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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

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A N A C T

RELATING TO FOOD AND DRUGS -- THE RHODE ISLAND CANNABIS ACT

Introduced By: Representatives Felix, Potter, Morales, Alzate, Batista, Sanchez, Kislak,
Stewart, Cruz, and Kazarian

Date Introduced: February 28, 2025

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 21-28.11-3, 21-28.11-12.1 and 21-28.11-31 of the General Laws in
2 Chapter 21-28.11 entitled "The Rhode Island Cannabis Act" are hereby amended to read as follows:

3 **21-28.11-3. Definitions.**

4 For purposes of this chapter, the following words, terms and phrases shall have the
5 following meanings:

6 (1) "Administrator" means the administrator of the cannabis office appointed by the
7 governor pursuant to the provisions of § 21-28.11-18.1.

8 (2) "Adult use cannabis" or "recreational cannabis" means cannabis which may be legally
9 possessed and consumed for non-medical purposes by a person who is at least twenty-one (21)
10 years of age.

11 (3) "Applicant" means a Rhode Island resident or a business entity with a principal place
12 of business located in Rhode Island to include, but not limited to, a corporation, limited liability
13 company, limited liability partnership or partnership, and in which fifty-one percent (51%) of the
14 equity in the business entity is owned by residents of Rhode Island, and the Rhode Island resident
15 or business entity has made application for issuance of a license or certificate to own or engage in
16 a cannabis business subject to the provisions of this chapter.

17 (4) "Cannabinoid" means any of several compounds produced by cannabis plants that have
18 medical and psychotropic effects.

19 (5) "Cannabinoid profile" means amounts, expressed as the dry-weight percentages, of

1 delta-9-tetrahydrocannabinol, cannabidiol, tetrahydrocannabinolic acid and cannabidiolic acid in a
2 cannabis product. Amounts of other cannabinoids may be regulated by the commission.

3 (6) “Cannabis” or “marijuana” or “marihuana” means all parts of any plant of the genus
4 cannabis not excepted herein, and whether growing or not; the seeds thereof; and resin extracted
5 from any part of the plant; and every compound, manufacture, salt, derivative, mixture or
6 preparation of the plant, its seeds or resin including tetrahydrocannabinol; provided, however, that
7 “cannabis” shall not include:

8 (i) The mature stalks of the plant, fiber produced from the stalks, oil, or cake made from
9 the seeds of the plant, any other compound, manufacture, salt, derivative, mixture or preparation of
10 the mature stalks, fiber, oil or cake made from the seeds of the plant or the sterilized seed of the
11 plant that is incapable of germination;

12 (ii) Hemp; or

13 (iii) The weight of any other ingredient combined with cannabis to prepare topical or oral
14 administrations, food, drink or other products.

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

20 (8) “Cannabis advisory board” or “advisory board” means the cannabis advisory board
21 established pursuant to the provisions of § 21-28.11-6.

22 (9) “Cannabis concentrate” means the resin extracted from any part of the plant of the
23 genus cannabis and every compound, manufacture, salt, derivative, mixture or preparation of that
24 resin but shall not include the weight of any other ingredient combined with cannabis to prepare
25 cannabis products.

26 (10) “Cannabis control commission” or “commission” means the Rhode Island cannabis
27 control commission established by § 21-28.11-4.

28 (11) “Cannabis cultivator” or “marijuana cultivator” means an entity licensed to cultivate,
29 process and package cannabis, to deliver cannabis to cannabis establishments and to transfer
30 cannabis to other cannabis establishments, but not to consumers.

31 (12) “Cannabis establishment” or “marijuana establishment” means a cannabis cultivator,
32 cannabis testing laboratory, cannabis product manufacturer, cannabis retailer, hybrid cannabis
33 retailer or any other type of licensed cannabis-related business.

34 (13) “Cannabis office” means the office established pursuant to § 21-28.11-18.1.

1 (14) “Cannabis product manufacturer” or “marijuana product manufacturer” means an
2 entity licensed to obtain, manufacture, process and package cannabis and cannabis products, to
3 deliver cannabis and cannabis products to cannabis establishments and to transfer cannabis and
4 cannabis products to other cannabis establishments, but not to consumers.

