MAY 6 2019

The Honorable Philip Mendelson
Chairman, Council of the District of Columbia
1350 Pennsylvania Avenue, N.W.
Suite 504
Washington, D.C. 20004

Dear Chairman Mendelson:

Today, I am transmitting to the Council of the District of Columbia for its consideration and enactment the “Safe Cannabis Sales Act of 2019” (Safe Cannabis Act). The Safe Cannabis Act would create a comprehensive regulatory scheme for the cultivation, manufacture, distribution, and sale of marijuana.

Over the years, the District has taken several steps toward decriminalizing the possession and use of marijuana. The Safe Cannabis Act would transition the District to a legal market by establishing a taxation and regulatory system for marijuana and marijuana products sold for non-medical use in the District. The Bill seeks to enhance safety and public health by creating a safer market. The Bill would also expand business and job opportunities for District residents including those most affected by prohibition.

Some of the highlights of the Bill include:

1. Giving the Alcoholic Beverage Regulation Administration, which will be renamed the Alcoholic Beverage and Cannabis Administration (ABCA), and the Board the authority to regulate and license the sale, use, distribution, and cultivation of marijuana in the District;
2. Establishing a regulatory, enforcement, and licensing scheme that closely mirrors the existing scheme for alcoholic beverages under Title 25 of the D.C. Official Code by creating new chapters 21 through 30;
3. Addressing contracting and banking issues faced by licensees by (a) seeking to make contracts entered into by a licensed establishment enforceable despite marijuana being illegal under federal law; and (b) amending the District’s existing banking code by authorizing the provision of financial services to cannabis licensees by District-chartered financial institutions;
4. Transferring the District’s medical marijuana program from the Department of Health to ABCA;
5. Establishing a tax scheme for marijuana licensees as well as setting forth a method for distributing the money collected;
6. Providing an opportunity for residents to protest marijuana license applications;
7. Requiring a Seed to Sale Tracking System similar to what presently exists for medical marijuana sales;
8. Setting restrictions on a licensee’s use of signs, logos, and advertisements;
9. Mandating automated record sealing of all records of arrests, charges, and convictions and related Superior Court proceedings for cases involving the possession of marijuana within one year of enactment; and
10. Requiring at least 60% of ownership of each new licensee and 60% of licensed employees to be District residents.

I urge the Council to take prompt and favorable action on the enclosed legislation.

Sincerely,

Muriel Bowser
Mayor
A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

Chairman Phil Mendelson, at the request of the Mayor, introduced the following bill, which was referred to the Committee on _____________.

To amend Title 25 of the District of Columbia Official Code to establish the Alcoholic Beverage and Cannabis Board and the Alcoholic Beverage and Cannabis Administration; to establish that the Chairperson of the ABCA Board may also have demonstrated knowledge in the cannabis industry; to define various terms for new chapters 21 through 30; to prohibit the sale of cannabis or cannabis products without a license; to provide the Board with the authority to issue marijuana licenses for 3 year periods; to prohibit exchanges of marijuana for purchasing another item; to create cultivation, manufacturer, distributor, off-premises retailer, and testing facility license categories; to require the Board to consider within 18 months new off-premises and on-premises retailer’s license categories; to require laboratory agent registration with the ABCA; to require persons volunteering or working at cultivation, manufacturer, distributor, and off-premises retailers to obtain a worker’s license; to require off-premises retailers and medical marijuana dispensaries to obtain a delivery endorsement from the Board to deliver cannabis and cannabis products directly to District residents’ homes; to require an off-premises retailer that also operates a medical marijuana dispensary at the same location to obtain a medical marijuana endorsement; to clarify when a cultivation licensee importing clones or plants is not in violation of District law; to establish both a Cannabis Regulation Administration Fund and a Cannabis Sales Tax Fund; to require the Board to implement conforming regulations within 6 months; to require ABCA to provide a free new licensee orientation class; to establish general qualifications for applicants for marijuana licenses; to clarify the number of licenses that an applicant can apply for; to require an applicant to have at least one or more directors, owners, or partners who are District residents that, individually or collectively, own 60% or more of the licensed establishment, excepting those facilities holding medical marijuana licenses.
licenses as of May 2, 2019; to ban straw ownership to satisfy the requirements of
the District residency requirements; to establish general qualifications for
proposed establishments; to clarify when the appropriateness standards apply to
marijuana license applications; to establish criteria for transfer to new owner and
new location applications; to prohibit cultivation, manufacturer, and new off-
premises retailer's licenses from being granted to entities located within 400 feet
of a pre-existing school or recreation area operated by the Department of Parks
and Recreation; to prohibit off-premises retailers from being located within 400
feet of each other or in a residential-use district; to establish a 2 year roll-out plan
for marijuana license applications; to require the Board to establish application
requirements for license renewals; to require the Board to give notice to the public
for 45 days of various marijuana license applications; to establish procedures for
Board hearings and decisions; to establish licensing fees for marijuana license
applications; to establish requirements for filing a protest; to provide an affected
ANC great weight; to require at least one manager to be Board-approved; to
establish general operating and testing requirements for marijuana licensed
establishments; to require a marijuana establishment to post its license and require
off-premises retailers to post window lettering; to require the Board to propose
regulations for required warning signs; to set hours of operation, sales and
delivery for marijuana licensed establishments; to prohibit off-premises retailers
or others from providing free samples; to prohibit off-premises retailers from
giving away free marijuana products as part of a promotional giveaway or
sweepstakes; to prohibit tie-in purchases; to require licensees to utilize a seed to
sale tracking system; to limit cultivation licenses to 10,000 plants at one time; to
establish permitted sale amounts to customers by an off-premises retailer; to
establish labeling and packaging requirements for marijuana products; to require
the Board by rulemaking to establish which substantial changes by licensees
require Board approval; to place restrictions on signs, logos and advertising by
marijuana licensed establishments; to prohibit the display of cannabis products
and paraphernalia in store windows; to place limits on indoor and outdoor
marijuana consumption; to require the Board to adopt a recognizable warning
symbol for marijuana packaging, signage, and advertisements; to allow a medical
marijuana dispensary to offer non-medical sales under certain conditions; to
prohibit the sale or delivery of cannabis or cannabis products to persons under 21
years of age and intoxicated persons; to prohibit anyone under 21 years of age
from entering a licensed off-premises retailer; to require a customer to provide an
off-premises retailer with a valid identification document; to prohibit a person
under 21 years of age from working or volunteering at a marijuana licensed
establishment; to allow internet delivery by an off-premises retailer or medical
marijuana dispensary to District residents' homes; to require licensed marijuana
establishments to utilize magnetometers, submit and follow a security plan and
maintain security cameras and retain video footage; to require a license that has
been discontinued for more than 14 calendar days to be placed in safekeeping for
up to one year and submit a disposal plan; to clarify that an off-premises retailer
can only sell cannabis, cannabis products and marijuana paraphernalia; to prohibit
the sale of cannabis or cannabis products via a vending machine or by self-
service; to provide enforcement authority to ABCA investigators, the Board, and
MPD; to require the Board to establish a civil penalty fine schedule by
rulemaking; to prohibit the sale of cannabis or cannabis products at licensed
alcohol and tobacco establishments; to prohibit alcohol or tobacco infused
cannabis; to prohibit tampering with marijuana packaging; to make it unlawful to
provide vaping devices to persons under 21 years of age; to make it unlawful to
forge a marijuana license; to provide a penalty for violations where no specific
penalty is provided; to impose a sales tax of 17% of the gross receipts from sales
of or charges for retail cannabis or cannabis products; to require off-premises
retailers to collect the sales tax from the purchaser on all sales subject to sales tax;
to require marijuana retail sales taxes to be filed electronically by the 20th day of
each month; to require that licensees are subject to income taxes; to allow
licensees to be subject to a business expenses tax exemption; to prohibit the
purchase, possession, use, or consumption of cannabis or cannabis products by
persons under 21 years of age; to clarify restrictions regarding the storage of
marijuana in a vehicle; to not subject persons providing professional services to
prospective or licensed marijuana establishments to disciplinary action; to clarify
that persons 21 years of age or older can sell or otherwise transfer marijuana
accessories to persons 21 years of age or older; to clarify that contracts entered
into by marijuana establishments are enforceable; to clarify that the act does not
change existing penalties for operating under the influence; to prohibit an excess
of 10 ounces of cannabis to be stored within or at a residence and to require an
excess of one ounce of cannabis be stored in an enclosed area or room equipped
with locks, if stored within the home; to clarify and define marijuana
concentrates; to prohibit the unlicensed use of butane and other explosive gases;
to seal public records for certain marijuana possession convictions; to establish
the authority for financial institutions to transact business with licensees under the
Safe Cannabis Sales Act of 2019; to establish a Safe Cannabis portal to aggregate
data on cannabis businesses from ABCA and ensure compliance from financial
institutions; to require the Department of Insurance, Securities, and Banking to
analyze and issue rules and practices to increase the availability of financial
services for licensees; to exempt information related to the location of cannabis
properties owned by a cannabis cultivator or manufacturer from FOIA disclosure;
and to allow the transfer to another person 21 years or older marijuana weighing
one ounce or less, or one clone, regardless of weight.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA,

That this act may be cited as the “Safe Cannabis Sales Act of 2019”, and may be known
as “Safe Cannabis Act.”

Sec. 2. Title 25 of the District of Columbia Official Code is amended as

follows:
(a) The word “ABRA” is replaced with the word “ABCA” wherever it appears in this Title.”.

(b) Chapter 1 is amended as follows:

(1) Section 25-101 is amended as follows:

(A) Subsection (1) is amended to read as follows:

“(1) “ABCA” means the Alcoholic Beverage and Cannabis Administration established by § 25-202.”.

(B) Subsection (2) is amended to read as follows:

“(2) “ABCA Fund” means the Alcoholic Beverage and Cannabis Administration Fund established by § 25-210.”.

(C) Subsection (11) is amended to read as follows:

“(11) “Board” means the Alcoholic Beverage and Cannabis Board established by § 25-201.”.

(c) Chapter 2 is amended as follows:

(1) The title of § 25-201 is amended to read as follows:

“§ 25-201. Establishment of the Alcoholic Beverage and Cannabis Board—appointment and responsibilities.”

(2) The first sentence of Section 25-201 is amended to read as follows:

“There is established an Alcoholic Beverage and Cannabis Board.”.

(3) Section 25-206 is amended to read as follows:

(A) Subsection (f)(2) is amended to read as follows:
“(f)(2) The chairperson shall have a demonstrated knowledge of the
laws and regulations related to the sale and delivery of alcoholic beverages in the District,
and may also have demonstrated knowledge of the cannabis industry.”.

(B) Subsection (g) is amended to read as follows:

“(g) No member or employee of the Board, directly or indirectly,
individually, or as a member of a partnership, association, or limited liability company, or
a shareholder in a corporation, shall have any interest in selling, transporting, or storing
alcoholic beverages or cannabis products, or receive a commission or profit from any
person licensed under this title to sell alcoholic beverages or cannabis products; provided,
that a Board member or employee may purchase, transport, or keep in his or her
possession an alcoholic beverage or cannabis product for his or her personal use or the
use of the members of his or her family or guests.”.

(d) A new Chapter 21 is added to read as follows:

CHAPTER 21. GENERAL PROVISIONS AND CLASSIFICATION OF
LICENSES.

“25-2101. Definitions
For purposes of chapters 21 through 30 of this title, the following terms shall
apply:

“(1) “Adult” means a person who is 21 years of age or older.
“(2) “Cannabidiol” or “CBD” means a nonpsychoactive cannabinoid found in
the plant Cannabis sativa L. or Cannabis indica or any other preparation thereof that is
essentially free from plant material, and has a tetrahydrocannabinol level of no more than
.3%.”
“(3) “Cannabinoid” means any of more than 100 compounds produced by marijuana plants that have medical or psychotropic effects.

“(4) “Cannabinoid product in liquid form” includes shakes and drinks, but not tinctures or oils.

