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S.P. 102

In Senate, January 17, 2023

An Act to Clarify the Requirements for Off-premises Sales by Cannabis Store Licensees

(EMERGENCY)

Submitted by the Department of Administrative and Financial Services pursuant to Joint Rule 204.

Reference to the Committee on Veterans and Legal Affairs suggested and ordered printed.

DAREK M. GRANT Secretary of the Senate

Presented by Senator PIERCE of Cumberland.

Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, Public Law 2021, chapter 735 requires the Department of Administrative and Financial Services to adopt routine technical rules to administer a program under the Cannabis Legalization Act authorizing certain off-premises sales of certain adult use cannabis products; and

Whereas, the program becomes effective January 1, 2023; and

Whereas, the program requires amendments that cannot be delayed in order to provide clarity for the program's implementation and administration by the Department of Administrative and Financial Services and to provide clarity and certainty about the program's requirements to adult use cannabis licensees and members of the public; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

Be it enacted by the People of the State of Maine as follows:

- Sec. 1. 28-B MRSA §102, sub-§39-A is enacted to read:
- 39-A. Permitted premises for a specified event. "Permitted premises for a specified event" means the premises specified in a permit within which a cannabis store is authorized under section 504-A and rules adopted pursuant to that section to sell adult use cannabis products at a specified event.
 - Sec. 2. 28-B MRSA §102, sub-§51-A is enacted to read:
- 51-A. Specified event. "Specified event" means an event located outside the licensed premises of a cannabis store that is not conducted primarily for the benefit or enjoyment of individuals under 21 years of age and that is not more than 10 consecutive days in duration or 10 occurrences in duration. For purposes of this subsection, "occurrence" means an event that is less than 24 hours in duration and that occurs during the same calendar year as another occurrence.
 - Sec. 3. 28-B MRSA §102, sub-§51-B is enacted to read:
- <u>51-B.</u> Specified event permit. "Specified event permit" means a temporary authorization for a cannabis store to conduct sales of adult use cannabis products at a specified event in accordance with section 504-A.
- **Sec. 4. 28-B MRSA §504, sub-§1,** as enacted by PL 2017, c. 409, Pt. A, §6 and amended by PL 2021, c. 669, §5, is further amended to read:
- **1. Products authorized for sale.** Except as provided in subsection 2 <u>and section 504-A, subsection 3, paragraph D</u>, a cannabis store may sell:
 - A. Adult use cannabis, adult use cannabis products and cannabis paraphernalia;
 - B. Immature cannabis plants and seedlings;
- C. Consumable products not containing cannabis, including, but not limited to, sodas, candies and baked goods; and

D. Any other nonconsumable products, including, but not limited to, apparel and cannabis-related products.

- **Sec. 5. 28-B MRSA §504, sub-§3,** as enacted by PL 2017, c. 409, Pt. A, §6 and amended by PL 2021, c. 669, §5, is further amended to read:
- **3.** Compliance with packaging, labeling and health and safety requirements. All adult use cannabis and adult use cannabis products sold or offered for sale at by a cannabis store must meet all applicable packaging, labeling and health and safety requirements of subchapter 7 and the rules adopted under subchapter 7.
- Sec. 6. 28-B MRSA §504-A, first \P , as enacted by PL 2021, c. 735, §1 and amended by c. 669, §5, is further amended to read:

Notwithstanding any provision of law to the contrary, the department may issue a specified event permit to a cannabis store to sell adult use cannabis products at a specified event located outside the licensed premises in accordance with the requirements of this section. Transportation of adult use cannabis products between the licensed premises and the permitted premises for a specified event is subject to the requirements of section 505. A cannabis store authorized to sell adult use cannabis products under this section is subject to the provisions of section 504.

- **Sec. 7. 28-B MRSA §504-A, sub-§1,** as enacted by PL 2021, c. 735, §1 and amended by c. 669, §5, is further amended to read:
- 1. **Permit application.** At least 30 days prior to a specified event, a cannabis store seeking to sell adult use cannabis products at the specified event shall submit a permit application to the department. The application must include:
 - A. Proof of approval from the municipality in which the specified event is located as described in subsection 2 to sell adult use cannabis products at the specified event;
 - B. A description of the specified event and the name and description of the organization sponsoring the event; and
 - C. If the specified event is being held on private property, the written permission of the property owner for the cannabis store licensee to sell adult use cannabis products on the property-;
 - D. A diagram and description of the premises that will be used by the cannabis store at the specified event; and
 - E. As applicable, a diagram and description of security measures to be implemented by the cannabis store at the specified event to prevent unauthorized access to cannabis products, including a description of how the cannabis store will prevent access by persons under 21 years of age to the area where the cannabis store will conduct sales.
 - Sec. 8. 28-B MRSA §504-A, sub-§1-A is enacted to read:
- 1-A. Department review of permit application; issuance or denial of permit. Upon receipt and review of a permit application from a cannabis store that meets the requirements of subsection 1, the department shall issue a specified event permit or deny the application for good cause in accordance with section 206, subsection 2.
- **Sec. 9. 28-B MRSA §504-A, sub-§3,** as enacted by PL 2021, c. 735, §1 and amended by c. 669, §5, is further amended to read:

