SPONSOR: Rep. Osienski & Rep. Longhurst & Rep. Baumbach & Rep. Dorsey Walker & Rep. Heffernan & Rep. Lynn & Rep. Minor-Brown & Rep. Morrison & Sen. Paradee & Sen. Hoffner & Sen. Lockman & Sen. S. McBride & Sen. Pinkney & Sen. Sturgeon & Sen. Townsend
Reps. Chukwuocha, Griffith, Harris, K. Johnson, Lambert, S. Moore, Neal, Phillips, Romer, K. Williams, Wilson-Anton; Sens. Gay, Huxtable, Poore, Sokola, Walsh

HOUSE OF REPRESENTATIVES
152nd GENERAL ASSEMBLY

HOUSE BILL NO. 2
AS AMENDED BY
HOUSE AMENDMENT NO. 1
AND
HOUSE AMENDMENT NO. 2

AN ACT TO AMEND TITLES 4, 11, 16, AND 30 OF THE DELAWARE CODE RELATING TO CREATION OF THE DELAWARE MARIJUANA CONTROL ACT.

WHEREAS, the creation of a legal, regulated marijuana industry would effectively eliminate the illegal market for marijuana in Delaware by diverting demand away from illicit cartels and enterprises, and provide law enforcement officials the legal means necessary to ensure the safe legal use of marijuana in Delaware; and

WHEREAS, the legalization and regulation of marijuana would address criminal justice concerns related to criminalization and prohibitions on the production, possession, and transportation of the substance, recognizing a Black individual is 4 times more likely to be arrested for marijuana possession than a white individual despite equal rates of use; and

WHEREAS, it is the responsibility of the General Assembly to ensure that Delawareans most impacted by prohibition are guaranteed access to the legal marijuana market; and

WHEREAS, the creation of a legal framework to regulate the production and sale of marijuana in the State of Colorado and the State of Washington has generated a multi-billion dollar industry and yielded more than 38,000 well-paying jobs in Colorado and 22,000 jobs in Washington; and

WHEREAS, the adult recreational use of marijuana has been legalized in neighboring states including New York, New Jersey, and Maryland; and

WHEREAS, Delaware recognizes the economic benefits of a legal marijuana market as well as the importance of regulating the substance in a manner similar to alcohol and restricting its use to persons over 21 years old.

NOW, THEREFORE:

HD : KL : MAW : 2141520002
LC : HVW : CBM : 5081520035
Released: 03/28/2023 04:39 PM

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE (Three-fifths of all members elected to each house thereof concurring therein):

Section 1. Amend Subchapter IV, Chapter 47, Title 16 of the Delaware Code by making deletions as shown by strikethrough and insertions as shown by underline as follows:

§ 4750. State-legal marijuana activities.

The offenses and penalties provided for in this chapter do not apply to marijuana-related conduct allowed under the Delaware Medical Marijuana Act, Chapter 49A of this title or the Delaware Marijuana Control Act, Chapter 13 of Title 4.

Section 2. Amend § 4902A, Title 16 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 4902A. Definitions.

(19) "Registered safety compliance facility" means a nonprofit entity registered under § 4915A of this title by the Department to provide 1 or more of the following services: testing marijuana produced for medical use or under Chapter 13 of Title 4 for potency and contaminants; and training ~~cardholders and prospective compassion center agents.~~ cardholders, compassion center agents, and owners and employees of entities operating under Chapter 13 of Title 4. The training may include, but need not be limited to, information related to 1 or more of the following:

a. The safe and efficient cultivation, harvesting, packaging, labeling, and distribution of marijuana;

b. Security and inventory accountability procedures; and

c. Up-to-date scientific and medical research findings related to medical marijuana.

Section 3. Amend Chapter 4, Title 4 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 401. Division of Alcohol and Tobacco Enforcement.

The Division of Alcohol and Tobacco Enforcement of the Department of Safety and Homeland Security is established as follows for the administrative, ministerial, budgetary and clerical functions for the enforcement of the alcohol laws of this ~~Code and~~ Code, youth access to tobacco laws in §§ 1115 through 1127 of Title 11, and the marijuana laws of this title.

§ 403. Duties and powers of the Division.

The Division shall:

(1) Investigate, prevent, and arrest for violations of this title, make seizure of alcoholic liquor, manufactured, sold, kept, or transported in contravention thereof, and confiscate such alcoholic liquor whenever required by any provision of this title;

(3) Only require an inventory by a package store licensee if it has evidence to support a finding that such licensee has violated this title.

(4) Investigate, prevent, and arrest for violations of this title; seize marijuana, including marijuana products and accessories that are manufactured, sold, kept, or transported in contravention thereof; and confiscate such marijuana, including marijuana products and accessories, whenever required by any provision of this title;

Section 4. Amend Title 4 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

Title 4

Alcoholic Liquors and Marijuana

Chapter 13. The Delaware Marijuana Control Act.

Subchapter I. General Provisions.

§ 1301. Purpose and findings.

(a) In the interest of creating jobs with community benefits, eliminating the marijuana illegal market to allow law enforcement to focus on violent crime and property crimes, and promoting individual freedom, the General Assembly finds and declares that the personal use of marijuana should be legal for persons 21 years of age or older and taxed in a manner similar to alcohol.

(b) In the interest of the health and public safety of our citizenry, the General Assembly further finds and declares that marijuana must be regulated in a manner similar to alcohol to ensure all of the following:

(1) Individuals will have to show proof of age before purchasing marijuana.

(2) Selling, distributing, or transferring marijuana to individuals under the age of 21 remains illegal.

(3) Driving under the influence of marijuana remains illegal.

(4) Legitimate, taxpaying businesspeople, not criminal actors, conduct sales of marijuana.

(5) Marijuana sold in this State will be tested, labeled, and subject to additional regulations to ensure that consumers are informed and protected.

(c) The General Assembly further finds and declares that it is necessary to ensure consistency and fairness throughout this State, and therefore, that the matters addressed by this chapter are of statewide concern, except as specified in this chapter.

§ 1302. Definitions.

As used in this chapter:

(1) “Appeals Commission” means 3 persons, 1 from each County, appointed by the Governor with the advice and consent of the majority of the Senate.

(2) “Commissioner” means the person appointed by the Governor and confirmed by the Senate who serves as the Marijuana Commissioner for the State.

(3) “Compassion center” means an entity registered as a compassion center under § 4914A of Title 16.

(4) “Consumer” means an individual 21 years of age or older who purchases marijuana, marijuana products, or marijuana accessories for personal use by the individual or other individuals 21 years of age or older, but not for resale to others.

(5) “Department” means the Department of Safety and Homeland Security.

(6) “Disproportionately impacted area” means census tracts identified by the Commissioner in collaboration with state and local agencies that have high rates of arrest, conviction, and incarceration relating to the sale, possession, use , cultivation, manufacture, or transport of marijuana.

(7) “Division” means the Division of Alcohol and Tobacco Enforcement.

(8) "Immature plant" means a nonflowering marijuana plant, no taller than 8 inches and no wider than 8 inches; that is produced from a cutting, clipping, or seedling; is in a cultivating container; and which does not have buds that may be observed by visual examination.

(9) “Labor peace agreement” means an agreement between a licensee and any bona fide labor organization that prohibits labor organizations and members from engaging in picketing, work stoppages, boycotts, and any other economic interference with the licensee’s business. This agreement means that the licensee has agreed not to disrupt efforts by the bona fide labor organization to communicate with, and attempt to organize and represent, the licensee’s employees. The agreement shall provide a bona fide labor organization access at reasonable times to areas in which the licensee’s employees work, for the purpose of meeting with employees to discuss the employees’ right to representation, employment rights under state law, and terms and conditions of employment. This type of agreement shall not mandate a particular method of election or certification of the bona fide labor organization.

(10) “License” means any license or permit to cultivate, possess, manufacture, sell, transport, or test marijuana or marijuana products and accessories authorized or issued by the Commissioner under this chapter.

(11) “Marijuana” means as defined in § 4701 of Title 16.

(12) “Marijuana accessories” means any equipment, products, or materials of any kind which are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, composting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, vaporizing, or containing marijuana; or for ingesting, inhaling, or otherwise introducing marijuana into the human body.

(13) “Marijuana cultivation facility” or “cultivation facility” means an entity licensed to cultivate, prepare, and package marijuana and sell marijuana to retail marijuana stores, to marijuana product manufacturing facilities, and to other marijuana cultivation facilities, but not to consumers. A marijuana cultivation facility may not produce marijuana concentrates, tinctures, extracts, or other marijuana products.

(14) “Marijuana establishment” means an entity licensed as a marijuana cultivation facility, a marijuana testing facility, a marijuana product manufacturing facility, or a retail marijuana store.

(15) “Marijuana product manufacturing facility” means an entity licensed to purchase marijuana; manufacture, prepare, and package marijuana products; and sell marijuana and marijuana products to other marijuana product manufacturing facilities and retail marijuana stores, but not to consumers.

(16) “Marijuana products” means products that are comprised of marijuana, including concentrated marijuana, and other ingredients and are intended for use or consumption, such as edible products, ointments, and tinctures.

(17) “Marijuana testing facility” means an entity licensed to test marijuana for potency and contaminants.

(18) “Microbusiness license” means a license issued pursuant to Part B of Subchapter III of this title which includes any of the following:

a. Marijuana cultivation facility license.

b. Marijuana product manufacturing license.

(19) “Open license” means a license issued pursuant to Part A of Subchapter III of this title that is not a social equity license or microbusiness license which includes all of the following:

a. Retail marijuana store license

b. Marijuana testing facility license.

c. Marijuana cultivation facility license.

d. Marijuana product manufacturing license.

(20) “Person” means as defined in § 302 of Title 1.

(21) “Personal use quantity” means as defined in §4701 of Title 16.

(22) “Possession limit” means the amount of marijuana that may legally be possessed at any one time by an individual 21 years of age or older who is not a registered qualifying patient or a registered designated caregiver under Chapter 49A of Title 16.

(23) “Public place” means any indoor or outdoor area or portion thereof generally accessible to the public.

(24) "Retail marijuana" means "marijuana", as defined in § 4701 of Title 16, that is cultivated, manufactured, distributed, or sold by a licensed marijuana establishment.

(25) “Retail marijuana store” means an entity licensed to purchase marijuana from marijuana cultivation facilities; to purchase marijuana and marijuana products from marijuana product manufacturing facilities; and to sell marijuana and marijuana products to consumers.

(26) “Social equity license” means a license issued pursuant to Part B of Subchapter III of this title for any of the following:

a. Retail marijuana store license.

b. Marijuana testing facility license.

c. Marijuana cultivation facility license.

d. Marijuana product manufacturing license.

(27) “Smoking" means both of the following:

a. The burning of a lighted cigarette, cigar, pipe, or any other matter or substance that contains marijuana.

b. The use of an electronic smoking device which creates an aerosol or vapor, in any manner or in any form.

(28) “Unreasonably impracticable” means that the measures necessary to comply with the regulations require such a high investment of risk, money, time, or any other resource or asset that the operation of a marijuana establishment is not worthy of being carried out in practice by a reasonably prudent businessperson.

(29) “Work” means as defined in § 3302 of Title 19.

§ 1303. [Reserved.]]

§ 1304. Marijuana accessories authorized.

An individual who is 21 years of age or older is authorized to manufacture, possess, and purchase marijuana accessories, and to distribute or sell marijuana accessories, to an individual who is 21 years of age or older.