“(5) “DCRA” means the Department of Consumer and Regulatory Affairs.

“(6) “Distribute” or “distribution” means the actual, constructive, or attempted transfer of cannabis or cannabis products from one person to another.

“(7) “DOES” means the Department of Employment Services.

“(8) “DOH” means the Department of Health, also known as DC Health.

“(9) “Electronic smoking device” shall have the same meaning as it is used in the Electronic Cigarette Parity Amendment Act of 2016, effective February 18, 2017 (D.C. Law 21-189; D.C. Official Code § 7-741.01(1)).

“(10) “FEMS” means the Fire and Emergency Medical Services Department.

“(11) “Finished marijuana” means usable marijuana, cannabis resin or cannabis concentrate.

“(12) “Hemp” means the plant of the genus Cannabis or any part of the plant, whether growing or not, with a delta-9-tetrahydrocannabinol concentration that does not exceed 0.3% on a dry weight basis of any part of the plant of the genus cannabis, or per volume or weight of marijuana product, or the combined percent of delta-9-tetrahydrocannabinol and tetrahydrocannabinolic acid in any part of the plant of the genus cannabis regardless of moisture content.

“(13) “Laboratory agent” means an employee of an independent testing facility who transports, possesses or tests marijuana.
“(14) "Manufacture" means to compound, blend, extract, infuse, or otherwise make or prepare a marijuana product.

“(15) "Marijuana" means all parts of the plant from the genus Cannabis, whether growing or not, with a THC concentration greater than 0.3% on a dry weight basis, the seeds thereof; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation on the plant, its seeds or resin. The term 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, cake, or the sterilized seed of the plant which is incapable of germination.

“(16) "Marijuana accessories" means equipment, products, devices or materials of any kind that are intended or designed for use in planting, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, containing, ingesting, inhaling, or otherwise introducing marijuana into the human body.

“(17) "Marijuana edibles" means food items made with marijuana or infused with marijuana oils.

“(18) "Marijuana establishment" means a marijuana cultivator, marijuana product manufacturer, marijuana retailer, independent testing facility, or any other type of marijuana-related business licensed by the Board.

“(19) "Marijuana products" means products that have been manufactured and contain marijuana or an extract from marijuana, including concentrated forms of
marijuana and products composed of marijuana and other ingredients that are intended
for use or consumption, including edible products, beverages, topical products,
ointments, oils and tinctures.

“(20) “Marijuana tincture” means an alcoholic extract of cannabis commonly
used in the production of marijuana extracts.

“(21) “Minor” means a person who is 20 years of age or younger.

“(22) “MPD” means the Metropolitan Police Department.

“(23) “OAH” means the Office of Administrative Hearings.

“(24) “OTR” means the Office of Tax and Revenue.

“(25) “Sale” or “sell” includes offering for sale, keeping for sale, cultivating
or manufacturing for sale, soliciting orders for sale, trafficking in, importing, exporting,
bartering, delivering for value or in any way other than by purely gratuitously
transferring. Every delivery of cannabis or a cannabis product made other than purely
gratuitously shall constitute a sale.

“(26) “Seed to sale tracking system” means an inventory control system used
by ABCA and licensees under this title to track the cultivation, manufacturing, and sales
of cannabis and cannabis products.

“(27) “Straw ownership” is nominal ownership without the attendant benefits
and risks of genuine ownership, where someone, often for a fee, allows themselves to be
named on documents, or purports in writing to be an owner, in whole or in part, to the
government for the sake of satisfying a regulatory requirement. Straw ownership for the
sake of satisfying a regulatory requirement is a species of fraud and may be used to
submit a false claim.
“(28) “Sweat equity contributions” are non-monetary investments that founders, owners and employees contribute to a business venture, through which they obtain shares of ownership as specified in a service agreement.

“(29) “Tetrahydrocannabinol” or “THC” means a crystalline compound that is the main psychoactive ingredient of cannabis.”.

§ 25-2102. Sale of cannabis or cannabis products without a license prohibited.

“(a) No person shall sell cannabis or cannabis products in the District without having first obtained an appropriate license as required by this title.

“(b) No cultivator, manufacturer, or distributor located within the District shall offer cannabis or any cannabis products for sale to, or solicit orders for the sale of cannabis or cannabis products from, any person not licensed under this title.

“(c) This Act shall not be construed to regulate or include hemp plants and hemp products as the Agriculture Improvement Act of 2018 legalized industrial hemp under Federal law [Public Law No.: 115-334].”.

§ 25-2103. Board authority to grant licenses.

“(a) The Board may issue licenses to persons who meet the requirements set forth in this title.

“(b) All marijuana licenses issued under this title shall be valid for a term of 3 years and may be renewed upon completion of the renewal procedures established by the Board and payment of the required fees.

“(c) A license to sell cannabis or cannabis products can only be granted by the Board upon completion of the application and review process as contained in this title.
“(d) A license for a marijuana licensed establishment shall particularly describe
the location of where the rights of the license are to be exercised.
“(e) The Board, in issuing licenses, may require that certain conditions be met if it
determines that the inclusion of conditions will be in the best interest of the locality,
section, or portion of the District where the licensed establishment is to be located. The
Board, in setting the conditions, shall state, in writing, the rationale for the
determination.”.

“§ 25-2104. Prohibited exchanges.
“It shall be unlawful to give marijuana or marijuana products for free to a person
in exchange for their purchasing another item or service, making a donation, engaging in
advocacy, joining a club or organization, or paying a cover charge for a party or event.
Such a transaction shall constitute a sale of cannabis and shall be unlawful without a
license. “.

“§ 25-2105. Cultivation licenses.
“(a) A cultivation license shall authorize the licensee to grow and produce
cannabis for sale and delivery at wholesale directly to manufacturers, distributors, testing
facilities, and retailers.
“(b) The holder of a cultivation license shall not be permitted to sell or deliver
cannabis or cannabis products directly to the consumer.
“(c) Cannabis or cannabis products shall not be consumed, smoked, applied, or
vaped on the licensed premises.
“(d) The holder of a cultivation license shall provide the Board with the method
of disposal used when a testing facility determines that pesticides, mold, or mildew
exceed permitted levels or that the cannabis plants are otherwise not suitable for retail
distribution.

“(e) A cultivation license shall not be issued to a holder who has been convicted
of a felony drug offense or a serious violent crime. The Board may conduct criminal
background checks with MPD and may set standards and procedures to enforce this
provision.”.

“§ 25-2106. Manufacturer licenses.

“(a) A manufacturer’s license shall authorize the licensee to process, package,
and label cannabis and cannabis infused products for sale and delivery at wholesale
directly to distributors, testing facilities, and retailers.

“(b) The holder of a manufacturer’s license shall not be permitted to sell or
deliver cannabis or cannabis products directly to the consumer.

“(c) Cannabis or cannabis products shall not be consumed, smoked, applied, or
vaped on the licensed premises.

“(d) A manufacturer’s license shall not be issued to a holder who has been
convicted of a felony drug offense or a serious violent crime. The Board may conduct
criminal background checks with MPD and may set standards and procedures to enforce
this provision.”.

“§ 25-2107. Distributor’s licenses.

“(a) A distributor’s license shall authorize the licensee to sell and deliver cannabis
and cannabis products, on behalf of a holder of a cultivation or manufacturer’s license,
directly to retailers.
“(b) The holder of a distributor’s license shall not be permitted to sell or deliver cannabis or cannabis products directly to the consumer.

“(c) Cannabis or cannabis products shall not be consumed, smoked, applied, or vaped on the licensed premises.

“(d) A distributor’s license shall not be issued to a holder who has been convicted of a felony drug offense or a serious violent crime. The Board may conduct criminal background checks with MPD and may set standards and procedures to enforce this provision.”.

“§ 25-2108. Off-Premises retailer’s licenses.

“(a) An off-premises retailer’s license shall authorize the licensee to sell cannabis and cannabis infused products received from a licensed cultivator, manufacturer or distributor at retail directly to customers for off-premises consumption.

“(b) Cannabis or cannabis products shall not be opened, or the contents consumed, smoked, applied, or vaped, at the licensed establishment.”

“(c) The license shall not authorize the licensee to sell cannabis or cannabis products to other licensees for resale.

“(d) The Board shall propose regulations creating new off-premises license categories, fees, and permitted hours of sales and operation within 18 months of the effective date of the Act. The Board shall consider, but not be limited to, examining whether and under what conditions off-premises retail sales of cannabis and cannabis products should be permitted at full-service grocery stores as defined under § 25-101(22A), farmer’s markets, hotels, and events in which the licensee has been approved for a one-day substantial change as defined by regulation.
“(e) An off-premises retailer license shall not be issued to a holder who has been convicted of a felony drug offense or a serious violent crime. The Board may conduct criminal background checks with MPD and may set standards and procedures to enforce this provision.”

“§ 25-2109. On-premises retailer’s licenses.

“(a) The Board shall begin accepting applications for retailer’s license classes that permit on-premises consumption 24 months after the effective date of the Act. The Board shall propose regulations creating new license categories, fees, and permitted hours of sales and operation within 18 months of the effective date of the Act. The Board shall consider, but not be limited to, safe use centers, creative arts venues, hotels, social clubs, restaurants, and temporary events.

“(b) Notwithstanding any other District law, the Board shall consider whether the on-premises consumption of edibles, vaping or smoking cannabis should be permitted. In no event shall the vaping or smoking of cannabis be permitted on outdoor public space or space owned or leased by the facility, at street level or adjacent to the street or sidewalk. As part of its review, the Board shall also consider whether hookah lounges offering cannabis products should be permitted.

“(c) An on-premises retailer license shall not be issued to a holder who has been convicted of a felony drug offense or a serious violent crime. The Board may conduct criminal background checks with MPD and may set standards and procedures to enforce this provision.

“(d) The Board shall consult with DOH and the FEMS in preparing regulations pursuant to this section.”

“(a) A testing facility license shall authorize the licensee to test both plants and manufactured products for contaminants and potency.

“(b) The holder of a testing facility license shall be permitted to transport samples to and from another licensee.

“(c) The Board, in coordination with the DFS, shall establish testing protocols for the sampling, testing and analysis of marijuana, finished marijuana and marijuana products.

“(d) A testing facility license shall not be issued to a holder who has been convicted of a felony drug offense or a serious violent crime. The Board, in coordination with the DFS, may conduct criminal background checks with MPD and may set standards and procedures to enforce this provision.”

“(e) DFS may obtain samples sufficient to perform tests and may conduct inspections of licensees’ premises in order to effect the purposes of this title.”.

“§ 25-2111. Laboratory agent registration.

“(a) A laboratory agent volunteering or working at a licensed testing facility shall register with the ABCA prior to starting work or volunteering.

“(b) The holder of a testing facility license may apply to ABCA for a registration card for each affiliated laboratory agent by submitting at a minimum, the name, address, and date of birth of the laboratory agent.

“(c) The holder of a testing facility license shall notify ABCA within one business day if a laboratory agent ceases to be associated with the laboratory, and the laboratory agent’s registration card shall be immediately revoked by ABCA.
“(d) A laboratory agent registration card shall not be issued to a person who has been convicted of a felony drug offense or a serious violent crime. The ABCA may conduct criminal background checks, and may require and use fingerprints with the help of the MPD or the Federal Bureau of Investigation or databases such as the National Criminal Information Center and the Board may set standards and procedures to enforce this provision. Further, ABCA may consult with DFS and deny a laboratory worker’s license application based on misdemeanor convictions or a finding of civil or administrative liability bearing on fitness for licensure as determined and articulated by the Board.

“(e) A registered laboratory agent shall not be subject to arrest, prosecution, civil penalty, sanctions, or disqualifications under District law, and shall not be subject to seizure or forfeiture of assets under District law for actions taken under the authority of a licensed testing facility and consistent with applicable District laws, regulations, and issuances, including possessing, processing, storing, transferring or testing marijuana within the District of Columbia, provided the registered laboratory agent presents his or her registration card to MPD, any other law enforcement official, or an ABCA investigator or DFS inspector who questions the laboratory agent concerning their marijuana related activities.