5 (15) “Cannabis products” or “marijuana products” means products that have been
6 manufactured and contain cannabis or an extract from cannabis, including concentrated forms of
7 cannabis and products composed of cannabis and other ingredients that are intended for use or
8 consumption, including edible products, beverages, topical products, ointments, oils and tinctures.

9 (16) “Cannabis retailer” or “marijuana retailer” means an entity licensed pursuant to § 21-
10 28.11-10.2 to purchase and deliver cannabis and cannabis products from cannabis establishments
11 and to deliver, sell or otherwise transfer cannabis and cannabis products to cannabis establishments
12 and to consumers.

13 (17) “Cannabis testing laboratory” means a third-party analytical testing laboratory that is
14 licensed annually by the commission, in consultation with the department of health, to collect and
15 test samples of cannabis and cannabis products pursuant to regulations issued by the commission
16 and is:

17 (i) Independent financially from any medical cannabis treatment center or any licensee or
18 cannabis establishment for which it conducts a test; and

19 (ii) Qualified to test cannabis in compliance with regulations promulgated by the
20 commission pursuant to this chapter. The term includes, but is not limited to, a cannabis testing
21 laboratory as provided in § 21-28.11-11.

22 (18) “Chairperson” means the chairperson of the cannabis control commission established
23 pursuant to § 21-28.11-4.

24 (19) “Close associate” means a person who holds a legally recognized financial interest in,
25 or is entitled to exercise power in, the business of an applicant or licensee and, by virtue of that
26 interest or power, is able to exercise a significant influence over the management or operation of a
27 cannabis establishment licensed under this chapter.

28 (20) “Consumer” means a person who is at least twenty-one (21) years of age, and who is
29 authorized by law to consume or use cannabis.

30 (21) “Controlling person” means an officer, board member or other individual who has a
31 financial or voting interest of ten percent (10%) or greater in a cannabis establishment.

32 (22) “Cultivation batch” means a collection of cannabis plants from the same seed or plant
33 stock that are cultivated and harvested together, and receive an identical propagation and cultivation
34 treatment, including, but not limited to: growing media, ambient conditions, watering and light

1 regimes and agricultural or hydroponic inputs. Every cannabis cultivator licensee shall assign and
2 record a unique, sequential alphanumeric identifier to each cultivation batch for the purposes of
3 production tracking, product labeling and product recalls.

4 (23) “Disproportionately impacted area” means a census tract or comparable geographic
5 area that satisfies at least one of the following criteria as determined by the commission, that:

6 (i) The area has a poverty rate of at least twenty percent (20%) according to the latest
7 federal decennial census;

8 (ii) Seventy-five percent (75%) or more of the children in the area participate in the federal
9 free lunch program according to reported statistics from the Rhode Island board of education;

10 (iii) At least twenty percent (20%) of the households in the area receive assistance under
11 the Supplemental Nutrition Assistance Program (SNAP);

12 (iv) The area has an average unemployment rate, as determined by the Rhode Island
13 department of labor and training, that is more than one hundred twenty percent (120%) of the
14 national unemployment average, as determined by the United States Department of Labor, for a
15 period of at least two (2) consecutive calendar years preceding the date of the application; or

16 (v)(A) The area has disproportionately high rates of arrest, conviction, and incarceration
17 related to the sale, possession, use, cultivation, manufacture, or transportation of cannabis in
18 comparison to other communities and localities in the state; or

19 (B) The area has a history of arrests, convictions, and other law enforcement practices in a
20 certain geographic area, such as, but not limited to, precincts, zip codes, neighborhoods, and
21 political subdivisions, reflecting a disparate enforcement of cannabis prohibition during a certain
22 time period, when compared to the remainder of the state.

23 (vi) The commission shall, with recommendations from the cannabis advisory board and
24 the chief equity officer, issue guidelines to determine how to assess which communities have been
25 disproportionately impacted and how to assess if someone is a member of a community
26 disproportionately impacted.