§ 1305. Places of employment.

Nothing in this chapter is intended to impact or impose any requirement or restriction on employers with respect to terms and conditions of employment including but not limited to accommodation, policies, or discipline.

§ 1306. Driving under the influence prohibited.

Nothing in this chapter is intended to allow driving under the influence of marijuana or driving while impaired by marijuana or to supersede laws related to driving under the influence of marijuana or driving while impaired by marijuana. This chapter is not intended to prevent the State from enacting and imposing penalties for driving under the influence of or while impaired by marijuana.

§ 1307. Individuals under age 21; prohibitions.

(a) Nothing in this chapter is intended to permit the transfer of marijuana, with or without remuneration, to an individual under the age of 21 or to allow an individual under the age of 21 to purchase, possess, use, transport, or consume marijuana.

(b) It is unlawful for an individual under the age of 21 years to knowingly enter or remain in an establishment licensed under this chapter. A violation of this subsection is a civil offense punishable by a civil penalty of $50.

§ 1308. Private property rights.

Nothing in this chapter prohibits a person, employer, school, hospital, detention facility, corporation, or any other entity who occupies, owns, or controls a property from prohibiting or otherwise regulating the possession, consumption, use, display, transfer, distribution, sale, transportation, or growing of marijuana on or in that property, except that in the case of the rental of a residential dwelling, a landlord may only prohibit the possession of marijuana or the consumption of marijuana by non-smoked means if one or more of the following applies:

(1) The building is the primary residence of the landlord, no more than 3 rooms in the building are rented to tenants, and no more than 3 tenants occupy such building.

(2) Residence is merely incidental to detention or to the provision of medical, geriatric, educational, counseling, religious, or similar services, including prisons, student housing provided by a college or school, long term care facilities, and hospitals.

(3) Failing to prohibit marijuana possession or consumption would violate federal law or regulations or cause the landlord to lose a monetary or licensing-related benefit under federal law or regulations.

§ 1309. Unlawful marijuana extraction, penalties.

(a) It is unlawful for a person, other than a marijuana product manufacturer complying with this chapter and department regulations, to extract compounds from marijuana using solvents other than water, glycerin, propylene glycol, vegetable oil, or food grade ethanol (ethyl alcohol).

(b) It is unlawful for a person to extract compounds from marijuana using ethanol in the presence or vicinity of open flame.

(c) Violation of this section is a class G felony.

§ 1310. Lawful operation of marijuana-related establishments.

(a) It is lawful and may not be an offense under the law of this State, or be the basis for seizure or forfeiture of assets under the law of this State, for an individual 21 years of age or older to do any of the following:

(1) Manufacture, possess, or purchase marijuana accessories or sell marijuana accessories to an individual who is 21 years of age or older in a manner set forth in this chapter.

(2) Possess, display, or transport marijuana or marijuana products; purchase marijuana from a marijuana cultivation facility; purchase marijuana or marijuana products from a marijuana product manufacturing facility; or sell marijuana or marijuana products to consumers if the person conducting the activities described in this paragraph (a)(2) of this section holds a valid license to operate a retail marijuana store or is acting in the person's capacity as an owner, employee, or agent of a licensed retail marijuana store.

(3) Cultivate, harvest, process, package, transport, display, or possess marijuana; deliver or transfer marijuana to a marijuana testing facility; sell marijuana to a marijuana cultivation facility, a marijuana product manufacturing facility, or a retail marijuana store; or purchase marijuana from a marijuana cultivation facility if the person conducting the activities described in this paragraph (a)(3) of this section holds a valid license to operate a marijuana cultivation facility or is acting in the person's capacity as an owner, employee, or agent of a licensed marijuana cultivation facility.

(4) Package, process, transport, manufacture, display, or possess marijuana or marijuana products; deliver, transport, or transfer marijuana or marijuana products; sell marijuana or marijuana products to a retail marijuana store or a marijuana product manufacturing facility; purchase marijuana from a marijuana cultivation facility; or purchase marijuana or marijuana products from a marijuana product manufacturing facility if the person conducting the activities described in this paragraph (a)(4) of this section holds a valid license to operate a marijuana product manufacturing facility or is acting in the person's capacity as an owner, employee, or agent of a licensed marijuana product manufacturing facility.

(5) Possess, cultivate, process, repackage, store, transport, display, transfer, or deliver marijuana or marijuana products if the person holds a valid license to operate a marijuana testing facility or is acting in the person's capacity as an owner, employee, or agent of a licensed marijuana testing facility.

(6) Lease or otherwise allow the use of property owned, occupied, or controlled by any person, for any of the activities conducted lawfully under this chapter.

(b)(1) An entity licensed under this chapter may not sell or deliver marijuana or marijuana products on Thanksgiving, Easter, or Christmas or at hours other than those prescribed by the rules or regulations of the Commissioner.

(2) A holder of license for a retail marijuana store may not sell or deliver marijuana or marijuana products on Thanksgiving, Easter, or Christmas or between the hours of 1:00 a.m. and 9:00 a.m. on Mondays through Saturdays, and on Sundays before noon or after 8:00 p.m. Any municipality with a population of 50,000 or more may limit sales under this subsection within the boundaries of the municipality to a maximum of 4 hours on Sundays as established by ordinance of the municipality. The closing hours for days of the week other than Sunday may be made earlier in any municipality having a population of 50,000 or more persons, by ordinance of the municipality; provided however, that such ordinance be consistent with the State and federal constitutions and must treat all businesses fairly. During the months of October through December, a holder of a license for a retail marijuana store may have sales take place beginning at 8:00 a.m. on Fridays through Saturdays and 10:00 a.m. on Sundays.

(3) Any holder of a license for a retail marijuana store who wishes to sell marijuana or marijuana products on Sundays must pay a biennial license fee of $500.00 for the issuance of a special license to sell marijuana and marijuana products on Sundays, which is in addition to any other license fees which may be required of the holder.

(c) Marijuana and marijuana products may not be sold in an establishment licensed to sell alcoholic liquors under this title.

§ 1311. Enforcement.

Inspections and enforcement activities are to be conducted under Subchapter VI of Chapter 47 of Title 16.

§ 1312. Contracts enforceable.

Contracts related to the operation of a marijuana establishment licensed under this chapter are enforceable. A contract entered into by a licensed marijuana establishment or its employees or agents as permitted under a valid license, or by those who allow property to be used by a licensed marijuana establishment, its employees, or its agents as permitted under a valid license, is not unenforceable on the basis that cultivating, obtaining, manufacturing, distributing, dispensing, transporting, selling, possessing, or using marijuana is prohibited by federal law.

§ 1313. Verifying the age of marijuana consumers.

(a) Whoever sells any marijuana to a person who has not reached the age of 21 years, or sells to any person of more than such age any marijuana knowing that such marijuana is bought for a person who is less than 21 years of age shall be subject to a civil penalty not less than $250 nor more than $500.

(b) In any enforcement action under this section, it is an affirmative defense that the individual who is under 21 years old presented identification, with a photograph of such individual affixed thereon, to the accused and the identification set forth information which would lead a reasonable person to believe such individual was 21 years old or older.

§ 1314. Medical marijuana provision not affected.

Nothing in this chapter may be construed to limit any privileges or rights of a medical marijuana patient, primary caregiver, or medical marijuana compassion center under the Delaware Medical Marijuana Act, Chapter 49A of Title 16.

§ 1315. Oversight Committee; annual report by the Commissioner.

(a) The Delaware Marijuana Control Act Oversight Committee is established to evaluate and make recommendations regarding the implementation of this chapter.

(1) The Oversight Committee shall consist of 15 members who possess the qualifications and are appointed as follows:

a. The Secretary of the Department, or designee appointed by the Secretary.

b. The Director of the Division of Revenue, or the Director's designee.

c. The Director of the Division of Public Health, or the Director's designee.

d. The Director of the Division of Substance Abuse and Mental Health, or the Director's designee.

e. The Director of the Delaware Medical Marijuana Program, or the Director's designee.

f. The Chief Officer of the Division of Diversity and Inclusion, of the Chief Officer's designee.

g. The Director of the Small Business Division, or the Director's designee.

h. 1 member of the House of Representatives, appointed by the Speaker of the House of Representatives.

i. 1 member of the Senate, appointed by the President Pro Tempore of the Senate.

j. 1 marijuana advocate from each county appointed by the Speaker of the House of Representatives.

k. 1 marijuana advocate from each county appointed by the President Pro Tempore of the Senate.

(2) The members of the Oversight Committee shall serve at the pleasure of the appointing authority.

(3) A quorum shall consist of a majority of the membership of the Oversight Committee.

(4) The Oversight Committee shall select a chair and vice chair from among its members.

(5) Staff support for the Oversight Committee shall be provided by the Division.

(6) The Oversight Committee shall meet at least 2 times per year for the purpose of evaluating and making recommendations to the Governor, the General Assembly, and the Department regarding the following:

a. The ability of consumers in all areas of the State to obtain legal marijuana.

b. The sufficiency of the regulatory and security safeguards under this chapter and adopted by the Commissioner to ensure that access to and use of marijuana cultivated is provided only to individuals age 21 or over.

c. Any recommended additions or revisions to the Commissioner's regulations or this chapter, including relating to security, safe handling, labeling, and nomenclature.

d. Any research studies regarding health effects of using marijuana.

e. The impact of the Delaware Marijuana Control Act on decreasing the illegal sales and production of marijuana.

f. The impact of the Delaware Marijuana Control Act on other aspects of public safety, including the incidence of people driving under the influence, using marijuana in places or in a manner prohibited by this chapter, and the use of prescription opioids and illegal opioids.

g. Any research and recommendations to implement current best practices for the development of a diverse workforce among marijuana establishments, including diversity among employees, licensees, and owners of marijuana establishments.

(b) The Commissioner shall submit to the Governor and members of the General Assembly an annual report setting forth all matters of interest and all statistics concerning marijuana regulation and control in the State, including the following:

(1) The number of licenses of each kind issued within the State and the number cancelled during the year.

(2) The amount of marijuana and marijuana products sold within the State.

(3) Statistics regarding diversity among marijuana establishments, including diversity of employees, licensees, and owners of marijuana establishments.

(4) Outcomes and effectiveness of the issuance of social equity licenses which shall include all of the following:

a. The number of and types of social equity licenses issued.

b. The number of persons or entities receiving financial assistance, and from what source.

c. The location of the social equity licenses.

d. If applicable, the number of new jobs or other forms of economic output created as a result of the social equity licenses.

(5) Other data as may make a complete report to the people of this State.

(c) If marijuana is decriminalized under federal law, the Commissioner shall submit a report to the Governor and the General Assembly evaluating the state's compliance with federal law and make recommendations as to any changes needed in this State's marijuana law to be compliant with federal law.

§ 1316. Protections for conduct authorized by this chapter.

(a) A public officer or employee of the State, including the members of any board, commission, conservation district or agency of the State, whether elected or appointed, and whether now or previously serving as such, and any contractor or volunteer performing work for the State, whose job functions include, assist, support, regulate, approve, or authorize any of the conduct authorized by this chapter are not subject to arrest, prosecution, or the denial of any right or privilege, including any criminal or civil penalty or disciplinary action by a court or occupational or professional licensing board or bureau where the conduct of the public officer or employee, contractor, or volunteer meets all of the following:

(1) The conduct arises out of or relates to activities required or authorized by this chapter.