“(f) The fee for a laboratory agent registration card shall be determined by rulemaking by the Board.”.

“§ 25-2112. Worker’s license.
“(a) A person volunteering or working at a cultivation, manufacturer, distributor, or off-premises retailer’s license shall obtain a worker’s license from ABCA prior to starting work or volunteering.

“(b) The holder of a cultivation, manufacturer, distributor, or off-premises retailer’s license may apply to ABCA for a worker’s license for each affiliated employee or volunteer by submitting at a minimum, the name, address, and date of birth of the worker.

“(c) The holder of a cultivation, manufacturer, distributor, or off-premises retailer’s license shall notify ABCA within one business day if an employee or volunteer ceases to be associated with the cultivator, manufacturer, distributor, or off-premises retailer, and the employee or volunteer’s worker’s license shall be immediately cancelled by ABCA.

“(d) A worker’s license shall not be issued to a person who has been convicted of a felony within the last 5 years before filing the application or a misdemeanor or finding of civil or administrative liability bearing on fitness for licensure as determined by the Board in the last 5 years before filing the application. Misdemeanors and civil offenses bearing on fitness could include offenses related to filing false statements on licensure papers, wage theft, shoplifting or conversion, or other matters relating to the business itself, or such other matters as determined and articulated by the Board. For purposes of this subsection, a misdemeanor conviction involving marijuana shall not prohibit a person from working or volunteering for a licensed cultivator, manufacturer, distributor, or off-premises retailer provided the conviction does not involve distributing or providing marijuana to a minor.
“(e) A licensed employee or volunteer shall not be subject to arrest, prosecution, civil penalty, sanctions, or disqualifications under District law, and shall not be subject to seizure or forfeiture of assets under District law for actions taken under the authority of a licensed cultivator, manufacturer, distributor, or off-premises retailer, and consistent with applicable District laws, regulations, and issuances, including growing, possessing, processing, packaging, storing, transferring or delivering marijuana within the District of Columbia, provided the licensed employee or volunteer presents his or her worker’s license to MPD, any other law enforcement official, or an ABCA or DFS investigator who questions the employee or volunteer concerning their marijuana related activities.

“(f) The holder of a manager’s license or person approved by the Board as an owner of a marijuana establishment shall not be required to obtain a worker’s license.

“(g) A worker’s license shall be valid for 3 years or until surrendered, suspended, or revoked. The fee for all 3 years of the worker’s license shall be paid at the time of application. The worker’s license shall be renewed every 3 years from the date of initial issuance.”.

“§ 25-2113. License Endorsements.

“(a) All license endorsements shall be placed on the applicant’s license.

“(b) The holder of an off-premises retailer’s license or a medical marijuana dispensary shall obtain a delivery endorsement from the Board to be eligible to deliver cannabis or cannabis products directly to District residents’ homes.

“(c) The holder of an off-premises retailer’s license that also intends to offer medical marijuana, as defined in D.C. Official Code § 7-1671.01(12), for sale on the licensed premises shall obtain a medical marijuana endorsement from the Board.
“(d) There shall be no additional fee for either a delivery or medical marijuana endorsement.

“(e) The Board may issue rules providing for delivery endorsements by a contractor of an off-premises retailer, provided that the contractor is approved by the Board; is not a for-hire vehicle service; and does not use vehicles with markings relating to cannabis.

“(f) At all times, the off-premises retailer or the medical marijuana dispensary would be responsible for the acts of its employees or contractors performing deliveries, and the off-premises retailer’s license would be at risk for the actions of its agents and contractors.”.

§ 25-2114. Importation.

“A cultivation licensee shall not be found in violation by the Board for importing within 120 days of being issued a license up to 10,000 clones or plants from another licensed cultivation center, regardless of jurisdiction. The cultivation center shall bear the risk of any criminal penalties under Federal law.”.

(e) A new chapter 22 is added to read as follows:

CHAPTER 22. GENERAL OPERATIONS.


“(a) There is established a fund designated as the Cannabis Regulation Administration Fund (Cannabis Regulation Fund) which shall be separate from the General Fund of the District of Columbia. All funds obtained from cannabis licensing and permitting fees shall be deposited into the Cannabis Regulation Fund without regard to fiscal year limitation pursuant to an act of Congress. Subject to authorization in an
approved budget and financial plan, any fees deposited into the Cannabis Regulation
Fund shall be continually available for the uses and purposes set forth in chapters 21-30
of this title, without regard to fiscal year limitation and shall not revert to the General
Fund of the District of Columbia. The funds deposited in the Cannabis Regulation Fund
shall be used to fund the expenses of ABCA and other agencies in the discharge of their
administrative and regulatory duties related to the implementation of the act.

“(b) Funds obtained from penalties and fines, as prescribed by Chapter 28 of this
title, shall be credited to the General Fund of the District of Columbia.

“(c) The Mayor shall submit to the Council, as part of the annual budget, a budget
for ABCA and a request for an appropriation for expenditures from the Cannabis
Regulation Fund. This shall include the agency’s expenditures for salaries, fringe
benefits, overhead charges, training, supplies, technical, professional, and any and all
other services necessary to discharge its duties and responsibilities. The Mayor may also
submit to the Council, as part of the annual budget, requests for other appropriations for
expenditures from the Cannabis Regulation Fund for expenditures by other agencies
relating to the administration of a safe cannabis regulatory regime.

“(d) There is established a fund designated as the Cannabis Sales Tax Fund,
which shall be separate from the General Fund of the District of Columbia. All sales tax
collections received by OTR from off-premises retailers shall be deposited into the fund.
For the first six months of the fund’s operation, monies may be dispersed to offset
salaries, fringe benefits, overhead charges, training, supplies, technical, professional and
any and all other services necessary to the establishment and transfer of a safe cannabis
regulatory regime, for both medical and non-medical use purposes, otherwise paid
through the General Fund.

“(e) Beginning 6 months after the effective date of this act, monies deposited into
the fund shall be dispersed as follows on an annual basis, following any deductions for
program expenses over and above those paid for through revenues to ABCA from fees:

“(1) 100% of the funds shall go towards affordable housing programs and
initiatives, including the programs and initiatives which promote the production and the
preservation of affordable housing in the District.”;

“(f) The initiatives and programs that are funded in accordance with paragraph (e)
of this section may be administered by agencies identified by the Mayor in annual or
supplemental budgets as approved by the Council and Mayor through appropriations.”.

“§ 25-2202. Regulations.

“(a) Within 6 months after the effective date of the act, the Mayor shall issue
regulations necessary or appropriate to carry out the provisions of this title.

“(b) The Mayor shall submit the proposed regulations to the Council for a 45-day
period of review. The Council may approve the proposed regulations in whole or in part.
If the Council has not approved the regulations upon expiration of the 45-day review
period, the regulations shall be deemed approved.

“(c) The Mayor shall submit other regulations for a 45-day review period. If the
Council has not approved the regulations upon expiration of the 45-day review period,
the regulations shall be deemed approved.

“(d) The Mayor may in any time of public emergency, without previous notice or
advertisement, prohibit the sale of cannabis or cannabis products.
“(e) Any regulations promulgated under this section shall become effective 5 days after being published in the District of Columbia Register.”.

“§ 25-2203. New licensee and general public orientation class.

“ABCA shall establish a new licensee orientation class that shall be made available to marijuana licensees, applicants, and the public at no charge. The Board shall establish the class curriculum by proposed regulations.”.

(f) A new Chapter 23 is added to read as follows:

CHAPTER 23. REQUIREMENTS TO QUALIFY FOR A LICENSE.

“§ 25-2301. General qualifications for all applicants.

“(a) An applicant for a cultivation, manufacturer, distributor, retailer, or testing facility license shall satisfy the Board of all the general qualifications and undergo a criminal background check as set forth in § 25-301.”.

“§ 25-2302. Restrictions on holding a conflicting interest.

“(a) An applicant or licensee shall not hold more than 2 cultivation, manufacturer, distributor, or off-premises retailer’s licenses; provided however, that a licensee may hold 2 off-premises retailer’s licenses, 2 cultivation licenses and 2 manufacturer licenses.

“(b) An applicant for a testing facility license shall not hold a direct or indirect interest in a cultivation, manufacturer, distributor, or off-premises retailer’s license.

“(c) An applicant shall not hold more than one distributor license.

“(d) An applicant for a distributor license shall not hold a direct or indirect interest in a cultivation, manufacturer, off-premises retailer, or testing facility license.”

“(e) A dispensary license for medical marijuana shall not count towards these license limits for off-premises retailers for non-medical use marijuana.
“(f) A cultivation license for medical marijuana will automatically convert to a cultivation license under this title and there shall be no distinction between cultivation for medical and non-medical use purposes.

“(g) Any licensed facility under this title may be licensed to grow, manufacture, or distribute marijuana under the federal Drug Enforcement Administration Controlled Substances Act registration to supply legitimate researchers in the United States. The ABCA-approved seed to sale tracking system shall be used for these plants, and participation in the federal research program shall be included in the application, annual registration and license renewal documents. Plant count limits established under § 25-2714 shall not include any plants grown solely for such federally-authorized research.”.

“§ 25-2303. Ownership by Residents and Local Hire requirements.

“(a) Except for those owners of facilities licensed as of May 2, 2019, for the cultivation or dispensing of medical marijuana, an applicant for a cultivation, manufacturer’s, or off-premises retailer’s license shall have one or more District residents, which individually or collectively, own at least 60% of the licensed establishment. Such persons claiming to be District residents shall submit adequate proof of District residency according to standards determined by ABCA, and affirm an intent and commitment to maintaining District residency during the period of ownership of a licensed facility covered by the requirements of this subsection. Such person or persons designated as District resident owners shall receive a return on investment, and shall incur obligations and risks on equal footing with all other owners, in proportion to their ownership shares.
“(b) If the District resident owner(s) who submit proof of residency according to subsection (a) is not a or the majority owner, those who do own such a majority stake, individually or collectively, must affirm on the application, under penalty of perjury, that the 60% owner(s) identified in subsection (a) has and will have all the proportional benefits and obligations accorded to a 60% owner.

“(c) Straw ownership for the sake of fulfilling the ownership requirements of this section is banned, both for the District resident(s) and the out of state residents purporting to give the District resident(s) a 60% ownership share in a licensee under this subsection.

“(d) Any District resident owner designated as owning at least 60% of the applicant or licensee’s business may only satisfy a quarter of its required capital contribution and other indicia and obligations of ownership under this subsection through “sweat equity” – time spent providing services to the company in support of its District licensee pursuant to an agreement describing:

“(1) The scope of work that the District resident owner(s) will perform;

“(2) The dollar amount that it will be compensated for its services, if any, in addition to the dollar amounts that will be credited to its capital contribution;

“(3) The date or time period when the District resident owner(s) will receive compensation and returns on its investment; and

“(4) An explanation of when the District resident owner(s) will receive their return or returns as compared to other owners.

“(e) A cultivation, manufacturer’s, or off-premises retailer’s licensee shall have at least 60% of its licensed employees submit adequate proof of District residency according to standards determined by ABCA, and that proof shall affirm an intent and
commitment to maintaining District residency during the period of their employment and licensure. Collective bargaining agreements shall not be the basis for a waiver of this requirement. To attain this 60% local hiring requirement, licensees may, but are not required to, use the DOES First Source Register.

“(f) Sales of companies holding cultivation, manufacturer’s, distributor’s, and off-premises retailer’s licenses and testing facilities must be approved by ABCA to remain valid. False statements on such applications for approvals of sales regarding the residency of owners are banned and may result in the denial of the application or the revocation of the license.

“(g) The Board is authorized to establish a scoring system for applications for any licenses required by this act to provide preference points according to the schedule established in D.C. Official Code § 2-218.43, awarding up to 12 points or 12% of the score, provided safety is not compromised.