27 (24) “Final issuance of the commission’s rules and regulations” means the rules and
28 regulations adopted by the commission after compliance with requirements of chapter 35 of title
29 42 (the “administrative procedures act”) and chapter 46 of title 42 (the “open meetings act”) and
30 shall not include any emergency, provisional or interim rules, regulations, requirements, orders,
31 instructions or procedures.

32 (25) “Finished cannabis” means a usable cannabis, cannabis resin or cannabis concentrate.

33 (26) “Hemp” means the plant of the genus cannabis or any part of the plant, whether
34 growing or not, with a delta-9-tetrahydrocannabinol concentration that does not exceed three tenths

1 of one percent (0.3%) on a dry weight basis of any part of the plant of the genus cannabis, or per
2 volume or weight of cannabis product, or the combined per cent of delta-9-tetrahydrocannabinol
3 and tetrahydrocannabinolic acid in any part of the plant of the genus cannabis regardless of moisture
4 content.

5 (27) “Host community” means a municipality in which a cannabis establishment or a
6 medical cannabis treatment center is located or in which an applicant has proposed locating a
7 cannabis establishment or a medical cannabis treatment center.

8 (28) “Hybrid cannabis retailer” or “hybrid compassion center” means a compassion center
9 licensed pursuant to chapter 28.6 of this title that is in good standing with the department of business
10 regulation and that has paid the fee pursuant to § 21-28.11-10 and has been authorized to sell non-
11 medical or adult use cannabis to consumers.

12 (29) “Laboratory agent” means a registered employee of a cannabis testing laboratory who
13 transports, possesses or tests cannabis.

14 (30) “Licensee” means a person or entity licensed by the commission pursuant to the
15 provisions of this chapter. Any business structure recognized under title 7, including, but not limited
16 to, corporations, partnerships, limited partnerships, limited-liability companies, and workers’
17 cooperatives, which is otherwise qualified, is eligible to be considered by the commission as an
18 entity licensee.

19 (31) “Manufacture” means to compound, blend, extract, infuse or otherwise make or
20 prepare a cannabis product.

21 (32) “Medical cannabis” means cannabis and cannabis products that satisfy the
22 requirements of chapter 28.6 of this title and have been given the designation of “medical cannabis”
23 or “medical marijuana” due to dose, potency and form. Medical cannabis products are only
24 available for use by patient cardholders, and may only be sold to or possessed by patient
25 cardholders, or their registered caregiver, or authorized purchaser in accordance with chapter 28.6
26 of this title. Medical cannabis may not be sold to, possessed by, manufactured by, or used by any
27 person except as permitted pursuant to chapter 28.6 of this title.

28 (33) “Medical cannabis treatment center” or “Medical marijuana treatment center” includes
29 a compassion center, a medical marijuana emporium, or marijuana establishment licensee who
30 operates a treatment center, as defined in § 21-28.6-3.

31 (34) “Member of an impacted family” means an individual who has a parent, legal
32 guardian, child, spouse, or dependent, or was a dependent of an individual who, prior to the
33 effective date of this chapter, was arrested for, charged with, convicted of, or adjudicated delinquent
34 for any offense that is eligible for expungement under this chapter.

1 (35) “Ownership and control” means ownership of at least fifty-one percent (51%) of the
2 cannabis establishment, and control over the management and day-to-day operations of the
3 cannabis establishment, and an interest in the capital, assets, and profits and losses of the cannabis
4 establishment proportionate to percentage of ownership.

5 (36) “Process” or “processing” means to harvest, dry, cure, trim and separate parts of the
6 cannabis plant by manual or mechanical means, except it shall not include manufacture as defined
7 in this section.

8 (37) “Production batch” means a batch of finished plant material, cannabis resin, cannabis
9 concentrate or cannabis-infused product made at the same time, using the same methods, equipment
10 and ingredients. The commission shall require licensees to assign and record a unique, sequential
11 alphanumeric identifier to each production batch for the purposes of production tracking, product
12 labeling and product recalls. All production batches shall be traceable to one or more cannabis
13 cultivation batches.

14 (38) “Residual solvent” means a volatile organic chemical used in the manufacture of a
15 cannabis product and that is not completely removed by practical manufacturing techniques.