(2) The conduct was carried out as authorized by this chapter or regulations authorized by this chapter.

(3) The conduct was carried out in good faith.

(b) A public officer or employee of the State, including the members of any board, commission, conservation district or agency of the State, whether elected or appointed, and whether now or previously serving as such, and any contractor or volunteer performing work for the State, whose job functions include, assist, support, regulate, approve, or authorize any of the conduct authorized by this chapter is entitled to the same rights and privileges set forth in § 3925 and § 4002 of Title 10.

§§ 1317-1320. Reserved.

Subchapter II. Marijuana Commissioner and Appeals Commission.

§ 1321. Marijuana Commissioner; Appeals Commission; qualifications; appointment; term; compensation.

(a) The Commissioner must be a resident of this State and suitably educated and experienced to carry out the duties and responsibilities set forth in this chapter.

(b) The Commissioner and the 3 members of the Appeals Commission, consisting of 1 member from each County, shall be appointed by the Governor and confirmed by a majority of the members elected to the Senate and shall serve at the pleasure of the Governor. The Governor shall make initial nominations for the Commissioner and the 3 members of the Appeals Commission within 90 days of [the effective date of this Act].

(c) The Commissioner may name a Deputy Commissioner. The Commissioner may, during an absence from the State, appoint the Deputy Commissioner to serve as Acting Commissioner during such absence. In the event of death, resignation, temporary incapacity, or removal of the Commissioner, and prior to the appointment of a successor, the Governor may appoint the Deputy Commissioner, or such other person as deemed qualified by the Governor, to serve as Acting Commissioner. The Acting Commissioner has all the powers and shall perform all the duties and functions of the Commissioner during the Commissioner's absence or incapacity or until a successor is qualified and appointed.

(d) The Commissioner is to be compensated as provided for in the Annual Budget Act.

(e) The members of the Appeals Commission are to be compensated at the rate of $150 per meeting together with the reasonable expenses for no more than 12 meetings per year.

(f) The Appeals Commission shall meet and elect a chair who shall convene meetings of the Commission as frequently as needed to consider appeals of the Commissioner's decision.

§ 1322. Duties and powers of the Commissioner.

(a) The Commissioner, in accordance with the Administrative Procedures Act, Chapter 101 of Title 29, shall do all of the following:

(1) Adopt rules and regulations consistent with § 1331 of this title and other provisions of this chapter or of any other law of this State, and all such rules and regulations have the force and effect of law. A rule or regulation may not extend, modify, or conflict with any law of this State or the reasonable implications thereof. A rule or regulation adopted under this paragraph (a)(1) of this section must focus primarily on public safety and the best interests of the consumer and may not unduly restrict competition within the marijuana industry.

(2) Maintain ongoing communication with the Department of Agriculture regarding the physical address where marijuana or hemp is cultivated. Prior to issuing any license for cultivation of marijuana, the Commissioner shall notify the Department of Agriculture of a proposed location of any marijuana cultivation establishment, and take into consideration any concerns by the Department of Agriculture as it relates to the indoor and outdoor cultivation of marijuana.

(3) Establish rules and regulations for the effective control of the business of cultivation, manufacture, and sale of marijuana and marijuana products within the State, including the time, place, and manner in which marijuana and marijuana products may be sold and dispensed, not inconsistent with § 1331 of this title and other provisions of this chapter or with any other law of this State.

(4) Establish health and safety regulations for the indoor and outdoor cultivation of marijuana by marijuana establishments under this chapter. Such rules and regulations under this section must be consistent with applicable rules and regulations established under the regulatory authority of the Department of Agriculture and the Department of Natural Resources and Environmental Control and may include all of the following:

a. Prohibition of the use of pesticides that are neither organic nor federally approved for marijuana.

b. Standards for the use of carbon dioxide.

c. Standards for water use.

d. Standards for disposal of waste.

e. Standards for indoor and outdoor air quality.

(5) Grant, refuse, suspend, or cancel licenses required by this chapter for the cultivation, manufacture, or sale of marijuana and marijuana products, or other licenses required by this chapter in regard thereto and to transfer any license granted. The Commissioner must provide the applicant or licensee with written communication regarding any decision to grant, refuse, suspend, or cancel licenses required by this chapter for the cultivation, manufacture, or sale of marijuana and marijuana products, or other licenses required by this chapter in regard thereto, and when transferring any license granted.

(6) Hear complaints in regard to the conduct of business in any establishment where marijuana or marijuana products are licensed to be sold upon receipt of a petition signed by at least 10 individuals who are residents of the same neighborhood. Ten days' notice of such hearings, together with a recital of the complaint, must be sent by the Commissioner's office by registered mail to the address of the holder of the license for the establishment. Like notice must be delivered at the establishment by affixing the notice addressed to the holder of the license to the outside of an entrance door to the establishment. The hearings must be public and conducted by the Commissioner. The Commissioner, for the purpose of such hearings, has the power to issue subpoenas, compel the attendance of witnesses, administer oaths, take testimony, and compel the production of pertinent books, payrolls, accounts, papers, records, and documents. In case any person summoned to testify or to produce any such written or printed evidence refuses, without reasonable cause, to be examined, to answer a legal and pertinent question, or to produce any such written or printed evidence, the Commissioner conducting the hearing may certify the fact of any such refusal to the Superior Court of the county in which such hearing is held and the court may proceed against the person so refusing as for a contempt and punish such person in the same manner as persons are punished for contempt of court.

(7) Compel the attendance of witnesses and the production of contracts, papers, books, accounts, and other documents. Subpoenas issued must be signed by the Commissioner and may be served by any sheriff, deputy sheriff, constable, or any agent of the Division and return thereof made to the Commissioner. The Commissioner may enforce compliance with a subpoena issued under this subsection by filing a motion to compel in the Superior Court, which shall have jurisdiction over the matter. The court may award costs and attorney fees if it determines that noncompliance with a Commissioner subpoena was unjustified, intentional, or in bad faith.

(8) Act, for purposes of this chapter, as the competent authority in connection with other matters pertinent thereto.

(9) Provide such special seals, labels, and wrappers as deemed necessary for protection of the public against imitations, adulterations, and frauds, and prescribe the proper use of the seals, labels, and wrappers.

(10) Provide such warning signs as may be required by this chapter and distribute such signs to license holders and promulgate regulations with respect to the posting of said signs. The Commissioner may charge a fee to cover printing, handling, and distribution costs.

(11) Coordinate with the Division of Small Business, Development and Tourism to connect potential marijuana establishments licensed under this chapter with programs that support business development, including farms and programs that support small businesses owned by minorities, women, and veterans.

(12) Establish rules and regulations for the effective collection of data regarding retail sales of marijuana and marijuana products by consumers to track compliance with possession limits.

(13) Consult with the Division of Alcohol and Tobacco Enforcement before adopting or establishing any rules or regulations that concern enforcement.

(b) The Commissioner's decision on any appeal or hearing under this chapter must be in writing and is final and conclusive unless a party to such hearing files an appeal within 30 days from the date of the postmark on the Commissioner's decision by mailing notice of the appeal to the Commissioner's office. Upon receipt of the appeal, the Commissioner shall notify the chair of the Appeals Commission of the pending appeal and the chair shall convene the Appeals Commission with at least 20 days' notice to all parties. The Appeals Commission shall hear the appeal and shall review the matter on the record; act in accordance with the Administrative Procedures Act, Chapter 101 of Title 29; and affirm, reverse, or modify the decision of the Commissioner. A decision of the Commissioner may only be reversed upon a finding of abuse of discretion.

(c) The Commissioner may appear before the Appeals Commission for any appeal of a Commissioner's decision and may appeal any decision of the Appeals Commission or any decision of the Superior Court on appeal from the Appeals Commission.

§ 1323. Oath of Office of Commissioner and employees.

The Commissioner, members of the Appeals Commission, and any hearing officer shall, on entering office, take the oath or affirmation set forth in Article XIV of the Constitution of this State. Any other employee may be required to take the oath or affirmation set forth in Article XIV of the Constitution of this State at the discretion of the Secretary of the Department of Safety and Homeland Security.

§ 1324. Conflict of interest.

(a) The Commissioner, members of the Appeals Commission, and any hearing officer or such person's spouse, or such person's parent, son, or daughter residing at such person's residence, may not have a financial interest in any entity

that sells, manufactures, cultivates, or uses marijuana; provided, however, such persons may invest in mutual funds or similar financial instruments that hold no more than a 10% interest in any such entity.

(b) Neither the Commissioner nor any person employed in the office of the Commissioner shall receive any commission or profit whatsoever from, or have any interest whatsoever in a business licensed under this chapter to cultivate, manufacture, purchase, or sell marijuana or marijuana products; provided, however, that nothing in this section shall prevent the Commissioner, a member of the Appeals Commission, a hearing officer, or an employee from purchasing and keeping marijuana or marijuana products for the personal use of him or herself, or members of his or her family or his or her guests if such purchase is otherwise permitted by this chapter.

(c) The Commissioner and the members of the Appeals Commission shall annually file the Financial Report required under § 5813 of Title 29 with the Public Integrity Commission.

§ 1325. Commissioner's statement of interest in marijuana business.

When notified of appointment as Commissioner or to the Appeals Commission, the individual so notified shall furnish in duplicate and in writing to the Governor and to the President Pro Tempore of the Senate a statement of every interest, direct or indirect, and however small, held or owned by the individual as a member or as a stockholder in any partnership, corporation, or other association engaged in the sale or in the cultivation or manufacture of marijuana or marijuana products or in any undertaking, industry, or business in which marijuana or marijuana products are used or required. Prior to taking the oath of office, the Commissioner and members of the Appeals Commission must wholly and fully dispose of all interests, except those permitted by § 1324 of this chapter. One copy of the statement must be inserted in the permanent records of the office of the Commissioner open to public inspection.

§ 1326. Employees of the Division; Commissioner.

The Department of Safety and Homeland Security shall appoint, employ, or dismiss every officer or employee, not appointed by the Governor, necessary for carrying out the work of the Division, Appeals Commission, and Commissioner; establish salaries, subject to the annual appropriation in the Budget Act; and assign official titles and duties. The Department may engage the services of experts and persons engaged in the practice of a relevant profession. At the discretion of the Secretary of the Department of Safety and Homeland Security, officers and employees of the Division shall have the police powers of constables and other police officers of the State, counties, and other subdivisions of the State; shall be conservators of the peace throughout the State; shall be eligible for certification by the Council on Police Training; and may suppress all acts of violence and enforce the provisions of this chapter.

§ 1327. Property and profits of the office of the Commissioner.

All property owned by the office of the Commissioner and all associated profits are the property of the State.

§§ 1328-1330. Reserved.

Subchapter III. Regulation and Licensure.

§ 1331. Regulations.

(a) The Commissioner shall adopt regulations necessary for implementation of this chapter. The regulations may not prohibit the operation of marijuana establishments, either expressly or through regulations that make their operation unreasonably impracticable. Regulations and fees for marijuana cultivation facilities may be varied based on the size of the facility to ensure that the operation of smaller facilities is not made unreasonably impracticable. The Commissioner shall include all of the following in the regulations:

(1) Procedures for the issuance, renewal, suspension, transfer, and revocation of a license to operate a marijuana establishment with all procedures subject to the Administrative Procedures Act, Chapter 101 of Title 29.