“(h) Applications for renewal of licenses must provide such documentation as determined to be necessary by the Board to prove that the District resident owner or owners did receive the proportional benefits and incur the proportional obligations of their share of ownership, and to prove that at all times during the period of licensure at least 60% of the licensee was owned by the local District residents.”.


“(a) No license shall be issued to an applicant unless he or she has a valid certificate of occupancy from DCRA and passed a health inspection by DOH for the premises in which the establishment is located and has all other licenses and permits required by law or regulation for its business.
“(b) No license shall be issued to an applicant unless he or she provides the Board with a zoning determination letter, issued by DCRA, stating that the establishment to be licensed is located within a zone that permits the establishment’s operation.

“(c) No license shall be issued to an applicant unless its business is registered with the Office of Tax and Revenue.

“(d) No license shall be issued to an applicant that holds an alcohol license or a license to sell tobacco at the same location unless otherwise authorized by the Board.

“(e) No license shall be issued to an applicant for a cultivation center whose proposed licensed premises is more than 100,000 square feet.

“(f) The applicant shall bear the burden of proving to the satisfaction of the Board that the establishment for which the license is sought is appropriate for the locality, section or portion of the District where it is to be located; provided, that if proper notice has been given under subchapter II of Chapter 4 of this title, and no objection to the appropriateness of the establishment is filed with the Board, the establishment shall be presumed to be appropriate for the locality, section, or portion of the District where it is located.”.


“(a) To qualify for the issuance or renewal of a license, an applicant for a cultivation, manufacturer, or retailer license shall be required to satisfy the appropriateness standards set forth in D.C. Official Code § 25-313.

“(b) No cannabis license shall be issued to an outlet, property, establishment or business that sells motor vehicle gasoline or has drive-through sales.”.
§ 25-2306. Additional considerations for transfer of licensed establishment to new owner.

(a) In determining the appropriateness of the transfer of a marijuana establishment to a new owner, the Board shall consider only the applicant’s qualifications as set forth in § 25-301, and whether any sale defeats or impairs the local ownership goals embodied in D.C. Official Code § 25-2303.

(b) Notwithstanding subsection (a), the Board shall deny a transfer of ownership application to a new owner and cancel the marijuana license if the previous applicant either: (1) failed to open for business within 90 days of being issued a marijuana license; or (2) stopped operating within 90 days of being issued a marijuana license for more than 14 calendar days, in the absence of a showing of good cause and approval by ABCA for a longer period of delay or closure. This subsection shall not apply to an applicant that has stopped operations due to fire, flood, or other natural disaster, or due to rebuilding or reconstruction.”.

§ 25-2307. Transfer of licensed establishment to a new location.

(a) The Board shall consider an application to transfer a license to a new location according to the same standards and procedures as an application for an initial license and shall not presume appropriateness if a protest to the application is filed as set forth in Chapter 6.

(b) An application to transfer a license to a new location shall not be permitted to be filed by an applicant who: (1) failed to open for business within 90 days of being issued a marijuana license; or (2) stopped operating for more than 14 calendar days within 90 days of being issued a marijuana license, in the absence of a showing of good
cause and approval by ABCA for a longer period of delay or closure. This subsection shall not apply to an applicant that has stopped operations due to fire, flood, or other natural disaster, or rebuilding or reconstruction.”.

“§ 25-2308. Restrictions on proximity to schools and recreation centers.

“(a) The Board shall not issue, except as to entities licensed as of May 2, 2019, a cultivation, manufacturer, or off-premises retailer’s license for any establishment located within 400 feet of the property line of a pre-existing public, private, or parochial primary, elementary, or high school; college or university; or the boundary of recreation area operated by the District of Columbia Department of Parks and Recreation.

“(b) This subsection shall not apply to an applicant that was approved by DOH for a medical marijuana license at the same location prior to the effective date of the act.”.

“§ 25-2309. Limitation on the distance between off-premises retailer’s licenses.

“Unless approved by the Board, no new off-premises retailer’s license shall be issued for an establishment whose property line is located within 400 feet from the property line of another establishment operating under an off-premises retailer’s license issued pursuant to Chapters 21-30 of this title. This section shall not apply to a medical marijuana license holder that is converting to or applying for an off-premises retailer’s license for their existing location pursuant to D.C. Official Code § 25-2430.”.

“§ 25-2310. Off-Premises retail license prohibited in residential-use district.

“No off-premises retailer’s license shall be issued for, or transferred to a business operating in a residential-use district as defined in the zoning regulations and shown in
the official atlases of the Zoning Commission for the District, including areas designated
R, RF, and RA.”.

(g) A new chapter 24 is added to read as follows:

CHAPTER 24. APPLICATION AND REVIEW PROCESSES.

“§ 25-2401. Form of application.

“The Board shall propose regulations within 180 days of the effective date of the
act setting forth the license application requirements on a forms approved by the Board
for cultivators, manufacturers, distributors, off-premises retailers, and testing facilities.”.

“§ 25-2402. New license application for cultivator, manufacturer, or retailer.

“(a) The Board shall only consider and process applications from licensed
medical marijuana establishments that have been approved by DOH for the first 6 months
that the law is in effect.

“(b) Within 30 calendar days of the effective date of the act, the Board shall
provide notice to DOH-licensed medical marijuana establishments of their eligibility to
apply to the Board for a cultivation, manufacturer, or off-premises retailer’s license. The
Board shall provide DOH-licensed medical marijuana establishments 60 days to file an
application with the Board.

“(c) The Board shall not issue a license to a DOH-licensed medical marijuana
establishment until: (1) conforming final regulations have been issued; and (2) a seed to
sale tracking system is in place approved by ABCA.

“(d) Within six months of the effective date of this act, the responsibilities for the
medical marijuana program established by D.C. Official Code §§ 7-1671.01, et seq. shall
be transferred to ABCA; except that the Health Occupations Boards’ review of medical
marijuana authorized practitioner recommendations as established by D.C. Official Code § 7-1671.07 shall remain in effect.

“(e) The Board may begin accepting applications for cultivation, manufacturer, distributor, and off-premises retailer’s licenses from applicants other than DOH-licensed medical marijuana establishments at any time after the initial 6-month period.

“(f) An applicant for a marijuana establishment shall file an emergency response plan with the Board as defined by rulemaking. The applicant shall file with its application written documentation establishing that its emergency response plan has been filed with both FEMS and MPD.

“(g) The Board shall make license applications available for any new on-premises retailers and off-premises retailer’s categories created by Board rulemaking within 24 months of the effective date of the act.

“(h) The Board shall provide notice in the D.C. Register at least 30 days in advance of accepting any new applications, except for testing facility licenses, regarding (1) the number of licenses in each class or ward being made available, and (2) where to find information regarding the license application process.

“(i) A license application for a testing facility may be made at any time after the effective date of the act.

“(j) Regulations relating to the medical marijuana program shall remain in effect until amended or repealed, with ABCA being substituted for DOH or DOH’s Division of Medical Marijuana and Integrative Therapy except as relates to matters within the Health Occupations Boards’ purview.
“(k) Upon the effective date of this Act, DOH shall inquire of each medical professional authorized to recommend medical marijuana whether he or she wishes to be listed on a District of Columbia government website as being authorized to recommend medical marijuana.”.

“§ 25-2403. License renewal.

“The Board shall propose regulations within 180 days of the effective date of this act setting forth the license application requirements on forms approved by the Board for renewing cultivation, manufacturer, distributor, off-premises retailers, or testing facility licenses.”.

“§ 25-2404. Notice by Board.

“Pursuant to D.C. Official Code §§ 25-421 and 25-423, the Board shall provide notice to the public for 45 days of new and renewal license applications for cultivation, manufacturer, distributor, and retailer’s licenses. The Board may approve settlement agreements that include enforceable provisions listed in D.C. Official Code § 25-446.01 between parties eligible to file a protest under Chapter 6 of this title regardless of whether a protest has been filed.”.

“§ 25-2405. Board hearings and decisions.

“Board hearings, determining factors, and decisions shall follow the procedures set forth in Subchapters III and IV of Chapter 4 of this title, except the Board is allowed to consider and limit the number of licenses to be granted per ward in order to prevent high concentrations of licensees in any given ward. Board decisions shall be issued pursuant to D.C. Official Code § 25-433.”.

(h) A new Chapter 25 is added to read as follows:
CHAPTER 25. ANNUAL FEES, LICENSE RENEWALS, AND

CERTIFICATIONS.

"§ 25-2501. Application and license fees.

(a) The initial application fee for a cultivation, manufacturing, off-premises
retailer, testing facility, or distributor license shall be $1,000.

(b) Both the initial application fee and the annual license fee for the first year
shall be paid at the time of application to the D.C. Treasurer.

(c) A licensee’s failure to timely remit the annual fee shall be cause for the
Board to suspend the license until the licensee pays the fee and any fines imposed by the
Board for late payment. The Board shall cancel the license if the licensee is more than 30
days delinquent on payment of the annual fee.

(d) The Board may establish license periods at intervals necessary to facilitate
the efficient processing of applications. If the Board issues a license for less than one
year, the licensee shall pay a fee reduced by the proportionate amount of the annual fee.

(e) The Board shall require annual certification of the owners’ continued District
residency and upon license renewals, may require such proof as it deems necessary of
ownership if such District residency was an element of the initial granting of a license or
transfer of a license, and the Board shall revoke the license of any license holder that no
longer maintains the 60% ownership by District residents requirement.

(f) The Board shall require annual certification of compliance with the local
hiring requirements targets established under D.C. Official Code § 25-2303. If a licensee
covered by local hiring requirements falls below the 60% local hiring requirement and
does not submit clear and convincing evidence that it has cured the deficit within 90 days, the Board shall revoke the licensee’s license.”.

“§ 25-2502. Alteration in license fees.

“The Board may propose regulations, pursuant to D.C. Official Code § 25-2202 to alter the license fees established by this chapter or to create additional license categories.”.

“§ 25-2503. Minimum annual fees.

“The minimum annual fees for a cultivation, manufacturer, distributor, off-premises retailer, and testing facility licenses shall be set forth below:

<table>
<thead>
<tr>
<th>License Class</th>
<th>Cost/year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultivation</td>
<td>$10,000</td>
</tr>
<tr>
<td>Manufacturer’s license</td>
<td>$6,000</td>
</tr>
<tr>
<td>Off-Premises retailer</td>
<td>$6,000</td>
</tr>
<tr>
<td>Testing</td>
<td>$5,000</td>
</tr>
<tr>
<td>Distributor</td>
<td>$3,000</td>
</tr>
</tbody>
</table>

“§ 25-2504. Minimum fee for transfer of a license to a new owner or location.

“The minimum fee for transfer of a license to a new owner or location shall be $500.”.

“§ 25-2505. Minimum fee for a manager’s license.

“The minimum annual fee for a manager’s license shall be $130.”.

“§ 25-2506. Minimum fee for a worker’s license.

“The minimum annual fee for a worker’s license shall be $50.”.

“§ 25-2507. Reduced fees for medical marijuana patients and caregivers.
"The minimum registration and renewal fees for a qualifying patient or caregiver as scheduled in Chapter 13 of Title 22 of the District of Columbia Municipal Regulations, shall be reduced by 50%."

"§ 25-2508. Two year validity of medical marijuana cards."

"All newly issued medical marijuana cards and cards renewed after the effective date of this act shall be valid for two years."

(i) A new Chapter 26 is added to read as follows:

CHAPTER 26. PROTESTS.

"§ 25-2601. Standing to file a protest and protest requirements.

"A person with standing under D.C. Official Code § 25-601 shall be permitted to file a protest of a new, renewal, or transfer to new location application for a cultivation, manufacturer, or retailer's license."

"§ 25-2602. Filing a protest—timing and requirements.