- **3. Limitations on off-premises sales.** A cannabis store issued a <u>specified event permit</u> under this section may sell adult use cannabis products at a specified event only as authorized under the permit. A <u>specified event permit</u> issued by the department under this section for a specified event may not authorize:
 - A. Sales at the specified event for a period greater than the duration of the event;
 - B. Sales anywhere other than the specified event;

- C. The consumption of adult use cannabis products at the location of sale at the specified event; or
- D. Sales of adult use cannabis products that are consumed by smoking. For the purposes of this paragraph, "smoking" has the same meaning as in Title 22, section 1541, subsection 6.
- **Sec. 10. 28-B MRSA §504-A, sub-§4,** as enacted by PL 2021, c. 735, §1 and amended by c. 669, §5, is further amended to read:
- **4. Conditions.** Sales of adult use cannabis products under a <u>specified event</u> permit issued under this section are subject to the following conditions.
 - A. A cannabis store authorized to sell adult use cannabis products at a specified event held outdoors shall transact all sales in a tent or similar structure with a single point of entry that requires entry into the tent or structure in order to view or purchase adult use cannabis products.
 - B. A cannabis store may not allow a person under 21 years of age to enter a tent or structure in which sales are conducted and shall verify that a person entering the tent or structure is at least 21 years of age in the same manner as required under section 504, subsection 4.
 - C. A cannabis store shall provide signs notifying customers that adult use cannabis products may not be consumed at the location of sale at the specified event.
 - D. A cannabis store shall ensure that all adult use cannabis products are secured when not under the direct control and supervision of the licensee or an employee of the licensee.
 - E. A cannabis store shall record all sales conducted at the specified event using a video recording device in a manner that captures, to the extent practicable, only the individual making the purchase. The recording must be retained by the cannabis store in a manner prescribed by the department by rule.
- **Sec. 11. 28-B MRSA §504-A, sub-§5,** as enacted by PL 2021, c. 735, §1 and amended by c. 669, §5, is repealed.
 - Sec. 12. 28-B MRSA §504-A, sub-§5-A is enacted to read:
- 5-A. Suspension or revocation of a specified event permit. The department, on its own initiative or on complaint and after investigation, by written order may for good cause as described in section 206, subsection 2 suspend or revoke a specified event permit issued to a cannabis store. The department shall revoke a specified event permit if:
 - A. Municipal approval granted in accordance with subsection 2 is revoked by the municipality; or

- B. As applicable, the property owner of the property on which the specified event is to be held revokes the property owner's written permission required under subsection 1, paragraph C.
- **Sec. 13. 28-B MRSA §504-A, sub-§6,** as enacted by PL 2021, c. 735, §1 and amended by c. 669, §5, is further amended to read:
- **6. Rulemaking.** The department shall adopt rules to administer this section, including but not limited to rules that <u>may</u> separately apply to indoor specified events and outdoor specified events, <u>rules providing limitations on the kind or location of specified events where sales by a cannabis store may be authorized and rules regarding the process by which a cannabis store may apply for a permit under subsection 1. The department may by rule set an application fee for a permit under this section of not more than \$200. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.</u>
- **Sec. 14. 28-B MRSA §505, 3rd ¶,** as amended by PL 2021, c. 759, Pt. C, §3 and c. 669, §5, is further amended to read:

Beginning January 1, 2023, a cannabis store and its employees may transport adult use cannabis products between the licensed premises of the cannabis store and the location at which the cannabis store is authorized to sell adult use cannabis products under a permit issued under permitted premises for a specified event in accordance with section 504-A.

Emergency clause. In view of the emergency cited in the preamble, this legislation takes effect when approved.

22 SUMMARY

This bill amends the Cannabis Legalization Act in the following ways. It:

- 1. Creates new definitions for the terms "specified event permit," "permitted premises for a specified event" and "specified event";
- 2. Amends the requirements applicable to cannabis stores to account for authorized sales outside of a cannabis store's licensed premises;
- 3. Clarifies the application requirements for a permit for cannabis stores to conduct sales at a specified event;
- 4. Provides criteria for the Department of Administrative and Financial Services' approval or denial of a permit application for cannabis stores to conduct sales at a specified event;
- 5. Provides criteria for the Department of Administrative and Financial Services' suspension or revocation of a permit for a cannabis store to conduct sales at a specified event;
- 6. Amends the Department of Administrative and Financial Services' rule-making authority; and
- 7. Repeals the requirement that the Department of Administrative and Financial Services issue guidance documents to adult use licensees.