(2) A competitive scoring process to determine which applicants may obtain licenses to operate each type of marijuana establishment if more qualified applicants apply than the Commissioner may license under this subchapter and that ensures applicants will follow best practices for community engagement, consumer protection, food safety, worker safety, family support jobs, diversity, public safety, and environmental stewardship. The competitive scoring process for retail marijuana stores must be varied to account for geographic distribution or population density, or both.

(3) The criteria for the competitive scoring process for all license types must include the following:

a. The applicants comprehensive business plan, including an annual budget and pro forma financial statements.

b. The experience, training, and expertise of the applicant and managing officers.

c. The applicant's plans for safety, security, and the prevention of diversion.

d. The applicant's plans for operations, training, and staffing, including all of the following:

1. A social responsibility plan outlining diversity goals, including plans to recruit and hire people of color, women, and veterans and to support their ownership and promotion within the organization, as well as the percent of employees it plans to hire from within the respective city or region of the State.

2. A plan to provide a safe, healthy, and economically beneficial working environment with fair scheduling practices, family-supporting wages, and benefits for its employees.

3. Any criminal, civil, or regulatory history encountered by other entities the applicant and managing officers have previously controlled or managed.

4. The suitability of the proposed location for the facilities.

5. Any other criteria deemed appropriate by the Commissioner.

(4) The criteria for the competitive scoring process for open license types must include the following:

a. The applicant's submission of an attestation signed by a bona fide labor organization stating that the applicant has entered into a labor peace agreement with such bona fide labor organization.

b. For applications for marijuana cultivation facility license and marijuana product manufacturing facility license only, an environment and sustainability plan, including efforts it will take to minimize the environmental impact, and resources needs of its facilities and other business operations, such as plans to minimize water usage, employing organic cultivation methods, and adoption of other sustainable business practices.

(5) Except as provided in subpart B of this subchapter III of this chapter, a non-refundable $5,000 application fee for all marijuana establishments that the Commissioner may adjust annually for inflation.

(6) Qualifications for licensure that are directly and demonstrably related to the operation of a marijuana establishment.

(7) Procedures for how establishments licensed under this chapter must track marijuana from seed to sale.

(8) Security requirements for marijuana establishments, including lighting, physical security, video, and alarm requirements.

(9) Requirements for the transportation and storage of marijuana and marijuana products by marijuana establishments.

(10) Employment and training requirements for licensees, employees, and agents of marijuana establishments, including the following:

a. That each marijuana establishment create an identification badge for each employee or agent.

b. That employees of retail marijuana store establishments be trained in recognizing valid identification cards.

(11) Requirements to prevent the sale or diversion of marijuana and marijuana products to individuals under the age of 21. To protect individual privacy, the Commissioner may not require a consumer to provide a retail marijuana store with personal information other than government-issued identification to determine the consumer's age and a retail marijuana store may not be required to acquire and record personal information about consumers.

(12) Standards for marijuana product manufacturers to use so that consumers can determine the amount of marijuana in each product and compare the amount of marijuana in different products based upon the standard measurements, including a definition of the amount of delta-9 tetrahydrocannabinol that constitutes a single serving in a marijuana product.

(13) Requirements for marijuana and marijuana products sold or distributed by marijuana establishments, including information for consumers and labeling requirements for marijuana products that include all of the following:

a. The length of time it typically takes for a product to take effect.

b. The amount of marijuana in the product using the standard established in this section, not to exceed 10 mg per serving.

c. The serving size and the number of servings in each package, not to exceed 10 servings.

d. Ingredients and possible allergens.

e. A nutritional fact panel.

f. The requirement that information on the packaging may not mislead consumers.

g. The specific batch number of the product.

h. Educational information for consumers to educate consumers, including evidence-based information about how to interpret the information on the label, health effects, and potential interactions with prescription and nonprescription medications.

i. Opaque, resealable, and continually child-resistant packaging, which must be designed or constructed to be significantly difficult for children under 5 years of age to open and not difficult for an adult to use properly as defined by 16 C.F.R. § 1700.20.

j. A standard symbol indicating edible marijuana products contain marijuana so that marijuana products are clearly identifiable.

k. A warning label that explains evidence-based harms from consuming marijuana, including the impact on developing brains, the impact on an individual's ability to operate machinery, the impact on pregnant and breastfeeding women, and any interference with prescription drugs.

l. A label that indicates the product is not for children.

m. All required information must be in typed, legible font that is easy to read, is unobstructed and conspicuous, and contrasts sufficiently with the background. The information must be in English, but may also include translations in additional languages.

(14) Health and safety regulations and standards for the manufacture of marijuana products by marijuana establishments consistent with other State requirements for food, including all of the following:

a. Prohibition of the manufacture of products that look like candy or cartoon characters.

b. Restrictions or prohibitions on additives to marijuana and marijuana-infused products, including additives that are toxic, designed to make the product more addictive, or designed to make the product more appealing to children, but not including common baking and cooking items.

c. Standards for the safe manufacture of marijuana extracts and concentrates.

d. Requirements for random sample testing, including the manner and frequency of testing, to ensure quality control, including by ensuring that marijuana and marijuana-infused products are accurately labeled for potency. The testing analysis must include testing for residual solvents, poisons, or toxins; harmful chemicals; dangerous molds or mildew; filth; harmful microbials such as E. Coli or salmonella; and pesticides.

(15) Restrictions on the advertising, marketing, and signage of marijuana and marijuana products, including a prohibition on mass-market campaigns that have a high likelihood of reaching minors.

(16) Restrictions on the display of marijuana and marijuana products, including requirements that marijuana and marijuana products may not be displayed in a manner that is visible to the general public from a public right-of-way.

(17) Requirements governing visits to cultivation facilities and product manufacturers, including the requirement that these marijuana establishment log visitors.

(18) Requirements that educational materials be disseminated to consumers who purchase marijuana-infused products.

(19) Standards for the operation of marijuana testing facilities, including requirements for equipment and qualifications for personnel, which shall be based upon international standard ISO/IEC 17025. Marijuana testing facilities shall achieve and maintain accreditation to ISO/IEC 17025 by an International Laboratory Accreditation Corporation (ILAC) recognized accreditation body. The marijuana testing facilities shall achieve and maintain accreditation within the first applicable licensing period.

(20) Civil penalties for the failure to comply with regulations made under this chapter.

(21) Procedures for receiving and processing consumer complaints about marijuana establishments.

Part A. Open Licenses.

§ 1332. Retail marijuana store licenses.

(a) A retail marijuana store license may only be issued to a person selling retail marijuana or retail marijuana products under the terms and conditions of this chapter. A license issued under this section is valid for 2 years. Each application for a retail marijuana store license must contain all of the following:

(1) The application materials required by the Commissioner, including the location where the retail marijuana store will operate.

(2) The application fee in an amount determined by the Commissioner.

(3) Materials required by § 1331(a)(3) and (4) of this chapter.

(b) A retail marijuana store licensee shall pay the Commissioner $10,000 biennially for the retail marijuana store license. A retail marijuana store licensee must renew the license biennially by paying the fee required by this subsection and by providing documentation of a labor peace agreement.

(c) A retail marijuana store may purchase retail marijuana from a licensed retail marijuana cultivation facility or may cultivate its own retail marijuana if it obtains a retail marijuana cultivation facility license under § 1334 of this chapter.

(d) A retail marijuana store shall track all of its retail marijuana and retail marijuana products from the point that they are transferred from a retail marijuana cultivation facility or retail marijuana products manufacturer to the point of sale.

(e)(1) A retail marijuana store licensee may also sell retail marijuana products that are prepackaged and labeled as required by this chapter.

(2) A retail marijuana store licensee may transact with a retail marijuana products manufacturing licensee for the purchase of retail marijuana products upon a retail marijuana products manufacturing licensee's licensed premises or a retail marijuana store's licensed premises.

(f)(1) A retail marijuana store may not sell more than a personal use quantity of marijuana, except for nonedible, nonpsychoactive retail marijuana products, including ointments, lotions, balms, and other nontransdermal topical products, during a single transaction to an individual.

(2) Prior to initiating a sale to an individual, an employee of the retail marijuana store making the sale shall verify that the purchaser has a valid government-issued photo identification card showing that the individual is 21 years of age or older. If an individual under 21 years of age presents a fraudulent proof of age, any action relying on the fraudulent proof of age is not grounds for the revocation or suspension of any license issued under this section.

a. If a retail marijuana store licensee or employee has reasonable cause to believe that an individual is under 21 years of age and is exhibiting fraudulent proof of age in an attempt to obtain any retail marijuana or marijuana product, the licensee or employee is authorized to confiscate such fraudulent proof of age, if possible, and shall, within 72 hours after the confiscation, remit it to a state or local law enforcement agency. The failure to confiscate such fraudulent proof of age or to remit to a state or local law enforcement agency within 72 hours after the confiscation does not constitute a criminal offense.

b. If a retail marijuana store licensee or employee believes that an individual is under 21 years of age and is exhibiting fraudulent proof of age in an attempt to obtain any retail marijuana or retail marijuana product, the licensee or employee, employee of the Division, or any law enforcement officer as defined in § 222 of Title 11, acting in good faith and upon reasonable grounds therefor, may detain and question such person in a reasonable manner for the purpose of ascertaining whether the person is guilty of any unlawful act regarding the purchase of retail marijuana. The questioning of an individual by an employee or a law enforcement officer does not render the licensee, the employee, or the law enforcement officer civilly or criminally liable for slander, false arrest, false imprisonment, malicious prosecution, or unlawful detention.

(h) A retail marijuana store must provide a sample of its products to a facility that has a marijuana testing facility license for testing and research purposes as required by regulations adopted under this chapter. A retail marijuana store shall maintain a record of what was provided to the testing facility, the identity of the testing facility, and the results of the testing.

(i) All retail marijuana and retail marijuana products sold at a licensed retail marijuana store must be packaged and labeled as required by this chapter.

(j) A retail marijuana store shall comply with all provisions of State and federal law in regard to individuals with disabilities.

(k)(1) A retail marijuana store may only sell retail marijuana; retail marijuana products; marijuana accessories; nonconsumable products such as apparel; and marijuana related products, such as childproof packaging containers. A retail marijuana store is prohibited from selling or giving away any consumable product, including cigarettes or alcohol, or any edible product that does not contain marijuana, including sodas, candies, or baked goods.

(2) A retail marijuana store may not sell any retail marijuana or retail marijuana products that contain nicotine or alcohol if the sale of the alcohol would require a license under this title.

(3) A retail marijuana store may not sell retail marijuana or retail marijuana products over the Internet or deliver retail marijuana or retail marijuana products to a person not physically present in the retail marijuana store's licensed premises.

(l) A display case containing marijuana concentrate must include the potency of the marijuana concentrate next to the name of the product using the standard established under this chapter.

(m) A properly registered compassion center under § 4914A of Title 16 who is issued a retail marijuana store license issued under this subsection is considered a business registration separate and distinct from the registration issued under § 4914A of Title 16.

(n) Marijuana or marijuana products may not be consumed on the premises of a retail marijuana store.

§ 1333. Marijuana testing facility licenses.

(a) A marijuana testing facility license may be issued to a person who performs testing and research on retail marijuana under the terms and conditions of this chapter. A license issued under this section is valid for 2 years. Each application for a marijuana testing facility license must contain all of the following:

(1) The application materials required by the Commissioner, including the location where the marijuana testing facility will operate.

(2) The application fee in an amount determined by the Commissioner.