"(a) Any person objecting, under D.C. Official Code § 25-601, to the approval of an application shall notify the Board in writing of his or her intention to object and the grounds for the objection within the protest period.

"(b) If the Board has reason to believe that the applicant did not comply fully with the notice requirements set forth in subchapter II of Chapter 4, it shall extend the protest period as needed to ensure that the public has been given notice and has had adequate opportunity to respond."

"§ 25-2603. ANC Comments.

"(a) The Board shall give the recommendations of an affected ANC great weight pursuant to the requirements set forth in D.C. Official Code § 25-609."
“(b) In the event that an affected ANC submits a settlement agreement to the
Board on a protested license application, the Board, upon its approval of the settlement
agreement, shall dismiss any protest of a group of no fewer than 5 residents or property
owners meeting the requirements of D.C. Official Code § 25-601(2). The Board shall not
dismiss a protest filed by another affected ANC, a citizens association, or an abutting
property owner meeting the requirements of D.C. Official Code § 25-601(3) upon the
Board’s approval of an ANC’s settlement agreement submission.”.

(j) A new Chapter 27 is added to read as follows:

CHAPTER 27. STANDARDS OF OPERATION.

“§ 25-2701. Board-approved manager required.

“(a) A person designated to manage a marijuana licensed establishment shall
possess a manager’s license.

“(b) The owner or the Board-approved manager shall be present during the
licensee’s approved hours of sale.

“(c) The licensee shall notify the Board within 7 calendar days of a manager’s
conviction for other than a minor traffic violation.

“(d) The Board, by proposed rulemaking as provided by D.C. Official Code § 25-
2202, shall establish application and training requirements for manager’s license
applicants.”.

“§ 25-2702. General operating requirements.

“(a) The licensee shall be required to secure every entrance to the establishment
so that access to areas containing marijuana is restricted to the owner or his or her
designee(s).
“(b) The licensee shall secure its inventory and equipment during and after hours to deter and prevent theft of marijuana, marijuana products, and marijuana accessories.

“(c) The licensee shall not cultivate, process, test, store, or manufacture marijuana or marijuana products at any location other than at a physical address approved by the Board and within an area that is enclosed and secured in a manner that prevents access by persons not permitted by the marijuana establishment to access that area.

“(d) The licensee shall not allow the cultivation, processing, manufacture, sale or display of cannabis or cannabis products to be visible from a public place without the use of binoculars, aircraft or other optical aids.

“(e) Investigators or officers from ABCA, DCRA, DFS, DOH, FEMS, and MPD shall be permitted to inspect the entire licensed premises during its hours of operation and, if within their office’s responsibilities, to obtain samples sufficient for testing pursuant to this title, and an ABCA investigator or MPD officer shall be permitted to audit the books and records of the licensed establishment during its hours of operation.”

“(f) Each ABCA-licensed off-premises retailer, and each medical marijuana dispensary, shall have and use magnetometers and shall not admit any person, other than a person hired to guard the premises pursuant to a security plan filed with the ABCA, who is carrying a gun or other weapon.”.

“§ 25-2703. Testing requirements.

“(a) Within 60 days following the licensure of an independent testing facility, no cannabis or cannabis product shall be sold or otherwise marketed by a licensee that has not first been tested by an independent testing facility licensed by the Board.
“(b) An independent testing facility shall report any results indicating
contamination to the Board and DOH within 72 hours of identification.”.

“§ 25-2704. Posting and carrying of licenses.

“(a) A person receiving a license to operate a marijuana establishment shall post it
conspicuously in the licensed establishment. If a settlement agreement is a part of the
license, the license shall be marked “settlement agreement on file” by the Board, and the
licensee shall make a copy of the settlement agreement immediately accessible to any
member of the public, ABCA investigator, or MPD officer upon request.

“(b) An off-premises retailer's licensee and a medical marijuana dispensary shall
post window lettering in a conspicuous place on the front window or front door of the
licensed premises that contains the correct name or names of the licensee and the class
and number of the license in plain and legible lettering not less than one inch nor more
than 1.25 inches in height.

“(c) A licensee under a manager’s license shall, while managing a licensed
establishment, carry the license upon his or her person, and shall exhibit the license, upon
request, to an ABCA investigator or a member of MPD.

“(d) While managing or working at a licensed establishment, the owner or
licensed manager of a licensed establishment shall carry a valid identification document
on his or her person and shall show the identification document, upon request, to an
ABCA investigator or a member of MPD.”.

“§ 25-2705. Warning signs.

“The Board shall propose regulations within 180 days of the effective date of the
act indicating the number and types of warning signs a marijuana licensed establishment
is required to post on the licensed premises. The warning signs at a minimum shall
require an off-premises retailer to post the legal age for purchasing cannabis or cannabis
products and that proof of age will be required to enter the premises.”.

“§ 25-2706. Hours of operation, sale and delivery for cultivation centers,
manufacturers, and distributors.

“A licensee under a cultivation, manufacturer’s, or distributor’s license shall sell
and deliver cannabis or cannabis products only between the hours of 6:00 a.m. and
midnight, seven days a week, or as may be further limited pursuant to D.C. Official Code
§ 25-2708.”.

“§ 25-2707. Hours of operation, sale and delivery for off-premises retail licensees.

“(a) A licensee under an off-premises retailer’s or medical marijuana dispensary
license shall be permitted to operate and sell cannabis or cannabis products between the
hours of 7 a.m. and midnight, seven days a week, or as may be further limited pursuant to
D.C. Official Code § 25-2708.”.

“(b) A licensee under an off-premises retailer’s license that possesses a delivery
endorsement shall also be permitted to deliver cannabis or cannabis products to the
homes of District residents between the hours of 7 a.m. and midnight, 7 days a week.”.

“§ 25-2708. Board authorized to further restrict hours of operation.

“At the time of initial application of any class of license or at renewal, the Board
may further limit the hours of sale and delivery for a particular applicant (1) based upon
the Board’s findings of fact and conclusions of law, and order following a protest hearing
or (2) under the terms of a settlement agreement.”.

“§ 25-2709. Samples.
“The holder of an off-premises retailer’s license shall not be permitted to provide free samples of any marijuana product to customers.”.

“§ 25-2710. Restrictions on prizes and sweepstakes.

“The holder of an off-premises retailer’s license shall not be permitted to give away free marijuana products as part of a promotional giveaway or sweepstakes.”.

“§ 25-2711. Tie-in purchases prohibited.

“The holder of a cultivation, manufacturer’s or distributor’s license shall not require, directly or indirectly, a retailer to purchase any type of cannabis product in order to purchase any other cannabis product.”.

“§ 25-2712. Seed to Sale Tracking.

“A licensee shall be required to utilize and record inventory in a seed to sale tracking system selected or approved by the agency. The licensee shall be responsible for purchasing radio-frequency identification (RFID) tags and hardware to utilize the agency’s designated software and may be charged a user fee by the agency. The Board shall establish rules regarding the entry of data by licensees into the seed to sale tracking system.”.


“The holder of a cultivation license shall maintain no more than 10,000 plants at one time at one licensed location in the District. This provision shall not be construed to include hemp plants.”.

“§ 25-2714. Permitted sale amounts by off-premises retailer.
“(a) The licensee under an off-premises retailer’s license shall not sell more than one ounce of useable marijuana flower to a customer in either one transaction or in one day.

“(b) The licensee under an off-premises retailer’s license shall not sell more than 5.0 grams of marijuana concentrate to a customer in either one transaction or in one day.

“(c) Marijuana edibles sold by an off-premises retailer shall have a serving size limit of 5 milligrams THC with a maximum total product dose of 100 milligrams. The licensee under an off-premises retailer’s license shall not sell more than 16 ounces of marijuana infused edibles to a customer in either one transaction or in one day.

“(d) The licensee under an off-premises retailer’s license shall not sell more than 72 ounces of cannaboid product in liquid form in either one transaction or in one day.

“(e) The licensee under an off-premises retailer’s license shall not sell more than 30 milliliters of a marijuana tincture, nor a container of tincture containing more than 1500 milligrams of CBD, in either one transaction or in one day.

“(f) The licensee of an off-premises retailer’s license shall not sell more 1000 milligrams of CBD e-liquid for use in an electronic smoking device in either one transaction or in one day.

“(g) Within 6 months of the effective date of this act, ABCA will promulgate rules to establish a uniform, interoperable purchase tracking system to ensure that customers of off-premises retailers do not exceed safe purchase limits and to deter diversion of licensed product to the black market. Off-premises retailers shall be obliged to determine that the purchaser has not already exceeded the amount limits before making such a sale, and sales over the limit will be illegal sales under this act.”.
“§ 25-2715. Labeling Requirements.

“All marijuana products shall be sold in opaque packages that do not use characters, symbols or names similar to those identified by or appealing to children or adolescents. All packaging shall identify the level of THC and CBD contained in the product in percentage terms or in amount per serving, or both, as appropriate to the product, and as may be prescribed by ABCA.”.

“§ 25-2716. Tamper proof, child proof and resealable packaging.

“An edible product shall not be made available for sale or resale by a licensee unless it is packaged in a tamper proof, child proof, and resealable container.”.

“§ 25-2717. Substantial changes in operation must be approved.

“(a) Before a licensee may make a change in the interior or exterior, or a change in format, of any licensed establishment, which would substantially change the nature of the operation of the licensed establishment as set forth in the initial application, the licensee shall obtain the approval of the Board.

“(b) The Board by regulation shall determine which changes made by a marijuana establishment will require Board approval and possible notice to the public in accordance with § 25-404.”.

“§ 25-2718. Restrictions on use of signs or logos.

“(a) A marijuana licensee shall not use signage that has a high likelihood of appealing to persons under 21 years of age and shall not include animals, cartoon characters, or other images particularly appealing to children and adolescents.
“(b) No signage placed on the exterior of a licensed marijuana establishment or elsewhere in the District, including the licensee’s trade name, shall be illuminated or contain intermittent flashing lights.

“(c) A logo used by a licensee shall not contain medical symbols, images of marijuana, related paraphernalia or colloquial references to marijuana or cannabis.

“(d) A sign that does not conform to this section shall be removed.”.

“§ 25-2719. Advertisements related to cannabis in general.

“(a) No person shall publish or disseminate or cause to be published or disseminated, directly or indirectly, through any radio or television broadcast, in any newspaper, magazine, periodical, or other publication, or by any sign, placard, or any printed matter, an advertisement of cannabis or cannabis products that is not in conformity with this title.

“(b) Any radio or television broadcast or publication advertising cannabis or cannabis products shall be limited to audiences that can be reasonably expected to consist of at least 75% of persons 21 years of age or older.

“(c) Any radio or television broadcast or publication advertising cannabis or cannabis products shall not promote excessive consumption or depict someone who is or appears to be under 21 years of age consuming marijuana.

“(d) A marijuana licensee shall be prohibited from advertising cannabis or cannabis products on any exterior sign, special sign as defined in Section N101 of Subtitle 12-A of the D.C. Construction Code, or outdoor billboard.
(e) A marijuana establishment’s website or any advertisement shall not make health-related claims and shall indicate that marijuana products are for persons 21 years of age or older.”.

“§ 25-2720. Advertisements on windows and doors of licensed establishment.

“Advertisements relating to cannabis or cannabis products shall not be displayed on the exterior or interior of any window or door of a licensed marijuana establishment.”.


“Signs or statements related to cannabis or cannabis products shall not be false or misleading in their claims in respect to any material fact.”.

“§ 25-2722. Restrictions on cannabis product and paraphernalia displays in retail store windows.

“A retail licensee shall not display cannabis products or paraphernalia in retail store windows.”.

“§ 25-2723. Limits on indoor and outdoor consumption.

“It shall be a violation of this title for a licensee to knowingly allow a person to smoke or vaporize cannabis or use cannabis products on indoor or outdoor space under the control of the licensee unless otherwise authorized by the Board.”.

“§ 25-2724. Warning symbol.