16 (39) “Social equity applicant” means an applicant that has been disproportionately
17 impacted by criminal enforcement of marijuana laws, including individuals convicted of nonviolent
18 marijuana offenses, immediate family members of individuals convicted of nonviolent marijuana
19 offenses and individuals who have resided in disproportionately impacted areas for at least five (5)
20 of the last ten (10) years, as determined by the commission after consultation with the cannabis
21 advisory board, and further specified in the rules and regulations that shall identify factors and other
22 considerations to be evaluated in certifying applicants as social equity applicants, provided that
23 such applicants shall at a minimum meet one of the following criteria:

24 (i) An applicant with at least fifty-one percent (51%) ownership and control by one or more
25 individuals who have resided for at least five (5) ~~of the preceding ten (10)~~ years in a
26 disproportionately impacted area.

27 (ii) An applicant with at least fifty-one percent (51%) ownership and control by one or
28 more individuals who:

29 (A) Have been arrested for, convicted of, or adjudicated delinquent for any offense that is
30 eligible for expungement under this chapter; or

31 (B) Is a member of an impacted family.

32 (iii) For applicants with a minimum of ten (10) full-time employees, an applicant with at
33 least fifty-one percent (51%) of current employees who:

34 (A) Currently reside in a disproportionately impacted area; or

1 (B) Have been arrested for, convicted of, or adjudicated delinquent for any offense that is
2 eligible for expungement under this chapter or is a member of an impacted family.

3 (iv) Can demonstrate significant past experience in or business practices that promote
4 economic empowerment in disproportionately impacted areas.

5 (v) Had income which does not exceed four hundred percent (400%) of the median income,
6 as defined by the commission, in a disproportionately impacted area for at least five (5) of the past
7 ten (10) years.

8 (40) “Terpenoid” means an isoprene that are the aromatic compounds found in cannabis,
9 including, but not limited to: limonene, myrcene, pinene, linalool, eucalyptol, Δ-terpinene, β-
10 caryophyllene, caryophyllene oxide, nerolidol and phytol.

11 (41) “Unreasonable and impracticable” means that the measures necessary to comply with
12 the rules and regulations adopted pursuant to this chapter subject licensees to unreasonable risk or
13 require such a high investment of money, time or any other resource or asset that a reasonably
14 prudent businessperson would not operate a cannabis establishment.

15 (42) “Workers’ cooperative” means an applicant organized and operated pursuant to the
16 provisions of chapter 6.2 of title 7.

17 **21-28.11-12.1. Criminal record information — Permitted use.**

18 (a) The commission shall require all applicants for license and registration under this
19 chapter to undergo a national criminal background check prior to issuing any license or registration.
20 The applicant shall apply to the bureau of criminal identification of the department of attorney
21 general, department of public safety division of state police, or local police department for a
22 national background check that shall include fingerprints submitted to the Federal Bureau of
23 Investigation. Upon the discovery of any criminal record information, the bureau of criminal
24 identification of the department of attorney general, department of public safety division of state
25 police, or the local police department shall inform the applicant, in writing, of the nature of the
26 criminal record information. The bureau of criminal identification of the department of attorney
27 general, department of public safety division of state police, or the local police department shall
28 also inform the commission, in writing, of the nature of the criminal record information. In those
29 situations in which no criminal record information has been found, the bureau of criminal
30 identification of the department of attorney general, department of public safety division of state
31 police, or the local police department shall inform the applicant and the commission, in writing, of
32 this fact. The applicant shall be responsible for any expense associated with the national
33 background check.

34 (b) All applicants for license or registration have a duty to truthfully and fully disclose prior

1 criminal convictions to the commission and any information the commission requests related to
2 said convictions. If issued a license or registration by the commission, licensees have a continuing
3 duty to truthfully and fully disclose any subsequent criminal convictions to the commission, along
4 with any information the commission requests related to said convictions. Failure to do so may
5 result in the denial, suspension, or revocation of a license or registration, and criminal prosecution
6 pursuant to § 21-28.11-27 and/or other applicable law.