(3) Materials required by § 1331(a)(3) and (4) of this chapter.

(b) A marijuana testing facility licensee shall pay the Commissioner $10,000 biennially for the marijuana testing facility license. A marijuana testing facility licensee must renew the license biennially by paying the fee required by this subsection and by providing documentation of a labor peace agreement.

(c) The Commissioner shall promulgate rules related to acceptable testing and research practices, including testing, standards; quality control analysis; equipment certification and calibration; chemical identification; identifying other substances*;* and other measurers used in bona fide research methods.

(d) A person who has a financial interest in a marijuana testing facility license from the Commissioner for testing purposes may not have a financial interest in a registered compassion center, a marijuana cultivation facility, a marijuana products manufacturing facility, or a retail marijuana store. A person that has a financial interest in a registered compassion center, a marijuana cultivation facility, a marijuana products manufacturing facility, or a retail marijuana store may not have a financial interest in a facility that has a marijuana testing facility license or is a registered safety compliance facility.

(e) Marijuana or marijuana products may not be consumed on the premises of a marijuana testing facility.

§ 1334. Marijuana cultivation facility licenses.

(a) A marijuana cultivation facility license may be issued only to a person who cultivates retail marijuana for sale and distribution to licensed retail marijuana stores, marijuana products manufacturing licensees, or other marijuana cultivation facilities under the terms and conditions of this chapter. A license issued under this section is valid for 2 years. Each application for a marijuana cultivation facility license must contain all of the following:

(1) The application materials required by the Commissioner, including the location where the marijuana cultivation facility will operate.

(2) The application fee in an amount determined by the Commissioner.

(3) Materials required by § 1331(a)(3) and (4) of this chapter.

(b)(1) A marijuana cultivation facility shall pay the Commissioner biennially for a marijuana cultivation facility license as set forth in this subsection (b). A marijuana cultivation facility licensee must renew the license bienially by paying the fee set forth in this subsection (b) and by providing documentation of a labor peace agreement.

(2) The license fee is based on the cannabis plant grow canopy area, which is calculated as follows:

a. Square footage of a cannabis plant grow canopy area is measured horizontally starting from the outermost point of the furthest plant in a cannabis plant grow canopy area and continuing around the outside of all plants located within the cannabis plant grow canopy area.

b. If a vertically tiered or shelving system is included in the cultivation area, the surface area of each tier or shelf must be included in calculating the cannabis plant grow canopy area. Vertical tiers or shelving systems may not exceed 24 feet in height.

c. A cannabis plant grow canopy area is the total square feet in which a cannabis cultivator plants and grows cannabis plants, and does not include areas exclusively used for harvesting, drying, curing, packaging, labeling, or storing cannabis.

(3) a. For an indoor facility with a cannabis plant grow canopy area less than or equal to 2,500 square feet or for an outdoor facility with a cannabis plant grow canopy area less than or equal to 1 acre, the fee is $2,500.

b. For an indoor facility with a cannabis plant grow canopy area equal to or between 2,501 and 7,500 square feet or for an outdoor facility with a cannabis plant grow canopy area equal to or between 1.1 and 2.5 acres, the fee is $5,000.

c. For an indoor facility with a cannabis plant grow canopy area between 7,501 and 10,000 square feet or for an outdoor facility with a cannabis plant grow canopy area equal to or between 2.6 and 5 acres, the fee is $7,500.

d. For an indoor facility with a cannabis plant grow canopy area equal to or greater than 10,001 square feet or for an outdoor facility with a cannabis plant grow canopy area equal to or greater than 5.1 acres, the fee is $10,000.

(c) A marijuana cultivation facility shall track the marijuana it cultivates from seed or immature plant to sale pursuant to subsection (a) of this section.

(d) A marijuana cultivation facility must provide a sample of its products to a facility that has a marijuana testing facility license for testing and research purposes as required by regulations adopted under this chapter. A marijuana cultivation facility shall maintain a record of what was provided to the testing facility, the identity of the testing facility, and the testing results.

(e) Marijuana or marijuana products may not be consumed on the premises of a marijuana cultivation facility.

(f) No marijuana cultivation facility license may be issued for an indoor facility with a cannabis plant grow canopy area exceeding 12,500 square feet or for an outdoor facility with a cannabis plant grow canopy area exceeding 7.5 acres unless additional tiers are created by the Commissioner under subsection (h) of this section.

(g) At the time of renewal under § 1334(b) of this chapter, a marijuana cultivation facility licensee may request a one tier increase in size each renewal period, as long as an updated safety, security and prevention of diversion plan is provided as required under § 1331(a)(3)c. of this chapter.

(h) The Commissioner may create additional tiers under § 1334(b) of this chapter anytime 2 years after [the effective date of this Act] if demand requires additional tiers.

§ 1335. Marijuana product manufacturing facility license.

(a) A marijuana product manufacturing facility license may be issued only to a person who manufactures and distributes marijuana products under the terms and conditions of this chapter. A license issued under this section is valid for 2 years. Each application for a marijuana product manufacturing facility license must contain all of the following:

(1) The application materials required by the Commissioner, including the location where the marijuana product manufacturing facility will operate.

(2) The application fee in an amount determined by the Commissioner.

(3) Materials required by § 1331(a)(3) and (4) of this chapter.

(b) A marijuana product manufacturing facility licensee shall pay the Commissioner $10,000 biennially for the marijuana product manufacturing facility license. A marijuana product manufacturing facility licensee must renew the license biennially by paying the fee required by this subsection and by providing documentation of a labor peace agreement.

(c) A marijuana product manufacturing facility shall track all of its marijuana products from the point the marijuana is received from the retail marijuana cultivation facility until the products are transferred to a retail marijuana store.

(d) A marijuana product manufacturing facility may not do any of the following:

(1) Add any marijuana to a food product where the manufacturer of the food product holds a trademark to the food product's name; except that a manufacturer may use a trademarked food product if the manufacturer uses the product as a component or as part of a recipe and where the marijuana product manufacturer does not state or advertise to the consumer that the final retail marijuana product contains a trademarked food product.

(2) Intentionally or knowingly label or package a retail marijuana product in a manner that would cause a reasonable consumer confusion as to whether the retail marijuana product was a trademarked food product.

(3) Label or package a product in a manner that violates any federal trademark law or regulation.

(e) Retail marijuana products shall be prepared in a marijuana product manufacturing facility that is used exclusively for the manufacture and preparation of retail marijuana or retail marijuana products and using equipment that is used exclusively for the manufacture and preparation of retail marijuana products.

(f) All licensed premises on which retail marijuana products are manufactured must meet the sanitary standards for retail marijuana product preparation promulgated under this chapter and as applicable under all of the following:

(1) Section 122(3)u of Title 16 and related regulations, the State of Delaware Food Code, § 4458 of Title 16 of the Delaware Administrative Code, and the Cottage Food Regulations, § 4458A of Title 16 of the Delaware Administrative Code.

(2) Chapter 35 of Title 16.

(3) Chapter 41 of Title 16.

(4) Chapter 43 of Title 16.

(g) All retail marijuana products must be shelf-stable and not require refrigeration to prevent spoilage.

(h) A retail marijuana product must be sealed and conspicuously labeled in compliance with this chapter and any rules promulgated under this chapter.

(1) A marijuana product manufacturing facility shall package and label each product manufactured as required by the rules established by the Commissioner, including the use of the standard symbol.

(2) An edible retail marijuana product must list its ingredients and may list its compatibility with dietary practices.

(3) The standard symbol requirements as established by the Commissioner do not apply to a multi-serving liquid retail marijuana product that is impracticable to mark if the product complies with all statutory and rule packaging requirements for multi-serving edibles and with all of the following enhanced requirements to reduce the risk of accidental ingestion:

a. A multi-serving liquid is packaged in a structure that uses a single mechanism to achieve both child-resistance and accurate pouring measurement of each liquid serving in increments equal to or less than 10 milligrams of active THC per serving, with no more than 500 milligrams of active THC total per package.

b. The measurement component is within the child-resistant cap or closure of the bottle and is not a separate component.

(i) Retail marijuana or retail marijuana products may not be consumed on the premises of a marijuana product manufacturing facility.

(j) A marijuana product manufacturing facility must provide a sample of its products to a facility that has a marijuana testing facility license for testing and research purposes as required by regulations adopted under this chapter. A marijuana product manufacturing facility shall maintain a record of what was provided to the testing facility, the identity of the testing facility, and the results of the testing.

Part B. Social Equity and Microbusiness Licenses.

§ 1336. Social equity applicant.

A social equity applicant is a Delaware resident that meets one of the following criteria:

(a) An applicant for any type of license with at least 51% ownership and control by 1 or more individuals who have resided for at least 5 of the preceding 10 years in a disproportionately impacted area.

(b) An applicant for any type of license with at least 51% ownership and control by 1 or more individuals who meets one of the following criteria:

(1) Was convicted of or adjudicated delinquent for any marijuana-related offense except any of the following:

a. Delivery to a minor.

b. Any marijuana offense with a Tier 3 quantity of marijuana as defined in § 4751(c) of Title 16.

c. The functional equivalent of the offenses described in (b)(1)a. or b. of this section under the laws of the United States, any state or territory of the United States, or any other country.

(2) Is married to or the child of a person who was convicted of or adjudicated delinquent for any marijuana-related offense.

§ 1337. Social equity application and fees.

(a) A social equity license issued under Part B of this subchapter is valid for 2 years. Each application for a social equity license must contain all of the following:

(1) The application materials required by the Commissioner.

(2) The discounted application fee in the amount of $1,000.

(3) Materials required by § 1331(a)(3) and (a)(4) of this chapter.

(b) A social equity licensee shall pay the Commissioner biennially for the social equity license at a discounted rate of 40% of the applicable open license. A social equity licensee must renew the license biennially by paying the fee required by this subsection, providing confirmation that all of the criteria in § 1336 of this title are satisfied, and by providing documentation of a labor peace agreement.

§ 1338. Technical assistance.

The Commissioner shall develop a technical assistance program to aid social equity applicants in applying for a license and finding financial resources. The Commissioner may partner with the Division of Small Business to administer workshops to assist social equity applicants and licensees in applying for a license and operating a business.

§ 1339. Financial assistance.

The Commissioner shall investigate opportunities for public and private sources of financial assistance that could support social equity applicants.

§1340 Microbusiness license.

A microbusiness applicant is an applicant for a marijuana cultivation facility license or a marijuana product manufacturing license who meets all the following criteria:

(1) 51% ownership and control by 1 or more individuals who have resided in Delaware for at least 5 of the preceding 10 years.

(2) Intends to employ no more than 10 employees.

(3) Will not operate a facility with a cannabis plant grow canopy area greater than 2500 square feet.

(4) Will not possess more than 1,000 marijuana plants each month.

§ 1341. Microbusiness application and fees.

(a) A microbusiness license issued under Part B of this subchapter is valid for 2 years. Each application for a microbusiness license must contain all of the following:

(1) The application materials required by the Commissioner.

(2) The discounted application fee in the amount of $3,000.

(3) Materials required § 1331(a)(3) and (a)(4) of this chapter.

(b) A microbusiness licensee shall pay the Commissioner biennially for the microbusiness license at a discounted rate of 40% of the applicable open license. A microbusiness licensee must renew the license biennially by paying the fee required by this subsection and by providing confirmation that all of the criteria in § 1340 of this chapter are satisfied.

§ 1342. Conditional license.