“The Board shall adopt by regulations a recognizable symbol that indicates THC or other marijuana compounds are contained within. The symbol shall also appear on all packaging, signage, and advertisements for the THC-containing product.”.

“§ 25-2725. Co-location of off-premises retailer’s license and medical marijuana dispensary.
“An off-premises retailer that also holds a medical marijuana dispensary licensed
by DOH or ABCA shall be permitted to co-locate its establishment in the same building
provided it: (a) maintains a separate partition and cash register for non-medical sales or
otherwise satisfactorily distinguishes between medical and non-medical use customers
and sales; and (b) reserves at least 35% of its marijuana or marijuana products at all times
for medical sales.”.

“§ 25-2726. Sale to minors or intoxicated persons prohibited.

“The sale or delivery of cannabis or cannabis products to the following persons is
prohibited:

“(a) A person under 21 years of age, either for the person’s own use or for the
use of any other person, except minors participating in the medical marijuana program
with the consent of their legal guardian or parent; and

“(b) An intoxicated person, or any person who appears to be intoxicated or
under the influence.”.

“§ 25-2727. Restrictions on minor’s entrance into licensed premises.

“(a) The licensee under an off-premises retailer’s license shall not permit a person
under 21 years of age to enter the licensed premises. An off-premises retailer shall not
permit a patron to enter the licensed establishment until the licensee or the licensee’s
employee is shown a valid identification document showing that the individual is 21
years of age or older, unless and only to the extent that an off-premises retailer also is a
licensed medical marijuana dispensary, and the facility has procedures approved by
ABCA to ensure that the 18, 19, or 20 year old is only able to make purchases through
the medical marijuana program and in conformance with its regulations.
“(b) It shall be an affirmative defense to a charge of violating subsection (a) of this section that the licensee or the licensee’s employee was shown a valid identification document indicating that the individual was 21 years of age or older, which document the licensee or the licensee’s employee reasonably believed was valid, and that the licensee or the licensee’s employee reasonably believed that the person was 21 years of age or older.

“(c) Except as otherwise permitted, the holder of an off-premises retailer’s license shall not deny admittance to a person displaying a valid identification document who is 21 years of age or older, unless the person is carrying a weapon or appears to be intoxicated or belligerent.

“(d) The provisions of this section notwithstanding, the holder of an off-premises retailer’s license shall not discriminate on any basis prohibited by Unit A of Chapter 14 of Title 2 of the D.C. Code.”.

“§ 25-2728. Production of valid identification document required.

“(a) A licensee shall refuse to sell or deliver cannabis or cannabis products to any person who cannot or refuses to provide the licensee with a valid identification document.

“(b) A licensee or his agent or employee shall take reasonable steps to ascertain whether any person to whom the licensee sells or delivers cannabis or cannabis products is 21 years of age or older. Any person who supplies a valid identification document showing his or her age to be 21 years of age or older shall be deemed to be of legal age to purchase and consume cannabis or cannabis products.
“(c) The provisions of this section notwithstanding, the holder of an off-premises retailer’s license shall not discriminate on any basis prohibited by Unit A of Chapter 14 of Title 2.”.

“§ 25-2729. Sale or distribution of cannabis or cannabis products by minor prohibited.

“A licensee shall not allow any person under 21 years of age to volunteer or work at a marijuana establishment.”.

“§ 25-2730. Internet Delivery.

“(a) On-line internet sale deliveries shall only be made by the holder of an off-premises retailer’s license or medical marijuana dispensary that has a delivery endorsement.

“(b) An off-premises retailer or medical marijuana dispensary shall only be permitted to deliver to a District residence but shall not be permitted to deliver to residences located on college campuses and universities.

“(c) An off-premises retailer or medical marijuana dispensary may use a third party contractor to make deliveries. The Board by rulemaking shall establish requirements for a third party contractor to be permitted to make deliveries.

“(d) An off-premises retailer or medical marijuana dispensary shall require a person 21 years of age or older to sign for the delivery and shall ensure that the name on the valid identification document matches the name of the customer who placed the on-line order.

“(e) Except as may be authorized pursuant to the procedures set forth in subsection (h), no deliveries shall be made to licensed businesses, including hotels and
restaurants, nor shall deliveries be made to public parks or in public spaces, and it is an affirmative duty of the off-premises retailer or medical marijuana dispensary to verify that the address for delivery is a residential address.

“(f) The person ordering the delivery must physically be in the home at the time of delivery, not simply at the home, on a porch, driveway, walkway, or in the yard. The purchaser must sign for receipt and affirm that to the best of his or her knowledge, there is no gun in the house or apartment where the cannabis is delivered.

“(g) Off-premises retailers or medical marijuana dispensaries offering home delivery must state prominently on their website or by telephone that it is illegal under federal law to receive, possess, or use cannabis in federally-funded public housing under the federal Controlled Substances Act, so long as that remains the case.

“(h) The Board is authorized to issue regulations regarding the standards for verifying identity, age, and the status of an address as a residence, and record retention, and, no sooner than two years after the effective date of this act, the Board may establish a system to expand permissible delivery locations in the District to premises other than District residences, consistent with the overriding safety goals of the act.

“(i) Landlords remain free to ban delivery of combustible marijuana to their tenants at premises they own, notwithstanding the legality of such delivery.

“(j) If a landlord or property owner posts a sign reasonably designed to be visible from the front door saying, “No combustible cannabis deliveries to this building,” any delivery service must cancel the order for a combustible cannabis product placed by a tenant at that residence.”.

“(a) A licensed marijuana establishment shall be required to submit a security plan with its license application. A licensed marijuana establishment shall be required to follow the security plan submitted to the Board upon receiving its license.

“(b) A licensed establishment shall also be required to maintain security cameras and video footage that satisfies the requirements of § 25-402(d)(4).

“(c) Each ABCA-licensed off-premises retailer, and each medical marijuana dispensary, shall have and use magnetometers and shall not admit any person, other than a person hired to guard the premises pursuant to its security plan filed with the ABCA, who is carrying a gun or other weapon.”.

“§ 25-2732. Temporary surrender of license--safekeeping.

“(a) A marijuana license that is discontinued for any reason for more than 14 calendar days shall be surrendered by the licensee to the Board for safekeeping. The licensee shall submit to ABCA a written plan to dispose of cannabis or cannabis products upon surrendering their license. The Board shall hold the license until the licensee resumes business at the licensed establishment or the license is transferred to a new owner. If the licensee has not initiated proceedings to resume operations or transfer the license within one year, the Board shall deem the license abandoned and cancel the license.

“(b) ABCA shall review licenses in safekeeping every 6 months to ensure that the licensee is making reasonable progress on returning to operation.

“(c) Licenses in safekeeping with the Board shall pay the fee set forth in § 25-791(c-1)(1).

“(d) A license suspended by the Board under this title shall be stored at ABCA.
“(e) A license shall not be eligible for safekeeping and shall be cancelled by the
Board if the licensee either (1) failed to open for business within 90 days of initially
being issued a marijuana license or (2) stopped operating within 90 days of initially being
issued a marijuana license.”.

“§ 25-2733. Products permitted to be sold.

“Except as permitted by the Board, an off-premises retailer shall not be permitted
to sell any products or services other than cannabis, cannabis products, or marijuana
paraphernalia intended for the storage or use of cannabis or cannabis products.”.

“§25-2734. Vending Machines and Self-Service Prohibited.

“(a) It shall be illegal for an off-premises retailer, or any other business or person
in the District to offer cannabis products via a vending machine.

“(b) Off-premises retailers shall keep all products secured behind a counter,
locked door, or under glass not accessible to the customer. Customers are not permitted
to help themselves to product, but shall place their orders with authorized personnel of
the off-premises retailer.

(k) A new Chapter 28 is added to read as follows:

CHAPTER 28. ENFORCEMENT, INFRINGEMENTS, AND PENALTIES.

“§ 25-2801. Authority of the Board to enforce this title; enforcement
responsibilities of ABCA investigators and MPD.

“(a) The Board shall have the authority to enforce the provisions of this title with
respect to licensees and with respect to any person not holding a license and selling
marijuana or marijuana products without a license in violation of the provisions of this
title.
“(b) ABCA investigators shall issue citations for civil violations of this title that
are set forth in the schedule of civil penalties established under § 25-2830.
“(c) ABCA investigators may request and check the identification of a patron
inside of or attempting to enter an establishment with a marijuana license. ABCA
investigators may seize evidence that substantiates a violation under this title, which shall
include seizing cannabis or cannabis products believed to have been sold to minors and
fake identification documents used by minors.
“(d) ABCA investigators may seize a marijuana license from an establishment if:
(1) The marijuana license has been suspended, revoked, or cancelled by the
Board;
(2) The business is no longer in existence; or
(3) The business has been closed by another District government agency.
“(e) Any show cause enforcement hearings brought by the Board for violations of
this title shall follow the procedures set forth in § 25-447.”.
“§ 25-2802. Revocation or suspension for violations of this title or misuse of
licensed premises.
“(a) Pursuant to Subchapter II of Chapter 8, the Board may fine, suspend,
summarily suspend or revoke the license of a licensee.”.
(b) Pursuant to § 25-827, or if the Chief of Police finds that a licensed
establishment is diverting cannabis product out of state, selling cannabis or cannabis
products to minors, or if the facility is associated with crimes of violence, the Chief of
Police may close a marijuana establishment for up to 96 hours.”.
“§ 25-2803. Civil Penalties
“(a) Within 180 days of the effective date of the act, the Board shall submit proposed regulations setting forth a schedule of civil penalties ("schedule") and fine range for violations of this title for a 60-day period of review, including Saturdays, Sundays, holidays, and periods of Council recess. If the Council does not approve, in whole or in part, the proposed regulations by resolution within the 60-day review period, the regulations shall be deemed approved.

“(b) The schedule shall contain the following 2 tiers which shall reflect the severity of the violation for which the penalty is imposed:

(1) The primary tier shall apply to more severe violations, including service to minors, violation of hours of the off-premises sale of cannabis or cannabis products, or other violations involving a threat to public safety, the diversion of product to organized crime, for interstate sale, or the evasion of taxes and license fees owed.

(2) The secondary tier shall apply to less severe violations, including but not limited to the failure to post required signs.

(3) The schedule shall also contain escalating penalties for repeat violations and more severe penalties for willful violations than accidental or negligent violations.”.

“§ 25-2804. Sale of Marijuana at licensed alcohol and tobacco establishments.

“(a) Unless otherwise permitted by Title 25, the holder of a license to sell alcoholic beverages shall not willfully and knowingly sell, offer for sale, distribute, possess with the intent to distribute, or allow the consumption of controlled dangerous substances defined by D.C. Official Code § 48-901.2(4), including but not limited to marijuana, marijuana products or edibles, marijuana extracts or other products containing
the chemical Delta 9—tetrahydrocannabinol, commonly known as THC, on the licensed
premises, or permit any of the same.

“(b) Unless otherwise permitted by Title 25, the holder of a license to sell
alcoholic beverages shall not allow public or private events on the licensed premises that
promote the sale, gifting, distribution, possession with the intent to distribute, or
consumption of controlled dangerous substances, including but not limited to marijuana,
marijuana products or edibles, marijuana extracts or other products containing the
chemical Delta 9-tetrahydrocannabinol, commonly known as THC.

“(c) ABCA shall coordinate with MPD to arrange for MPD’s seizure of any
evidence that substantiates a violation of this section, for purposes of testing or storage.

“(d) A violation of this section shall constitute a primary tier violation in
accordance with Chapter 28 of this title.”.

“§ 25-2805. Alcohol or Tobacco Infused Cannabis

“(a) Except in the case of tincture products containing distilled spirits in
conformance with regulations issued by the Tax and Trade Bureau of the United States
Department of Treasury, it shall be unlawful for a person to sell or offer for sale alcohol
that has been infused with cannabis; or tobacco products or cannabis products that have
been infused with tobacco products; or caffeine products that have been infused with
cannabis, or cannabis products that have been infused with caffeine.