7 (c) “Conviction” as used throughout this chapter shall have the same meaning as set forth
8 in § 21-28.6-6(g).

9 (d) No person shall be **automatically** disqualified to practice, pursue, or engage in any
10 business or activity licensed or registered by the commission pursuant to the provisions of this
11 chapter, solely relating to a prior conviction of a cannabis or marijuana possession crime or crimes
12 unless:

13 (1) The underlying crime or crimes involved the distribution of a controlled substance,
14 including cannabis or marijuana, to a minor; or

15 (2) The underlying crime or crimes substantially relates to the occupation to which the
16 license or registration applies. Any other state law to the contrary will be superseded by this
17 provision.

18 (e) No occupational license or registration issued by the commission shall be suspended or
19 revoked, solely or in part, because of a prior or subsequent possession of cannabis or marijuana
20 offense conviction of a crime or crimes unless the underlying crime or crimes substantially relate
21 to the occupation to which the license or registration applies. Any other state law to the contrary
22 will be superseded by this provision.

23 (f) A person who has been convicted of a crime may be disqualified to practice, pursue or
24 engage in any business activity licensed by the commission pursuant to this chapter or chapter 28.6
25 of this title if the commission determines that the circumstances of the conviction are substantially
26 related to the occupation for which the license or registration is sought. In determining if a
27 conviction substantially relates to the occupation for which the license or registration is sought, the
28 commission shall consider:

29 (1) The state’s legitimate interest in protecting the property and the safety and welfare of
30 specific individuals or the general public;

31 (2) The relationship of the crime or crimes to the ability, capacity, and fitness required to
32 perform the duties and discharge the responsibilities of the position of employment or occupation;
33 and

34 (3) The state’s legitimate interest in equal access to employment for individuals who have

1 had past contact with the criminal justice system.

2 (g) A person who has been convicted of a crime or crimes that substantially relates to the
3 occupation for which a license is sought may not be automatically disqualified from the occupation
4 if the person can establish by competent evidence, satisfactory in the discretion of the commission,
5 of sufficient rehabilitation and present fitness to perform the duties of the occupation for which the
6 license is sought. The commission shall consider the time elapsed since the conviction when
7 determining sufficient rehabilitation, specifically, convictions issued prior to five (5) years before
8 the date of the application shall be deemed evidence of sufficient rehabilitation, as well as any
9 evidence presented by the applicant regarding:

10 (1) Completion of a period of at least two (2) years after release from imprisonment, or at
11 least two (2) years after the sentencing date for a probation sentence or suspended sentence not
12 accompanied by incarceration, without subsequent conviction or pending criminal charge;

13 (2) The nature, seriousness, and relevance of the crime or crimes for which convicted;

14 (3) All circumstances relative to the crime or crimes, including mitigating circumstances
15 surrounding the commission of the crime or crimes;

16 (4) The age of the person at the time the crime or crimes were committed;

17 (5) Claims that the criminal record information is in error or inadmissible; and

18 (6) All other competent evidence of rehabilitation and present fitness presented, including,
19 but not limited to, letters of reference by persons who have been in contact with the applicant since
20 the applicant's release from any state or federal correctional institution.

21 (h) The following criminal records ~~may~~ shall not be used in connection with any
22 application for a license or registration submitted pursuant to the provisions of this chapter:

23 (1) Juvenile adjudications;

24 (2) Records of arrest not followed by a conviction;

25 (3) Convictions that have been, pursuant to law, annulled or expunged;

26 (4) Misdemeanor convictions for which no jail sentence can be imposed; or

27 (5) A conviction that does not substantially relate to the occupation for which the license
28 or registration is sought, as determined by subsection (f) of this section.

29 (i) If the commission intends to deny, suspend, or revoke an occupational license, permit,
30 or registration solely or in part because of the individual's prior conviction of a crime that is
31 determined to be substantially related to the occupation for which the license or registration applies,
32 the commission shall notify the individual in writing of the following prior to the final decision:

33 (1) The specific conviction(s) that forms the basis for the potential denial, suspension, or
34 revocation and the rationale for deeming the conviction substantially related to the occupation or

1 activity;

2 (2) A copy of the conviction history report, if any, on which the commission relies;

3 (3) A statement that the applicant may provide evidence of mitigation or rehabilitation, as
4 described in subsection (g) of this section; and

5 (4) Instructions on how to respond to the potential denial, suspension, or revocation.