The Commissioner may grant a social equity or microbusiness applicant a conditional license under this section. Any applicant who receives a conditional license shall have 180 days from the date of the granting of the conditional license to identify a physical location for the location of the licensed premises. The proposed licensed premises must be approved by the Commissioner. If the applicant is unable to find a suitable physical address approved by the Commissioner within 180 days of issuance of the conditional license, the Commissioner may extend the period for finding a physical

address for another 180 days if the conditional licensee demonstrates concrete attempts to secure a location and a hardship to securing the location. If the Commissioner denies the extension of the conditional license or the licensee is unable to find a physical address approved by the Commissioner within the additional 180 days, the Commissioner shall rescind the conditional license.

Part C. Issuance of All Licenses.

§ 1343. Licensing Process.

(a) Beginning 13 months after [the effective date of this Act], the Commissioner shall begin accepting applications for all licenses, including open, social equity, and microbusiness licenses.

(b) Beginning 14 months after [the effective date of this Act], the Commissioner shall begin issuing licenses.

(c) Beginning 15 months after [the effective date of this Act], the Commissioner shall issue the following number of cultivation facility licenses provided a sufficient number of qualified applicants exist:

(1) Indoor facility with a cannabis plant grow canopy area less than or equal to 2500 square feet or an outdoor facility with a cannabis plant grow canopy area less than or equal to 1 acre:

a. 20 microbusiness licenses.

b. 10 social equity licenses.

(2) Indoor facility with a cannabis plant grow canopy area greater than 2500 square feet or an outdoor facility with a cannabis plant grow canopy area greater than 1 acre:

a. 20 open licenses.

b. 10 social equity licenses.

(d) Beginning 16 months after [the effective date of this Act], the Commissioner shall issue the following number of product manufacturing facility licenses provided a sufficient number of qualified applicants exist:

(1) 10 open licenses.

(2) 10 social equity licenses.

(3) 10 microbusiness licenses.

(e) Beginning 19 months after [the effective date of this Act], the Commissioner shall issue the following number of licenses provided a sufficient number of qualified applicants exist:

(1) Retail store licenses:

a. 15 open licenses.

b. 15 social equity licenses.

(2) Testing facility licenses:

a. 3 open licenses.

b. 2 social equity licenses.

(f) Impossibility of performance because of opposition by localities or lack of qualified applications is a defense to any lawsuit brought against the Commissioner to comply with the issuance of the required number of licenses.

(g) At any time 2 years after [the effective date of this Act], the Commissioner may accept applications for any type of license and issue licenses in excess of the numbers identified in this section for any of the following reasons:

(1) The Commissioner determines that additional stores or facilities are needed.

(2) The number of licenses for a particular type of license is less than the number permitted for that type of license in this section.

§§ 1344-1350. Reserved.

Subchapter IV. Determination of Applications.

§ 1351. Local control.

(a) A municipality may prohibit the operation of marijuana cultivation facilities, marijuana product manufacturing facilities, marijuana testing facilities, or retail marijuana stores through the enactment of an ordinance or through an initiated or referred measure.

(b) A municipality or county may enact ordinances or regulations that are not in conflict with this chapter or in conflict with regulations enacted by the Commissioner , governing the time, place, manner, and number of marijuana establishment operations. A municipality or county may establish civil penalties for violation of an ordinance or regulations governing the time, place, and manner that a marijuana establishment may operate in such municipality or county.

§ 1352. Procedural requirements governing Commissioner's action; hearing; appeal.

(a) The Commissioner shall distribute and receive all of the applications for licensure under this chapter and shall refer an application to the Division for investigation. If it appears that any application should not be granted, the Commissioner shall timely notify the applicant stating the reason for denial.

(b) Hearings on applications for licensure under this chapter.

(1) If 10 or more persons who reside or own property within 1 mile of the premises where the license is to operate or in any incorporated areas located within 1 mile of the premises where the license is to operate file a protest against the issuance of the license with the Commissioner within 30 days from the filing of the application, then a hearing must be held to consider the application and protest and, specifically, the concerns of the members of the community within which the license is to operate.

(2) The Commissioner may hold a hearing in the absence of a protest.

(3) The Commissioner shall cause notice of the time and location of the hearing to be published in 2 consecutive issues of the same newspapers within which the applicant published notice of the applicant's application for the license.

(4) The Commissioner shall send notice of the time and location of the hearing to the applicant and to each of the persons who signed the protest and provided a legible name and address; provided, however, that it is sufficient for the Commissioner to send notice to a legal agent representing a person.

(5) The Commissioner shall conduct the hearing and shall make and keep a record of the hearing. The record must include the evidence, the Commissioner's findings of fact, the Commissioner's decision, and a brief statement of the reasons for the decision.

(6) The Commissioner shall issue a written decision after the hearing. The Commissioner's decision must show the manner in which the Commissioner construed the law and applied it to the facts, must recite any objections presented by the community, and must show how and the extent to which the Commissioner took community concerns into account and gave them due consideration when making the decision.

(c) The Commissioner's decision on an application must be in writing and is final and conclusive unless a party to such hearing files an appeal within 30 days from the date of the postmark on the Commissioner's decision by mailing notice of the appeal to the Commissioner’s office. Upon receipt of the appeal, the Commissioner shall notify the chair of the Appeals Commission of the pending appeal and the chair shall convene the Appeals Commission with at least 20 days' notice to all parties. The Appeals Commission shall hear the appeal and shall review the matter on the record; act in accordance with the Administrative Procedures Act, Chapter 101 of Title 29; and affirm, reverse, or modify the decision of the Commissioner. A decision of the Commissioner may only be reversed upon a finding of abuse of discretion.

(d) A party who is aggrieved by a final decision of the Appeals Commission may file a written appeal with the Superior Court within 30 days of the date that the Appeals Commission's decision was mailed. The Superior Court's review of an appeal shall be on the record and in accordance with the Administrative Procedures Act, subchapter V of Chapter 101 of Title 29. The Superior Court's review shall take into account the experience and specialized competence of the Commissioner and the purpose under which the Commissioner acted. Further, the Superior Court's review, in the absence of fraud, shall be limited to whether the Commissioner's decision is supported by substantial evidence on the record and is free from legal error.

§ 1353. Decision upon application for renewal of license; time of making.

On or before the first day of the month preceding the biennial expiration date of a license, the Commissioner shall render a decision upon every application properly and completely made to it on or before the first day of the third month preceding the biennial expiration date of a license.

§ 1354. Grounds for refusal of license; transfer or extension of premises.

(a) The Commissioner may not grant a license under this chapter in any county or subdivision thereof, if granting a license is contrary to the law of any municipality or county adopted under § 1351 of this chapter.

(b) The Commissioner may refuse to license an applicant if the Commissioner has substantial evidence that would reasonably support a belief that any of the following apply:

(1) There are sufficient licensed premises in the municipality or county, or the granting of a license in the municipality or county stated in the application is not otherwise demanded by public interest or convenience.

(2) The applicant is financially irresponsible.

(3) The applicant has made false statements to the Commissioner.

(4) The applicant, including any of the applicant's directors or officers, or any of the applicant's shareholders who hold more than 10% of the outstanding issued shares, has been convicted of an offense that may impact the qualifications, functions, or duties of the business or profession for which the application is made, except that if the Commissioner determines that the applicant is otherwise suitable to be issued a license, and granting the license would not compromise public safety, the Commissioner shall conduct a thorough review of the nature of the crime, conviction, circumstances, and evidence of rehabilitation of the applicant, and shall evaluate the suitability of the applicant to be issued a license based on the evidence found through the review. In determining which offenses may impact the qualifications, functions, or duties of the business or profession for which the application is made, the Commissioner shall include the following:

a. A violent Title 11 or Title 31 felony conviction as defined in §4201(c) of Title 11 or its functional equivalent under the laws of the United States, any state or territory of the United States, or any other country.

b. Any Class A through C felony conviction as defined in Title 11 or its functional equivalent under the laws of the United States, any state or territory of the United States, or any other country.

c. Any felony conviction regarding an offense against public administration as defined in Subchapter VI, Chapter 5, of Title 11 or its functional equivalent under the laws of the United States, any state or territory of the United States, or any other country.

d. A felony conviction for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling, any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor.

e. Any felony conviction as defined in Chapter 47 of Title 16 or its equivalent under the laws of the United States, any state or territory of the United States, or any other country.

f. Any felony conviction as defined in Chapter 5 of Title 30 or its equivalent under the laws of the United States, any state or territory of the United States, or any other country.

(5) A substantial objection to the granting of the license has been presented by the community within which the license is to operate, or that the granting of such license is otherwise not in the public interest. For the purposes of this subsection, the term "substantial objection" includes 1 or more of the following:

a. Any objection, or group of objections, presented to the Commissioner either individually or as a group, by persons who reside within 5 miles of where the licensee is to operate, sufficient to give the Commissioner reason to believe that a majority of the residents in that 5 mile radius within which the licensee is to operate oppose the issuance of the license.

b. Any objection, or group of objections, presented to the Commissioner either individually or as a group, the content of which gives the Commissioner reason to believe the quality of life of the community within which the licensee is to operate will be adversely affected by the granting of the license.

(c) Except as set forth in subsection (b) of this section, a prior conviction, for possession of, possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance may not be a ground for denial of a license.

(d) The Commissioner may refuse to grant a license to sell marijuana, marijuana products, or marijuana accessories to any new establishment to be located in the vicinity of a church, school, college or substance abuse treatment facility as defined under § 2203 of Title 16. The Commissioner may issue a license to any establishment located in the vicinity of a church, school, or college when such establishment has been located in a place prior to the time any church, school, or college may thereafter be located in the vicinity of such establishment.

(e) The Commissioner shall refuse to grant a license for the sale of marijuana, marijuana products, or marijuana accessories when there is an existing licensed establishment of the same type within 1200 feet by accessible public road or street in any incorporated city or town, or within 1 mile by accessible public road or street in any unincorporated or rural area. If there is an existing licensed establishment less than 1 mile but more than nine tenths of 1 mile by accessible public road or street in any unincorporated or rural area, the Commissioner may grant such license. This subsection does not apply to any of the following:

(1) Any existing license or to the sale, transfer of ownership, or renewal of an existing license.

(2) Any licensee who desires to move the location of the licensee's license to a location within 500 feet thereof by accessible public road or street or any licensee located in a shopping center or shopping mall who desires to move the location of the licensee's license any distance within the same shopping center or shopping mall, whether such center or mall consists of 1 or more than 1 separate buildings.

(f) Any holder of an existing license who desires to move the location of the existing license due to the destruction of the building, loss of lease, diversion of highway traffic pattern, or other reason beyond the control of the licensee, shall have preference in the issuance of a new license provided that the application satisfies this section and all other requirements under this chapter.

(g) The Commissioner may not grant a new license of any type and may not grant an extension of premises of an existing license of any type unless the application for said new license or for said extension is accompanied by a Certificate of Compliance from the appropriate political subdivision showing all of the following:

(1) That the premises where the license is to be used are properly zoned for the applicant's intended use.

(2) That all necessary permits have been approved.

(3) That the applicant has complied with all other applicable licensing requirements of the appropriate political subdivision.

(h) Subsection (g) of this section does not apply to any application for a temporary extension of premises as authorized by Commissioner rule if such application has not been objected to by the appropriate political subdivision and the political subdivision was provided with notice of the application by the applicant within 7 days of the date the application is filed with the Commissioner.

