the potential decrease in municipal expenditures as compared to increased enforcement costs. The Association cannot estimate the amount of any increase in municipal revenues.

This bill contains penalties that may have an impact on the New Hampshire judicial and correctional systems. There is no method to determine how many charges, or fewer charges, would be brought as a result of the changes contained in this bill to determine the fiscal impact on expenditures. However, the entities impacted have provided the potential costs associated with these penalties below.

Judicial Council	FY 2022	FY 2023
Public Defender Program	Has contract with State to provide services.	Has contract with State to provide services.
Contract Attorney – Misdemeanor	\$300/Case	\$300/Case
Assigned Counsel – Misdemeanor	\$60/Hour up to \$1,400	\$60/Hour up to \$1,400

It should be noted that a person needs to be found indigent and have the potential of being incarcerated to be eligible for indigent defense services. Historically, approximately 85% of the indigent defense caseload has been handled by the public defender program, with the remaining cases going to contract attorneys (14%) or assigned counsel (1%). Beginning in March of 2021, the public defender program has had to close intake to new cases due to excessive caseloads. Due to these closures, the contract and assigned counsel program have had to absorb significantly more cases. The system is experiencing significant delays in appointing counsel and the costs of representation have increased due to travel time and multiple appointments.

Department of Corrections	FY 2022	FY 2023
FY 2021 Average Cost of Incarcerating an Individual	\$54,386	\$54,386
FY 2021 Annual Marginal Cost of a General Population Inmate	\$5,715	\$5,715
FY 2021 Average Cost of Supervising an Individual on Parole/Probation	\$603	\$603
NH Association of Counties	FY 2022	FY 2023
County Prosecution Costs	Indeterminable	Indeterminable
Estimated Average Daily Cost of Incarcerating an Individual	\$105 to \$125	\$105 to \$125

This bill contains penalties that will have an indeterminable impact on the Judicial Branch system. There is no method to determine how many charges, or how many fewer charges, would be brought as a result of the changes contained in this bill to determine the fiscal impact on expenditures. In the past the Judicial Branch has used averaged caseload data based on time studies to estimate the fiscal impact of proposed legislation. The per case data on costs for routine criminal cases currently available to the Judicial Branch are based on studies of judicial and clerical weighted caseload times for processing average routine criminal cases that are more than fifteen years old, so the data does not have current validity. A new case study is being conducted and updated estimates will be available in the future.

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 may be able to absorb the cost within its existing budget. However, if the Department needs to prosecute significantly more cases or handle more appeals, then costs will increase by an indeterminable amount.

The bill appropriates general funds in the sum of \$4,600,000 for the fiscal year ending June 30, 2023 to the Liquor Commission for the administration of RSA 318-F and \$150,000 for the fiscal year ending June 30, 2023 to the Department of Health and Human Services to create public media and social media campaigns. It is assumed that any fiscal impact would not occur until after FY 2022.

AGENCIES CONTACTED:

Liquor Commission, Judicial Branch, Judicial Council, New Hampshire Association of Counties, New Hampshire Municipal Association, and the Departments of Justice, Safety, Health and Human Services, and Corrections