6 (j) After receiving the notice of potential denial, suspension, or revocation, the individual
7 shall have thirty (30) business days to respond.

8 (k) If the commission denies, suspends, or revokes a license or registration solely or in part
9 because of the applicant's substantially related conviction, the commission shall issue a final
10 written decision that addresses the following:

11 (1) The specific conviction(s) that form the basis for the denial, suspension, or revocation
12 and the rationale for deeming the conviction(s) substantially related to the occupation or activity;

13 (2) A copy of the conviction history report, if any, on which the commission relies;

14 (3) The process for appealing the decision in accordance with chapter 35 of title 42; and

15 (4) The earliest date the person may reapply for license or registration which shall not be
16 longer than two (2) years from the date of the final decision.

17 (l) Notwithstanding any general or special law to the contrary, except as otherwise provided
18 in this chapter, any prior conviction for a crime that has been decriminalized, or is eligible for
19 expungement pursuant to the provisions of this chapter cannot serve as grounds, either solely or in
20 part, for denial, suspension or revocation of a license or registration pursuant to this chapter.

21 (m) The commission shall adopt rules and regulations establishing standards and
22 procedures consistent with the provisions of this section.

23 **21-28.11-31. Social equity assistance program and fund.**

24 (a)(1) **Findings.** The general assembly finds that additional efforts are needed to reduce
25 barriers to ownership and/or participation in the cannabis industry for individuals and communities
26 most adversely impacted by the enforcement of cannabis-related laws.

27 (2) In the interest of establishing a legal cannabis industry that is equitable and accessible
28 to those most adversely impacted by the enforcement of cannabis-related laws, the general
29 assembly finds and declares that a social equity program should be established.

30 (3) The general assembly also finds and declares that individuals who have been arrested
31 or incarcerated due to cannabis related laws suffer long-lasting negative consequences, including
32 impacts to employment, business ownership, housing, health, and long-term financial well-being.

33 (4) The general assembly also finds and declares that family members, especially children,
34 and communities of those who have been arrested or incarcerated due to cannabis related laws,

1 suffer from emotional, psychological, and financial harms as a result of such arrests or
2 incarcerations.

3 (5) Furthermore, the general assembly finds and declares that certain communities have
4 disproportionately suffered the harms of enforcement of cannabis-related laws. Those communities
5 face greater difficulties accessing capital to finance the start-up costs for cannabis establishments.

6 (6) The general assembly also finds that individuals who have resided in areas of high
7 poverty suffer negative consequences, including barriers to entry in employment, business
8 ownership, housing, health, and long-term financial well-being.

9 (7) The general assembly also finds and declares that promotion of business ownership by
10 individuals who have resided in areas of high poverty and high enforcement of cannabis-related
11 laws furthers a more equitable cannabis industry.

12 (8) Therefore, in the interest of mitigating the harms resulting from the enforcement of
13 cannabis-related laws, the general assembly finds and declares that a social equity program should
14 offer, among other things, business assistance and license application benefits to individuals most
15 directly and adversely impacted by the enforcement of cannabis-related laws who are interested in
16 establishing or participating in a cannabis business entity.

17 (9) Therefore, in the interest of mitigating the emotional, psychological, and financial
18 harms resulting from the enforcement of cannabis-related laws, the general assembly finds and
19 declares that some revenue from the cannabis industry should be returned to disproportionately
20 impacted areas.

21 (i) A dedicated disproportionately impacted areas investment fund shall be established
22 within the general fund, separate and apart from other state monies subject to appropriation. This
23 fund shall be used for the following purposes:

24 (A) To provide funding for the development of public housing including, grants for
25 beautification initiatives, development of affordable housing, tenant-led housing co-ops,
26 emergency rent assistance, legal defense fund, rent-to-own programs, and homeownership
27 programs in disproportionately impacted areas as determined by the commission.