“(b) A licensee shall not sell or offer for sale alcohol that has been infused with
cannabis except in the case of tinctures that are infused with distilled spirits in
conformance with regulations issued by the Tax and Trade Bureau; or tobacco products
or cannabis that has been infused with tobacco products; or caffeine products or cannabis
that has been infused with caffeine to a customer.

“(c) A person who violates this section shall be assessed a civil fine in an amount
of no more than $1,000.”.

“§ 25-2806. Tampering with marijuana packaging.

“(a) A licensee or the licensee’s employees shall not knowingly:

“(1) Misrepresent the brand or contents of any marijuana product sold or
offered for sale;

“(2) Tamper with the contents of any marijuana packaging;

“(3) Remove or obliterate any label from marijuana packaging being
offered for sale;

“(4) Deliver or sell the contents of any marijuana packaging that has had
its label removed or obliterated.

“(b) It shall be unlawful for a person to willfully or knowingly alter, forge
counterfeit, endorse, or make use of any false or misleading document reasonably
calculated to deceive the public as being a genuine marijuana license issued by ABCA.”.

“§ 25-2807. Vaping Devices.

“(a) It shall be unlawful for a person to sell, offer for sale, or give a vaping
device to a person who is under 21 years of age.

“(b) A licensee shall not sell, offer for sale, or give a vaping device to a customer
who is under 21 years of age.

“(c) A person who violates this section shall be assessed a civil fine in an amount
of no more than $1,000.”.
"§ 25-2808. Forged licenses.

"(a) It shall be unlawful for a person to willfully or knowingly alter, forge counterfeit, endorse, or make use of any false or misleading document reasonably calculated to deceive the public as being a genuine license issued by ABCA.

"(b) It shall be unlawful for a person to willfully or knowingly furnish to a member of MPD or an ABCA investigator an altered, forged, counterfeited, endorsed or false or misleading document reasonably calculated to deceive MPD or the ABCA investigator as being a genuine license issued by ABCA.

"(c) A person convicted of a violation of this section shall be fined no more than the amount set forth in D.C. Official Code § 22-3571.01, or incarcerated for more than 1 year or both."

"§ 25-2809. Penalty for violation failure to perform or not performing certain acts.

"(a) A person who violates any of the provisions of this title, or regulations under this title, for which no specific penalty is provided, and if the offense is not subject to a civil infraction; or if the offense involves altering or falsifying any reports, documents, or plans, or misrepresentation of information required for licensing or purchasing cannabis under this title; or any person required to file sales taxes under this title who fails to make a return or files a false return, shall be guilty of a misdemeanor and, upon conviction, shall be punished by a fine of not more than the amount set forth in D.C. Official Code § 22-3571.01, or imprisoned for not more than one year, or both.

"(b) Any person required to file sales taxes for sales of marijuana products under this title who willfully attempts in any manner to evade or defeat a tax, or the payment thereof; any person who knowingly sells non-medical use marijuana to a person under 21
or who knowingly sells medical marijuana to a person not authorized to purchase medical
marijuana; any person who knowingly diverts marijuana cultivated in the District under a
license issued by the DOH or ABCA outside of Washington, DC unless authorized by the
federal Drug Enforcement Administration; any person who diverts marijuana cultivated
or manufactured for sale through the regime established herein to the illegal market; or
any person who provides cannabis in a transaction prohibited by D.C. Official Code § 25-
2104, shall be guilty of a felony and, upon conviction, shall be fined not more than the
amount set forth in D.C. Official Code § 22-3571.01, or imprisoned for not more than
three years, or both. The penalty provided herein shall be in addition to other penalties
provided under District or federal law.

“(c) Violations of this section which are misdemeanors shall be prosecuted on
information filed in the Superior Court of the District of Columbia by the Office of the
Attorney General. Violations of this subsection which are felonies shall be prosecuted by
the United States Attorney for the District of Columbia.

“(d) Misdemeanors and felonies, and acts that pose a risk to the public safety or
health, or the safety or health of any individual, as specified in subsections (a) and (b) and
elsewhere in this title shall also be considered to be primary tier violations.

“(e) Secondary tier violations are serious conduct warranting administrative
disciplinary action for intentional or repeated failure to comply with administrative
procedures, protocols, and substantive rules that are egregious in nature but do not
immediately impact the health, safety, and/or welfare of the public or individuals.

“(f) Minor offenses are offenses that may hurt the efficiency and overall
performance of the programs for the regulated sale of cannabis. These are the least
severe offenses and encompass occasional or inadvertent failure to comply with basic
administrative procedures and protocols or minor changes to plans submitted in licensing
documents that do not affect the health, safety, or welfare of the public, nor the integrity
of the program established and regulated by this title.

“(g) In addition to any fines imposed for violations or prosecutions, ABCA is
authorized to issue warnings, impose additional conditions on licensees, ban persons who
have committed violations from participating or purchasing cannabis or working in
establishments licensed under this act.

“(h) A civil fine may be imposed by ABCA as an alternative sanction for any
violation of this title for which no specific penalty is provided, or any rules or regulations
issued under the authority of this title, under Chapter 18 of Title 2. Adjudication of an
infraction that is contested or appealed under this section shall be heard by OAH pursuant
to Chapter 18 of Title 2.”.

(l) A new chapter 29 is added to read as follows:

CHAPTER 29. TAXES.

“§ 25-2901. Imposition of sales tax.

“(a) A tax is imposed upon all vendors for the privilege of selling retail marijuana
and marijuana products. The rate of such tax shall be 17% of the gross receipts from
sales of or charges for retail marijuana or marijuana products, except that:

“(1) The rate of tax shall be 6% of the gross receipts from the sale of or
charges for medical marijuana, as defined in the Legalization of Marijuana for Medical
Treatment Initiative of 1999, transmitted on December 21, 2009 (D.C. Act 13-138)
[Chapter 16B of Title 7].
“(b) The sales tax revenue received pursuant to this section, shall be used to fund the Cannabis Sales Tax Fund.”.


“(a) Reimbursement for the sales tax imposed upon the off-premises retailer shall be collected by the off-premises retailer from the purchaser on all sales the gross receipts from which are subject to the tax imposed by this chapter so far as it can be done. It shall be the duty of each purchaser to reimburse the off-premises retailer, as provided in D.C. Official Code § 25-2903, for the tax imposed by this chapter. Such reimbursement of tax shall be a debt from the purchaser to the off-premises retailer and shall be recoverable at law in the same manner as other debts.

“(b) In the event that the off-premises retailer shall collect a tax in excess of the reimbursement schedule rates provided for in this chapter, such excess shall be refunded to the purchaser, or in lieu thereof, shall become a debt to the District in the same manner as taxes due and payable under Chapter 20 of Title 47.”.

“§ 25-2903. Off-Premises Retailer to Collect Sales Tax.

“(a) For the purpose of collecting the reimbursement as provided in D.C. Official Code § 25-2902 insofar as it can be done and yet eliminate the fractions of a cent, the off-premises retailer shall add to the sales price and collect from the purchaser such amounts as may be prescribed by the Deputy Chief Financial Officer for Tax and Revenue of the Office of Tax and Revenue to carry out the purposes of D.C. Official Code § 25-2902.

“(b) It shall be unlawful for any off-premises retailer to advertise or hold out, or state to the public or to any customer, directly or indirectly, that the sales tax, or any part thereof to be collected by the off-premises retailer under this chapter will be assumed,
reimbursed, refunded, or absorbed by the vendor or that tax will not be added to the
selling price. Any person violating any provision of this section shall upon conviction be
fined not more than the amount set forth in D.C. Official Code § 22-3571.01, or
imprisoned for not more than 6 months, or both, for each offense.”.


“(a) Monthly tax returns on marijuana retail sales shall be remitted electronically
by the off-premises retailer by the 20th day of each month for the previous month to the
Deputy Chief Financial Officer for Tax and Revenue of the Office of Tax and Revenue,
or any successor and shall be deposited in the Cannabis Sales Tax Fund, or timely
delivered in cash if the off-premises retailer has been unable to establish a safe banking
relationship to provide for electronic transfer of funds.

“(b) Such returns shall show the total gross proceeds of the off-premises retailer’s
business for the month for which the return is filed; the gross receipts of the business of
the off-premises retailer; the amount of tax for which the off-premises retailer is liable
and such other information as the Deputy Chief Financial Officer or its successor deems
necessary for the computation and collection of the tax.

“(c) The Deputy Chief Financial Officer may require amended remittals to be
filed within 20 days after notice and to contain the information specified in the notice.

“(d) The Office of Tax and Revenue shall provide to the Mayor and ABCA on a
monthly basis the cumulative amount of revenues collected from off-premises licensed
retailers as a result of marijuana retail sales.

“(e) The Chief Financial Officer shall make such provision as may be necessary
to safely receive tax and licensing receipts in cash on a daily basis.”.
§ 25-2905 Income Taxes.

"Licensees shall be subject to applicable Income Taxes pursuant to Chapter 18 of Title 47."

§ 25-2906. Tax Exemptions.

"(a) For License carriers engaged in the commercial cannabis supply chain of cultivation, manufacturing, distributing, and off-premises retail, there shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, as defined in D.C. Official Code § 47-1803.03(a). Any business expenses allowed under this paragraph shall be subject to the same limitations as provided for the Internal Revenue Code of 1986; however, a licensed cannabis business shall be allowed, for the purposes of District taxes, any federal income tax deduction that is disallowed by Internal Revenue Code §280E. This deduction shall be available for all corporations, including limited liability corporations (LLCs) and sole proprietors established as S corporations. The Office of Tax and Revenue shall accept a federal pro forma return that includes business expenses and calculate District of Columbia income tax liability using the pro forma return.

"(b) Deductions proscribed in D.C. Official Code § 47-1803.03(d) shall not be allowed under this Chapter."

(m) A new Chapter 30 is added to read as follows:

CHAPTER 30. LIMITATIONS ON CONSUMERS.

"§ 25-3001. Purchase, possession, use or consumption by persons under 21; misrepresentation of age; penalties."
“(a) No person who is under 21 years of age shall purchase, attempt to purchase, possess, use, or consume cannabis or cannabis products, or edibles or apply any topical ointments containing cannabis in the District.

“(b) No person shall falsely represent his or her age, or possess or present as proof of age an identification document which is in any way fraudulent for the purpose of purchasing, possessing, using or consuming cannabis in the District.

“(c) No person shall present a fraudulent identification document for the purposes of entering an establishment possessing an off-premises retailer’s license licensed under chapter 21 of this title.

“(d) For the purpose of determining valid representation of age, each person shall be required to present to the establishment owner or representative at least one form of valid identification, which shall have been issued by an agency of government (local, state, federal, or foreign) and shall contain the name, date of birth, signature, and photograph of the individual; provided that a military identification card issued by an agency of government (local, state, federal, or foreign) shall be an acceptable form of valid identification whether or not it contains the individual’s signature.

“(e) Any person guilty of violating this section shall be guilty of a misdemeanor, and, upon conviction, be subject to the penalties set forth in D.C. Official Code § 25-1002(c).”.

“§ 25-3002. Restrictions on open container of marijuana in a motor vehicle.

“(a) All marijuana products purchased from an off-premises retailer shall be stored in the trunk or glove compartment of a vehicle, and that glove compartment shall be locked if it has a lock.
“(b) Sealed or wrapped marijuana containers shall not be unsealed or unwrapped in the passenger compartment of a vehicle.

“(c) It shall be unlawful for marijuana to be kept in loose, unwrapped, or unsealed form, or any other form available for immediate use, or to keep related paraphernalia in the passenger compartment of any vehicle.”.


“A person engaged in a profession or occupation subject to licensure shall not be subject to disciplinary action by a professional licensing board solely for providing professional services to prospective or licensed marijuana establishments related to activity under this title that is not subject to criminal penalty under District law. This provision, however, does not strip licensing boards of their ability to assess and impose sanction upon professionals for malpractice, fraud, embezzlement, misappropriation of funds, and other matters outside the services provided to prospective or licensed establishments.”.