§ 1355. Finality of Commissioner's decision refusing license.

If an application is not timely protested, but the Commissioner determines that the application should nevertheless be denied, the Commissioner shall render the decision promptly in writing. The Commissioner's decision shall be final and conclusive unless, within 30 days after notice thereof has been mailed by the Commissioner's office, the applicant files an appeal in the office of the Commissioner. The appeal shall follow the procedure outlined in § 1362 of this chapter.

§ 1356. Improvements to premises.

The Commissioner may not require an applicant to make improvements to the premises before the issuance of a license; however, the Commissioner may issue a license to sell marijuana, marijuana products, or marijuana accessories upon the condition that certain improvements shall be made to the premises.

Subchapter V. Cancellation or Suspension of License.

§ 1361. Grounds for cancellation, suspension, or fines.

(a) The Commissioner may cancel every license made use of on behalf of any person other than the one to whom or on behalf of whom it has been issued.

(b) If the Commissioner has reasonable grounds to believe that a licensee has committed any of the violations in subsection (c) of this section, the Commissioner may do one or more of the following:

(1) Suspend the licensee's license.

(2) Cancel the licensee's license if the Commissioner determines the violations to be repeated and continuous, or egregious.

(3) Fine the licensee.

(c) It is a violation for a licensee to do any of the following:

(1) Violate any provision of this chapter, any regulation of the Commissioner, or any applicable regulation of the Department of Health and Social Services.

(2) Make any false representation or statement to the Commissioner in order to induce or prevent action by the Commissioner.

(3) Not maintain an acceptable bond, if a bond is required.

(4) Maintain a noisy, lewd, disorderly, or unsanitary establishment or supply impure or otherwise deleterious marijuana or marijuana products.

(5) Habitually use dangerous or narcotic drugs, or habitually uses alcoholic beverages or marijuana to excess.

(6) Sell marijuana or marijuana products to minors in contravention of § 1313 of this chapter.

(7) Possess on the licensee's licensed premises or sell or offer for sale any marijuana or marijuana products not purchased or sold in compliance with this chapter.

(8) Use any seal, labels, or wrapper not purchased from or through the Commissioner which are deceptively similar to those used by the Commissioner.

(9) Be convicted of a felony or be convicted of violating any of the marijuana laws of this State, general or local, including the provisions of this chapter.

(10) Admit guilt or be adjudged guilty of violations of local, municipal, county, or State regulations, ordinances, or codes related to the operation of a licensed premises.

(11) Discipline, threaten, or otherwise penalize any person for refusing to violate or aiding the enforcement of the provisions of this chapter or the rules of the Commissioner.

(d) Notwithstanding subsection (b) of this section, the Commissioner may cancel or suspend a license if there is any other reason which, in the opinion of the Commissioner, warrants cancelling or suspending the license.

(e) The Commissioner may not cancel or suspend any license for the sale of marijuana products or impose any fine for an alleged violation of § 1307 or § 1313 of this chapter where the licensee or its employee has made a reasonable effort to determine the age of a purchaser of the marijuana products. For purposes of this subsection, a licensee or its employee is deemed to have made a reasonable effort to determine the age of a purchaser if, prior to any sale of marijuana products, the licensee or its employee requires the purchaser to display identification, with a photograph of the purchaser thereon affixed, which sets forth information that would lead a reasonable person to believe the purchaser to be 21 years of age or older.

(f) The Commissioner may also suspend a license for any of the grounds for refusal of a license under § 1354 of this chapter.

(g) The Commissioner may cancel any retail license if it has reasonable grounds to believe that the license was granted in violation of this chapter, or any regulation enacted pursuant to § 1331 of this chapter.

§ 1362. Public hearing and right of appeal.

(a) The Commissioner may not cancel or suspend a license, or fine a licensee, before both of the following occur:

(1) The licensee has been given a public hearing by the Commissioner at which time the licensee is entitled to legal representation and to present witnesses.

(2) The ground for canceling or suspending a license is established by clear and convincing evidence.

(b) The Commissioner shall keep a full and complete record of all proceedings incident to a hearing under subsection (a) of this section. The Commissioner shall record all testimony at such hearing, but need not have it transcribed unless an order of the Commissioner is appealed to the Superior Court under subsection (c) of this section.

(c) An order of the Commissioner relative to suspension or cancellation of a license, or fining a licensee, becomes final 10 days after the licensee receives notice thereof, unless, within 10 days of the date of the postmark on the Commissioner's decision, a written appeal is filed in the Superior Court. No bond may be required for filing such appeal.

(d) The appeal must state the grounds upon which a review is sought. After the appeal is filed, service shall be made by the Sheriff upon the Commissioner. The Commissioner shall certify and file with the court all documents and papers and a transcript of all testimony taken in the matter, together with the Commissioner's findings therein as soon as practicable but in no event later than 20 calendar days from the date of service of the appeal. The Superior Court's review of an appeal shall be on the record and the Superior Court shall take into account the experience and specialized competence of the Commissioner and the purpose under which the Commissioner acted. Further, the Superior Court's review, in the

absence of fraud, shall be limited to whether the Commissioner's decision is supported by substantial evidence on the record and is free from legal error.

(e) An appeal without bond may be taken from the decision of the Superior Court to the Supreme Court in the same manner as is provided in civil cases. Upon the final determination of judicial proceedings, the Commissioner shall enter an order in accordance with such determination, or shall take such further or other action as the Court may order. A petition for Supreme Court review shall act as a supersedeas.

§ 1363. Effect of cancellation or surrender of license; notice.

(a) The cancellation or acceptance of a surrender of a license entails the loss of the privilege conferred by the license and entails the acceptance of or the seizure by the Commissioner of any marijuana or marijuana products found in the possession of the licensee, except those which occur solely by reason of the death of the licensee.

(b) Notice of the order of the cancellation or acceptance of the surrender of a license may be served by an officer designated by the Commissioner; by affixing a duplicate thereof to the outside of the entrance door of the licensed premises; by leaving a duplicate with the holder of the license, or with any member of the family of the holder over the age of 18 years at the residence of the holder; or otherwise as in the judgment of the Commissioner will give notice of such cancellation or acceptance of the surrender. All cancellations or acceptances of surrender of a license take effect as soon as the order is served.

(c) The cancellation or acceptance of surrender of a license does not prevent the filing of any criminal proceedings for any offense against the licensee while the license was in force. No conviction obtained for any offense prevents the Commissioner from cancelling a license or from making at the same time a seizure of marijuana or marijuana products as provided in this title.

(d) The Commissioner shall adopt regulations for seizure of marijuana and marijuana products that preserves and does not destroy the marijuana or marijuana products.

§ 1364. Payments to former licensee.

The Commissioner shall, within 30 days of the date of the cancellation or acceptance of surrender of a license, remit to the former licensee a part of the license fee which has been paid and pertains to the unexpired term of the license. In addition, the Commissioner shall remit to the former licensee the amount originally received by the Commissioner from the former licensee in payment for such marijuana or marijuana products accepted or seized as remains in packages sealed by the Commissioner, after paying or deducting therefrom all reasonable costs and expenses incurred by the Commissioner by reason of the acceptance or seizure of the marijuana or marijuana products of the former licensee. When other legally acquired marijuana or marijuana products have been accepted or seized under this section, the fair market value thereof as

determined by the Commissioner must be remitted by the Commissioner to the former licensee, after paying or deducting therefrom all reasonable costs and expenses incurred by the Commissioner by reason of the acceptance or seizure of the marijuana or marijuana products of the former licensee. No payment may be made for illegally acquired marijuana or marijuana products that have been seized under this section.

Subchapter VI. Transfer of License; Death of Licensee

§ 1366. Transfer of license.

(a) The rights conferred by a license may be transferred by the Commissioner to any representative designated by the person to whom or on behalf of whom the license was originally granted, if such representative is a person approved by the Commissioner. In the case of death of a licensee, the Commissioner may transfer the license to a qualified person recommended by the executor or administrator of the estate of the deceased licensee.

(b) In instances where the Commissioner has approved the transfer of a license, all matters concerning marijuana inventories must be handled directly between the transferor and the transferee and all payments must be made directly and not through the Commissioner.

(c) A social equity or microbusiness license may not be transferred to a person who would not meet the criteria for the issuance of an original social equity or microbusiness license.

§ 1367. Death of licensee; payments to licensee's estate.

If any licensee dies and no application is made for transfer of the license, or the Commissioner refuses to permit the transfer of the license to another person, the Commissioner shall return to the legal representative of such deceased licensee a share of the license fee received by the Department proportionate to the number of full calendar months of the unexpired term. If the marijuana or marijuana products in possession of the licensee at the time of the licensee's death are delivered to the Commissioner and the Commissioner ascertains that such marijuana or marijuana products have been received by the deceased licensee according to law, the Commissioner must pay to the legal representative the amount originally received by the Commissioner for such marijuana or marijuana products less 10% thereof, or the appraised value less 10% thereof.

§§ 1368-1370. Reserved.

Subchapter VII. Owner and Financial Interests of Licensee.

§ 1371. Commissioner approval.

The commissioner may refuse approval of changes in the ownership, officers, or directors, financial interest, or lease in connection with any license. No such change shall be implemented until reported to and approved by the Commissioner.

§ 1372. Change in ownership.

(a) In order to change ownership of a license, all of the following must be filed with the Commissioner on behalf of the new owner or owners:

(1) An application.

(2) A financial statement of the new owner or owners.

(3) Personal financial statements of all individuals, partners, or stockholders holding at least 10 percent of the corporate stock.

(4) A copy of the agreement of the terms of the sale or other exchange of financial interest, including stock distribution.

(5) Copy of all documents explaining interest and profit/loss distribution.

(6) Any application fee required by the Commissioner.

(7) Any other documents requested by the Commissioner.

(b) A change in ownership includes a change in the entire ownership, change in the partial ownership, or the sale or exchange of shares of stock by stockholders.

§ 1374. Change in officers or directors.

A person elected as an officer or director of a licensee must notify the Commissioner within 7 days of the election and provide all information requested by the Commissioner.

§ 1374. Changes in financial interest.

No person may obtain a financial interest in a license or licensee without doing all of the following:

(1) Notification to the Commissioner.

(2) Providing all information and documents requested by the Commissioner.

§ 1375. Fees.

If there is a change in ownership or financial interest more than 10%, a fee of $5,000 or 15% of the value of the transaction, whichever is higher, is required.

Subchapter VIII. Marijuana Regulation Fund; Taxes.

§ 1381. Marijuana Regulation Fund; Justice Reinvestment Fund.

(a) The Marijuana Regulation Fund is established as a special fund of the State consisting of fees collected, civil penalties imposed under this chapter, and a portion of taxes imposed under this subchapter. The Office of the State Treasurer shall administer the Fund.

(b) The Justice Reinvestment Fund is established as a special fund of the State consisting of a portion of taxes imposed under this subchapter as set forth in § 1387 of this subchapter.

§ 1382. Levy and rate of marijuana tax; collection.

(a) A tax is imposed on the retail sale of marijuana products under this chapter in this State. This tax is not imposed on the sale of medical marijuana products under Chapter 49A of Title 16.

(b) The tax imposed under this section is at the rate of 15% of the retail sales price of the marijuana product.

(c) If the tax imposed under this section does not equal an amount calculable to a whole cent, the tax shall be equal to the next higher whole cent.