28 (B) To provide funding for early and public education including, funding to social workers
29 and mental health counselors in public schools, youth development programs, nonprofits geared
30 towards youth and education, expanding access to high-quality Pre-k, expanding the budget for
31 public schools, facility upgrades including, tech, theater, sports, STEM, and arts programs after-
32 school and extracurricular programs, scholarships for college tuition and vocational trainings,
33 internship stipends, early childhood and out-of-school time (OST) programs focused on equitable
34 access to early learning opportunities, academic support, enrichment activities, social-emotional

1 learning (SEL) and workforce development, parent and caregiver education program especially for
2 parents who were previously incarcerated, and teacher recruitment and retention programs in
3 disproportionately impacted areas as determined by the commission.

4 (C) To provide funding for health subsidies including, improving and establishing clinics
5 and mobile health units, mental health treatment, safe-use sites, maternal and child health services,
6 upkeep and development of community gardens, food education and nutrition classes, sexual health
7 education and resources, health literacy programs, and in-home health services for elderly and
8 disabled residents in disproportionately impacted areas as determined by the commission

9 ~~(b) There is created in the state treasury within the general fund, a fund which shall be held~~
10 ~~separate and apart from all other state monies, to be known as the social equity assistance fund.~~
11 ~~The social equity assistance fund, subject to appropriation, shall be exclusively used for the~~
12 ~~following purposes~~ A dedicated social equity assistance fund shall be established within the general
13 fund, separate and apart from other state monies subject to appropriation. This fund shall be used
14 for the following purposes:

15 (1) To provide grants to approved social equity applicants to pay for ordinary and necessary
16 expenses to establish and/or operate a cannabis establishment, and to also further promote the goals
17 of this chapter, including without limitation, job training and workforce development, mentoring
18 services and technical assistance;

19 (2) To support the waiver or reduction of application and licensing fees pursuant to this
20 section for social equity applicants; and

21 (3) To implement and administer programming for restorative justice, jail diversion, drug
22 rehabilitation and education workforce development for jobs related to cannabis cultivation,
23 transportation, distribution and sales.

24 (c) The social equity assistance fund ~~shall be subject to appropriation. The fund shall~~
25 ~~consist of all monies received on account of the state as a result of application for, and licensing of,~~
26 ~~individuals and entities pursuant to the provisions of this chapter, exclusive of licensing fees paid~~
27 ~~pursuant to the provisions of chapter 28.6 of this title. Additionally, except as otherwise provided,~~
28 ~~the fund shall consist of all administrative penalties received for violations of this chapter, except~~
29 ~~tax violations and interest earned on balances in the fund~~ and disproportionately impacted areas
30 investment fund shall be subject to appropriation. Both funds shall consist of all monies received
31 on account of the state as a result of application for, and licensing of, individuals and entities
32 pursuant to the provisions of this chapter; as well as a portion of the state cannabis excise tax as
33 determined in § 44-70-5. Furthermore, both funds shall consist of all civil penalties received for
34 violations of this chapter, including tax violations and interest earned on balances in the funds.

1 (d) The commission shall administer the social equity assistance fund and the authorized
2 disbursement of funds, as appropriated by the general assembly. In consultation with the cannabis
3 advisory board, the commission shall promulgate rules and regulations establishing the criteria,
4 eligibility, qualifications and process for administering the disbursement of funds from the social
5 equity assistance fund.

6 (e) **Reporting.** Beginning September 1, 2023, and each year thereafter, the commission
7 shall annually report to the governor and the general assembly on the outcomes and effectiveness
8 of this section that shall include, but not be limited to, the following:

9 (1) The number of persons or businesses receiving assistance under this section;

10 (2) The amount in financial assistance awarded in the aggregate, in addition to the amount
11 of grants awarded; and

12 (3) If applicable, the number of new jobs and other forms of economic impact created as a
13 result of assistance from the social equity assistance fund.

14 (f) **Fee waivers.**

15 (1) For social equity applicants as defined in § 21-28.11-3, the commission may waive up
16 to one hundred percent (100%) of any nonrefundable license application fees or any nonrefundable
17 fees associated with acquiring a license to operate a cannabis establishment, pursuant to rules and
18 regulations promulgated by the commission in consultation with the cannabis advisory board.