“§ 25-3004. Marijuana accessories.

“A person 21 years of age or older shall not be arrested, prosecuted, penalized or disqualified and shall not be subject to seizure or forfeiture of assets for possessing, purchasing or otherwise obtaining or manufacturing marijuana accessories or for selling or otherwise transferring marijuana accessories to a person who is 21 years of age or older.”.

“§ 25-3005. Contracts pertaining to marijuana are enforceable.

“Contracts related to the operation of licensed establishments under chapters 21 through 30 of this title shall be enforceable. A contract entered into by a licensee or its
agents as permitted pursuant to a Board issued license, or by those who allow property to
be used by a licensee or its agents as permitted by a Board issued license, shall not be
unenforceable or void exclusively because the actions or conduct permitted under the
license is prohibited by federal law.”.

“§ 25-3006. Operating under the influence.

“This act does not amend existing penalties for operating, navigating or being in
actual physical control of any motor vehicle, train, aircraft, motorboat or other motorized
form of transport or machinery while impaired by marijuana or a marijuana product, or
for consuming marijuana or marijuana products while operating, navigating or being in
actual physical control of any motor vehicle, train, aircraft, motorboat or other motorized
form of transport or machinery.”.

“§ 25-3007. Storage of Cannabis within the Home.

“(a) No more than ten (10) ounces of cannabis may be stored within or at a
residential home. It is no defense to this prohibition that the resident or residents abided
by the legal limits on plant counts.

“(b) All purchased cannabis products from an off-premises retailer exceeding one
ounce that are stored in or at an individual residence shall be stored in an enclosed area or
room equipped with locks or other security devices and shall only accessible by the
purchaser or adults authorized by the purchaser to have access to the enclosed area or
room.”.

Sec. 3. Title 47 of the District of Columbia Official Code is amended as follows:

(a) Section 47-2002(a) is amended by adding a new paragraph (3D) to read as
follows:
“(3D) The rate of tax shall be 17% of the gross receipts of the sales or charges for
retail cannabis or cannabis products sold for consumption off the premises where sold. In
the event that on-premises cannabis sales or charges are authorized in the District, the
rate of tax shall also be 17%.”.

Sec. 4. The District of Columbia Uniform Controlled Substances Act of 1981,
effective August 5, 1981 (D.C. Law 4-29; D.C. Official Code § 48-901.01 et seq.) is
amended as follows:

(a) Section 102 (D.C. Official Code § 48-901.02) is amended as follows:

(1) Paragraph (3) is amended as follows:

(A) Subparagraph (A) is amended by striking the phrase “whether
growing or not” and inserting the phrase “whether growing or not, and whether in edible
form or not” in its place.

(B) Subparagraph (B) is amended as follows:

(I) Strike the phrase “includes the resin extracted from” and
inserting the phrase “includes the resin, including marijuana concentrates, extracted
from” in its place.

(II) Strike the phrase “from such resin” and insert the phrase
“from such resin, whether in edible form or not” in its place.

(2) A new paragraph (13A) is added to read as follows:

“(13A) “Marijuana concentrates” means products consisting wholly or in
part of a substance derived from any part of the cannabis plant by:

“(A) A mechanical extraction process;
“(B) A chemical extraction process using a nonhydrocarbon-based solvent such as vegetable glycerin, vegetable oils, animal fats, isopropyl alcohol, or ethanol; or

“(C) A chemical extraction process using the hydrocarbon-based solvent carbon dioxide, provided that the process does not involve the use of high heat or pressure.”.

(b)Section 401 (D.C. Official Code § 48-904.01) is amended to read as follows:

(1) A new subsection (c-1) is added to read as follows:

“(c-1)(1) It is unlawful for any person who is not licensed as a cultivator under this act or registered as a cultivation center and authorized by regulations promulgated under the Legalization of Marijuana for Medical Treatment Initiative of 1999, effective July 27, 2010 (D.C. Law 13-315; D.C. Official Code § 7-1671.01 et seq.), to knowingly or intentionally;

“(A) Use butane, hexane, propane, or other explosive gases to extract or separate resin from marijuana, or Tetrahydrocannabinol from marijuana; or

“(B) Use any other liquid chemical, compressed gas, or commercial product, other than alcohol or ethanol, that has a flash point at or lower than 38 degrees Celsius or 100 degrees Fahrenheit, for the purpose of manufacturing marijuana concentrates.

“(2) Any person who violates this subsection is guilty of a felony and, upon conviction, may be imprisoned for not more than 5 years, fined not more than the amount set forth in section 101 of the Criminal Fine Proportionality Amendment Act
of 2012, effective June 11, 2013 (D.C. Law 19-317; D.C. Official Code § 22-3571.01), or both.”

Sec 5. Chapter 8 of Title 16 of the D.C. Official Code is amended as follows:

(1) The title of § 16-803.03 is added to read as follows:

“§ 16-803.03. Sealing public records for certain marijuana convictions.”

(2) A new section 16-803.03 is added to read as follows:

“(a) Within one year of the effective date of this act, the Superior Court shall automatically seal all arrests, charges, and convictions in Superior Court proceedings where the lead, main, or top charge involves the possession of marijuana only.

“(b) Subsection (a) shall not apply to cases that also contain the following charges and/or convictions; except if the arrest or charge was dismissed with prejudice:

“(1) Possession with the intent to distribute any controlled substance;

“(2) Possession, distribution, use, or impairment of any other controlled substance;

“(3) Distribution or sale of a controlled substance, including marijuana, to minors;

“(4) The illegal possession of a firearm;

“(5) A crime of violence as defined by the D.C. Code § 23-1331(4), a dangerous crime as defined by the D.C. Code § 23-1331(3), a crime of assaultive behavior as described in D.C. Code §§ 22-401 through 22-408;

“(6) Driving under the influence or driving while impaired by marijuana, any other controlled substance, or alcohol; or

“(7) A felony.”.
Sec. 6  Section 124 of the 21st Century Financial Modernization Act of 2000, effective June 9, 2001 (D.C. Law 13-308; D.C. Official Code § 26-551.24) is amended to read as follows:

"Sec. 124. Authority to transact business with persons licensed pursuant to the Safe Cannabis Sales Act of 2019.

(a) A financial institution authorized to conduct business in the District of Columbia pursuant to the District of Columbia Banking Code is authorized to provide financial services to persons or entities licensed pursuant to the Safe Cannabis Sales Act of 2019; and

(b) The financial institution shall not be in violation of the following by virtue of providing financial services to a person or entity licensed pursuant to the Safe Cannabis Sales Act of 2019, provided that the financial institution complied with the BSA (Bank Secrecy Act) Expectations Regarding Marijuana-Related Businesses Guidelines, FIN-2014-G001, February 14, 2014, in the provision of the financial services to the licensed person or entity:

(1) Section 2(k) of the District of Columbia Regional Interstate Banking Act of 1985, effective November 23, 1985 (D.C. Law 6-107 § 2(k); D.C. Official Code § 26-109);

(2) Sections 122; 203(c)(4), (8), (12) and (13); 211(a), (e)(6); 217(b); and 219(a), of the 21st Century Financial Modernization Act of 2000, effective June 9, 2001 (D.C. Law 13-308 § 122; D.C. Official Code § 26-101 et seq., 521, 26-551.22); and
“(3) Section 10c(a)(1) and (2) District of Columbia Regional Interstate Banking Act of 1985, effective November 23, 1985 (D.C. Law 9-42; D.C. Official Code § 26-109(a)(1) and (2)).”.

Sec. 7. Section 125 of the 21st Century Financial Modernization Act of 2000, effective June 9, 2001 (D.C. law 13-308; D.C. Official Code § 26-551.24) is amended to read as follows:

“Sec. 125. District of Columbia Safe Cannabis License and Compliance Verification and Data Portal.

“(a) The Department of Insurance, Securities and Banking, in consultation with ABCA, shall establish the District of Columbia Safe Cannabis License and Compliance Verification and Data Portal (Safe Cannabis Portal) for use by financial institutions.

“(b) The Safe Cannabis Portal shall be an online portal aggregating data on cannabis businesses from ABCA. The portal shall be designed to support financial institutions’ compliance and provide information so that financial institutions can comply with the BSA Expectations Regarding Marijuana-Related Businesses Guidelines, FIN-2014-G001, February 14, 2014.

“(c) The Safe Cannabis Portal shall include the following information:

“(1) Licensing and regulatory information;

“(2) Data on key personnel;

“(3) Product lists;

“(4) Sources of supply;

“(5) Financial records including major transactions;
“(6) Ongoing regulatory activity including citations for violations;

“(7) Adverse comments;

“(8) Evidence of suspicious or illegal activities; and

“(9) Other information to assist financial institutions, as determined by

the Commissioner.”.

Sec. 8. Section 126 of the 21st Century Financial Modernization Act of 2000,
effective June 9, 2001 (D.C. Law 13-308; D.C. Official Code § 26-551.24) is amended to
read as follows:

“Section 126: Banking Services Enhancement.

“(a) DISB shall conduct an analysis of additional changes in laws or regulations
that might enable legal cannabis-related businesses to have better access to banking
services and issue a report on such analysis.

“(b) DISB shall issue any rules necessary to repeal or amend any local rules,
regulations and practices that might impair access to financial services by persons
licensed pursuant to this act, or to issue such rules to increase the availability of such
services.

“(c) Upon the enactment of any statute authorizing state-chartered credit unions in
the District of Columbia, it shall be legal under District law for such a credit union to
open accounts on behalf of and accept receipts from licensed cannabis businesses from
their licensed activities.”.

Sec. 9. Title 2 of the District of Columbia Official Code is amended as follows:

“(1) Section 2-534(a) is amended by adding a new paragraph (18) to read as
follows:
"Information related to the location of the cannabis premises owned by a cannabis cultivator or manufacturer licensee [as defined by Chapter 21 of Title 25 of this Code].”.

Sec. 10. Section 6 of the Office of the Administrative Hearings Establishment Act of 2001, effective March 6, 2002 (D.C. Law 14-76; D.C. Official Code § 2-1831.03), is amended by added a new subsection (b-25) to read as follows:

“(b-25) This Chapter shall apply to all adjudicated cases arising under D.C. Official Code § 25-2809.”.

Sec. 11. Title 48 of the District of Columbia Official Code is amended as follows:

“(1) Section 48-904.01a(1)(B) is amended to read as follows:

Transfer to another person 21 years of age or older, without remuneration, marijuana weighing one ounce or less, or one clone, regardless of weight.

“(2) Section 48-904.01a(1)(C) is amended to read as follows:

Possess, grow, harvest, or process, within the interior of a house, rental unit, or outdoor space accessible only from inside the house that is in the exclusive control of the resident, and constitutes such person’s principal residence, no more than 6 cannabis plants, with 3 or fewer being mature, flowering plants; provided, that all persons residing within a single house or single rental unit may not possess, grow, harvest, or process, in the aggregate, more than 12 cannabis plants, with 6 or fewer being mature, flowering plants;”

“(3) Section 48-904.01a(1) is amended by adding a new paragraph (E) to read as follows:
"The Mayor shall be responsible for issuing all rules necessary to implement the provisions of this chapter.”.

Sec. 12. Fiscal Impact.

The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

Sec. 13. Effective Date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of Columbia Register.
MEMORANDUM

TO:       Alana Intrieri
          Executive Director
          Office of Policy and Legislative Support

FROM:     Brian K. Flowers
          Deputy Attorney General
          Legal Counsel Division

DATE:     May 1, 2019

SUBJECT:  Legal Certification of Draft Legislation, the “Safe Cannabis Sales Act of
          2019”
          (AE-19-182B)

This is to Certify that this Office has reviewed the above-referenced draft legislation
and found it to be legally sufficient. If you have any questions in this regard,
please do not hesitate to call me at 724-5524.

Brian K. Flowers