(d) The amount of tax shall be separately stated on an invoice, receipt, or other similar document, in the manner directed by the Director of Revenue, that the marijuana retailer provides to the consumer at the time the retail sale occurs.

(e) A person may not knowingly sell, purchase, install, transfer, or possess electronic devices or software programs for the purposes of either of the following:

(1) Hiding or removing records of retail sales of marijuana products.

(2) Falsifying records of retail sales of marijuana products.

(f) A marijuana retailer may not discount a marijuana item or offer a marijuana item for free if the retail sale of the marijuana item is made in conjunction with the retail sale of any other item.

§ 1383. Collection and administration of the marijuana tax; mandatory reports; preemption.

(a) The marijuana tax imposed on the consumer under § 1382 of this chapter shall be collected at the point of sale and remitted by each retail marijuana store licensee that engages in the retail sale of marijuana products. The marijuana tax is considered a tax upon the retail marijuana store licensee that is required to collect the tax, and the retail marijuana store licensee is considered a taxpayer.

(b) A retail marijuana store licensee shall file a monthly report to the Commissioner, the Division of Revenue, and the Division of Alcohol and Tobacco Enforcement.

(c) A retail marijuana store licensee shall pay the marijuana tax to the Division of Revenue in the form and manner prescribed by the Director of Revenue, but not later than with each monthly report.

(d) Except to the extent inconsistent with specific provisions of this chapter, the provisions of Chapter 5 of Title 30 shall govern the assessment, collection, review, and appeal of deficiencies of tax imposed by this title, and any interest and penalties thereon, and claims for refund of overpayment of taxes imposed by this chapter.

(e) The fees, charges, and taxes imposed by the State under this chapter shall be in lieu of all county and municipal license fees and taxes upon the business of selling, growing, and manufacturing marijuana as such. Provided however, general occupational licenses fees and general taxes imposed uniformly on everyone within the class are not preempted.

(f) Any information set forth or disclosed in any report or return required under or as a result of this section, including any information which is required to be attached or included on any report or return required under or as a result of this section, is subject to the provisions of § 368 of Title 30.

§ 1384. Retention of records by retail marijuana store licensee; penalties.

(a) Each retail marijuana store licensee shall maintain and keep, for a period of 3 years, such records of marijuana products sold within this State by such retail marijuana store licensee, together with invoices, bills of lading, and other pertinent records and papers as may be required by the Commissioner for the reasonable administration of this chapter.

(b) A person who violates this section is subject to a civil penalty of up to $1,000 and may be charged the costs of an enforcement action.

§ 1385. Discontinuance, sale, or transfer of business by retail marijuana store licensee; penalties.

(a) Whenever a person ceases to engage in business as retail marijuana store licensee within this State, all taxes, penalties, and interest under this chapter not yet due and payable under the provisions of this chapter shall, notwithstanding such provisions, become due and payable concurrently with the discontinuance, sale, or transfer, and the retail marijuana store licensee shall concurrently with such discontinuance, sale, or transfer make a report and pay all such taxes, interest, and penalties.

(b) If a retail marijuana store license is transferred under § 1366 of this chapter, the purchaser or transferee shall be liable to this State for the amount of all taxes, penalties, and interest under this chapter, accrued against any retail marijuana store licensee selling or transferring a business, on the date of such sale or transfer, but only to the extent of the value of the property and business thereby acquired from such distributor or retailer.

(c) A person who violates this section is subject to a civil penalty of not less than $50 nor more than $500.

§ 1386. [Reserved]

§ 1387. Deposit of receipts.

(a) All money received by the Division of Revenue under this chapter shall be allocated as follows:

(1) All marijuana tax money and all money received through fees or other mechanisms must be deposited in accordance with § 6103(a) of Title 29 and credited to the Marijuana Regulation Fund.

(2) Each month, 7% of total marijuana tax money received from the preceding month shall be withdrawn from the Marijuana Regulation Fund and credited to the Justice Reinvestment Fund.

(b) The State Treasurer shall invest the Funds consistent with the investment policies established by the Cash Management Policy Board. The State Treasurer shall credit interest to the Funds on a monthly basis consistent with the rate established by the Cash Management Policy Board.

§ 1388. Appropriation of revenue.

(a) The funds in the Marijuana Regulation Fund in each fiscal year must be appropriated by the General Assembly as follows:

(1) To the administrative costs and expenses of the Commissioner and the Division, including administrative expenses, including payroll and other employment costs.

(2) To the administrative costs and expenses of the Criminal Justice Council incurred to administer the Justice Reinvestment Fund.

(2) After the payment under paragraphs (a)(1) and (2) of this section, and the transfer to the Justice Reinvestment Fund set forth in § 1387(a)(2) of this title, any remainder may be appropriated as determined by the General Assembly.

(b) The funds in the Justice Reinvestment Fund in each fiscal year shall be appropriated to the Criminal Justice Council to administer grants, contracts, services, or initiatives that focus on any of the following:

(1) Restorative justice, jail diversion, workforce development, industry specific technical assistance or mentoring services for economically disadvantaged persons in disproportionately impacted areas.

(2) Addressing the underlying causes of crime, reducing drug-related arrests, and reducing the prison population in this state.

(3) Creating or developing technology to assist with the restoration of civil rights and expungement of criminal records.

Any remainder in the Fund at the end of a fiscal year is not subject to reversion.

§ 1389. Financial statements of the Commissioner.

The Commissioner shall render an account to the State Treasurer, in the manner and at the time required by the latter, of its receipts and disbursements, and of its assets and liabilities. The State Treasurer may not, however, require such reports to be rendered more often than quarterly.

§ 1390. Annual audit.

The State Auditor of Accounts shall annually examine and audit the operation of the Office of the Commissioner.

Section 5. Amend § 1903, Title 30 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 1903. Computation of taxable income.

(a) The "entire net income" of a corporation for any income year means the amount of its federal taxable income for such year as computed for purposes of the federal income tax increased by:

(1) Any interest income (including discount) on obligations issued by states of the United States or political subdivisions thereof other than this State and its subdivisions, and

(2) The amount of any deduction allowed for purposes of the federal income tax pursuant to § 164 of the Internal Revenue Code (26 U.S.C. § 164) for taxes paid on, or according to or measured by, in whole or in part, such corporation's net income or profits, to any state (including this State), territory, county or political subdivision thereof, or any tax paid in lieu of such income tax, and its federal taxable income shall be further adjusted by eliminating:

j. An amount equal to the ordinary and necessary business expenses paid or incurred for the taxable year by a marijuana business operating pursuant to Chapter 13 of Title 4 or Chapter 49A of Title 16, which is disallowed as a deduction for federal purposes pursuant to § 280E of the Internal Revenue Code.

Section 6. Amend Subchapter II, Chapter 16, Title 30 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 1625. Special rules for certain tax deductions for pass-through entities.

(a) Definitions. As used in this section:

(1) "Qualified business" means a pass-through entity operating a marijuana establishment pursuant to Chapter 13 of Title 4 or Chapter 49A of Title 16.

(2) "Qualified expenses" mean the ordinary and necessary business expenses paid or incurred for the taxable year in carrying on a qualified business, which are disallowed as a deduction for federal purposes pursuant to § 280E of the Internal Revenue Code

(b) Deduction. A pass-through entity operating a qualified business may deduct its qualified expenses in computing its total income.

Section 7. Amend § 581, Title 30 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 581. Inspection of returns by federal, state and local officials.

(b) Notwithstanding any other provision of this section or § 368 of this title, the Director is specifically authorized to enter into an agreement with the Department of Labor, the Office of the State Bank Commissioner, the Department of Natural Resources and Environmental Control, the Division of Motor Vehicles, the Division of Alcohol and Tobacco Enforcement, the Division of Medicaid and Medical Assistance, the Enhanced 911 Emergency Service Board, the

Marijuana Commissioner, or the Alcoholic Beverage Control Commissioner to provide for the inspection of any tax return filed under this title (other than Chapters 30, 51, and 52) or under Title 4; provided, however, that such inspection shall be pursuant to the Department of Labor's duties under Title 19, the Office of the State Bank Commissioner's duties under Title 5, the Department of Natural Resources and Environmental Control's duties under Title 7, the Division of Motor Vehicles' duties under Title 21, the Division of Alcohol and Tobacco Enforcement's duties under Titles 4 and 11, the Division of Medicaid and Medical Assistance's duties under Title 16, the Enhanced 911 Emergency Service Board's duties under Title 16, the Marijuana Commissioner's duties under Title 4, or the Alcoholic Beverage Control Commissioner's duties under Title 4, and may be subject to such additional requirements as may be imposed by the Director.

Section 8. Amend § 2901, Title 30 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 2901. Definitions.

As used in this chapter:

(8) "Gross receipts":

a. In the case of a retailer, "gross receipts" includes total consideration received for all goods sold or services rendered within this State, but shall not include tobacco products taxes or motor fuel taxes paid or payable to the State under ~~Part IV of~~ this ~~title~~ title, marijuana products taxes paid or payable to the State under Title 4, or gasoline and special fuel taxes paid or payable to the federal government under Internal Revenue Code § 4041 [26 U.S.C. § 4041] or § 4081 [26 U.S.C. § 4081]; or receipts derived from the sale of petroleum products provided such products were sold to the retailer by a person who is licensed under this chapter and such sale is described in the definition of "gross receipts" with regard to such person.

Section 9. Amend § 1448, Title 11 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 1448. Possession and purchase of deadly weapons by persons prohibited; penalties.

(a) Except as otherwise provided in this section, the following persons are prohibited from purchasing, owning, possessing, or controlling a deadly weapon or ammunition for a firearm within the State:

(9) Any person, if the deadly weapon is a semi-automatic or automatic firearm, or a handgun, who, at the same time, possesses a controlled substance in violation of § ~~4763, or § 4764~~ 4763 of Title 16.

Section 10. Amend § 501, Title 30 by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 501. Application of this chapter.

For tax periods beginning on or after January 1, 1992, except where in conflict with a specific provision within another chapter of this title or, where applicable, a specific provision of Title 4 or Title 16 or a rule of the Delaware Alcoholic Beverage Control Commission, Commission or the Marijuana Commissioner, this chapter shall govern the administration, procedures and enforcement of the State revenue laws provided for under Parts II, III, IV (except Chapters 51 and 52), V, and VI of this title; subchapter VII of Chapter 5 and subchapter VII of Chapter 13 of Title 4; and Chapter 101 of Title 16.

Section 11. The Commissioner, in consultation with the Oversight Committee shall provide the Chairs of the Joint Finance Committee of the General Assembly with a quarterly report, beginning January 1 after the enactment date of this Act and continuing for 2 years, regarding the progress towards implementation and any potential barriers towards timely issuance of licenses and commencement of retail sales.

Section 12. If any provision of this Act or the application of this Act to any person or circumstance is held invalid, the provisions of this Act are severable if the invalidity does not affect the other provisions of this Act that can be given effect without the invalid provision or the application of this Act that can be given effect without the invalid application.

Section 13. The regulations required by § 1331 of Title 4 must be adopted not later than 1 year after the effective date of this Act.

Section 14. When funds have been appropriated for implementation of this Act, the Controller General shall provide notice to the Registrar of Regulations that the funds required to implement this Act have been appropriated.

Section 15. This Act takes effect upon the later of the following:

(a) Publication in the Register of Regulations of a notice by the Controller General that the funds required to implement this Act have been appropriated.

(b) Upon enactment.