19 (2) If the commission determines that an applicant who applied as a social equity applicant
20 is not eligible for social equity status, the applicant shall be provided an additional ten (10) days to
21 provide alternative evidence that the applicant qualifies as a social equity applicant. Alternatively,
22 the applicant may pay all required fees and be considered as a non-social equity applicant. If the
23 applicant cannot do either, then any application fee shall be returned and the application process
24 shall be terminated.

25 (g) Transfers of cannabis establishment licenses awarded to a social equity applicant are
26 subject to all other provisions of this chapter, and applicable law; provided however, that a license
27 issued to a social equity applicant shall only be transferred to another qualified social equity
28 applicant as determined and approved by the commission.

29 (h) **Reporting.**

30 (1) By September 1, 2023, and on the first day of September of every year thereafter, or
31 upon request by the commission, each cannabis establishment licensed under this chapter and § 21-
32 28.6-12 (“The Edward O. Hawkins and Thomas C. Slater Medical Marijuana Act”) shall report to
33 the commission, on a form to be provided by the commission, information that will allow it to
34 assess the extent of diversity in the medical and adult use cannabis industry and methods for further

1 reducing or eliminating any identified barriers to entry, including without limitation, access to
2 capital.

3 (2) Failure of a cannabis establishment to respond to the request of the commission to
4 complete the form, report, and any other request for information may be grounds for disciplinary
5 action by the commission pursuant to this chapter. The information to be collected shall identify,
6 without limitation, the following:

7 (i) The number and percentage of licenses provided to social equity applicants;

8 (ii) The total number and percentage of employees in the cannabis industry who meet the
9 criteria in the definition of social equity applicant; and

10 (iii) Recommendations on reducing or eliminating any identified barriers to entry,
11 including access to capital, in the cannabis industry.

12 SECTION 2. Section 44-70-5 of the General Laws in Chapter 44-70 entitled "Cannabis
13 Tax" is hereby amended to read as follows:

14 **44-70-5. Application of tax revenue.**

15 The administrator shall deposit ~~revenue collected pursuant to this chapter from the state~~
16 ~~cannabis excise tax or associated amounts as penalties, forfeitures, interest, costs of suit, and fines~~
17 ~~for failure to timely report or pay the state cannabis excise tax into the marijuana trust fund pursuant~~
18 ~~to § 21-28.11-13(d) and revenue from the sales tax into the general fund~~ fifty percent (50%) of the
19 revenue collected pursuant to this chapter from the state cannabis excise tax or associated amounts
20 as penalties, forfeitures, interest, costs of suit, and fines for failure to timely report or pay the state
21 cannabis excise tax into the marijuana trust fund pursuant to § 21-28.11-13(d) and one hundred
22 percent (100%) of the revenue from the sales tax into the general fund. The administrator shall
23 deposit the other fifty percent (50%) of revenue collected pursuant to this chapter from the state
24 cannabis excise tax or associated amounts as penalties, forfeitures, interest, costs of suit, and fines
25 for failure to timely report or pay the state cannabis excise tax into the social equity assistance fund
26 and disproportionately impacted areas investment fund. For five (5) consecutive years, seventy-
27 five percent (75%) of the allotted state cannabis excise tax shall be deposited into the social equity
28 assistance fund and twenty-five percent (25%) of the allotted state cannabis excise tax shall be
29 deposited into the disproportionately impacted areas investment fund. After those initial five (5)
30 years, fifty percent (50%) of the allotted state cannabis excise tax shall be deposited into the social
31 equity assistance fund and fifty percent (50%) of the allotted state cannabis excise tax shall be
32 deposited into the disproportionately impacted areas fund in perpetuity.

1 SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO FOOD AND DRUGS -- THE RHODE ISLAND CANNABIS ACT

- 1 This act would make several amendments to the cannabis act relating to applications for
- 2 licensure, the social equity assistance program and the application of cannabis tax revenue.
- 3 This act would take effect upon passage.

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