

1 HOUSE BILL NO. 701
2 INTRODUCED BY M. HOPKINS, R. MARSHALL
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS RELATED TO THE REGULATION
5 AND TAXATION OF MARIJUANA; TRANSFERRING AUTHORITY OVER THE LICENSING, CULTIVATION,
6 AND SALE OF MEDICAL MARIJUANA TO REGISTERED CARDHOLDERS TO THE DEPARTMENT OF
7 REVENUE-; CREATING SEPARATE LICENSE CATEGORIES FOR CULTIVATION, MANUFACTURING,
8 DISPENSING, AND TRANSPORTING MARIJUANA; PROVIDING FOR EIGHT COMBINED-USE MARIJUANA
9 LICENSES; CREATING A MARIJUANA WORKER PERMIT; PROVIDING FOR A LOCAL-OPTION
10 MARIJUANA EXCISE TAX; ~~PROVIDING FOR A LOCAL-OPTION MARIJUANA EXCISE TAX~~; REQUIRING
11 LOCAL GOVERNMENT APPROVAL FOR A MARIJUANA BUSINESS TO OPERATE IN A LOCAL
12 JURISDICTION; ~~PROVIDING AN APPROPRIATION~~ APPROPRIATIONS; PROVIDING RULEMAKING
13 AUTHORITY; PROVIDING FOR EXPUNGEMENT OF CRIMINAL CONVICTIONS RELATED TO MARIJUANA;
14 PROVIDING FOR CONTINGENT VOIDNESS; AMENDING SECTIONS 3-5-113, 3-5-115, 5-5-223, 5-5-227, 7-
15 22-2101, 15-64-101, 15-64-102, 15-64-103, 15-64-104, 15-64-105, 15-64-106, 15-64-111, 15-64-112, 16-12-
16 101, 16-12-102, 16-12-104, 16-12-105, 16-12-106, 16-12-107, 16-12-108, 16-12-109, 16-12-110, 16-12-111,
17 16-12-112, 16-12-113, 16-12-201, 16-12-202, 16-12-203, 16-12-204, 16-12-206, 16-12-207, 16-12-208, 16-12-
18 209, 16-12-210, 16-12-211, 16-12-301, 16-12-302, ~~17-6-606, 17-6-610,~~ 18-7-101, 37-1-136, 37-1-316, 37-3-
19 203, 39-2-210, 39-2-313, 39-71-407, 41-5-216, ~~44-4-1205,~~ 45-9-101, 45-9-102, 45-9-103, 45-9-110, 45-9-127,
20 45-9-203, 45-10-103, 45-10-107, 46-18-202, 50-46-302, 50-46-303, 50-46-307, 50-46-319, 50-46-345, 50-46-
21 346, 50-46-347, 53-6-1201, 53-21-1207, 61-8-402, 61-8-404, 61-8-405, 61-8-409, 61-8-442, 61-11-101, AND
22 80-1-104, MCA; AMENDING SECTION 56, INITIATIVE MEASURE NO. 190, APPROVED NOVEMBER 3,
23 2020; REPEALING SECTIONS 16-12-205, 16-12-401, 16-12-402, 16-12-403, 16-12-404, 16-12-405, 16-12-
24 406, 16-12-407, 16-12-408, 50-46-301, 50-46-302, 50-46-303, 50-46-304, 50-46-305, 50-46-307, 50-46-308,
25 50-46-309, 50-46-310, 50-46-311, 50-46-312, 50-46-317, 50-46-318, 50-46-319, 50-46-320, 50-46-326, 50-46-
26 327, 50-46-328, 50-46-329, 50-46-330, 50-46-331, 50-46-332, 50-46-339, 50-46-340, 50-46-341, 50-46-342,
27 50-46-343, 50-46-344, 50-46-345, 50-46-346, AND 50-46-347, MCA; REPEALING SECTIONS 37 AND 52,

1 INITIATIVE MEASURE NO. 190, APPROVED NOVEMBER 3, 2020; AND PROVIDING EFFECTIVE DATES
2 AND A TERMINATION DATE DATES.”

3

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

5

6 NEW SECTION. Section 1. Hotline. (1) The department shall create and maintain a hotline to
7 receive reports of suspected abuse of the provisions of this chapter.

8 (2) AN INDIVIDUAL MAKING A COMPLAINT MUST BE A RESIDENT AND SHALL PROVIDE THE INDIVIDUAL'S NAME,
9 STREET ADDRESS, AND PHONE NUMBER.

10 (3) (A) THE DEPARTMENT SHALL PROVIDE A COPY OF THE COMPLAINT TO THE PERSON OR LICENSEE THAT IS
11 THE SUBJECT OF THE COMPLAINT.

12 (B) THE DEPARTMENT MAY NOT REDACT THE INDIVIDUAL'S NAME OR CITY OF RESIDENCE FROM THE
13 COMPLAINT COPY.)

14 ~~(2)(4)~~ The department may:

15 (a) investigate reports of suspected abuse of the provisions of this chapter; or

16 (b) refer reports of suspected abuse to the law enforcement agency having jurisdiction in the area
17 where the suspected abuse is occurring.

18

19 NEW SECTION. Section 2. Department to conduct background checks. (1) In addition to any
20 other requirement imposed under this chapter, before issuing any license under this chapter the department
21 shall conduct:

22 (a) a fingerprint-based background check meeting the requirements for a fingerprint-based
23 background check by the department of justice and the federal bureau of investigation in association with an
24 application for initial licensure and every ~~3~~ 5 years thereafter; and

25 (b) a name-based background check in association with an application for initial licensure and each
26 year thereafter except years that an applicant is required to submit fingerprints for a fingerprint-based
27 background check.

28 (2) For the purpose of the background records check required under subsection (1), the department

1 shall obtain fingerprints from each individual listed on an application submitted under this chapter and each
2 individual who has a controlling beneficial ownership or financial interest in the license or prospective license,
3 including:

4 (a) each partner of an applicant that is a limited partnership;

5 (b) each member of an applicant that is a limited liability company;

6 (c) each director and officer of an applicant that is a corporation;

7 (d) each individual who holds a 5% financial interest in the license applicant or is a controlling
8 beneficial owner of the person applying for the license; and

9 (e) each individual who is a partner, member, director, or officer of a legal entity that holds a 5%
10 financial interest in the license applicant or is a controlling beneficial owner of the person applying for the
11 license.

12 (3) (a) Except as provided in subsection (3)(b), an employee of a marijuana business shall undergo a
13 criminal background check prior to beginning employment.

14 (b) An employee of a former medical marijuana licensee in good standing with the department as of
15 [the effective date of this section] shall undergo a criminal background check within 90 days of [the effective
16 date of this section].

17 (4) The department may establish procedures for obtaining fingerprints for the fingerprint-based and
18 name-based background checks required under this section.

19
20 **NEW SECTION. Section 3. Licensing of marijuana transporters.** (1) (a) A marijuana transporter
21 license may be issued to a person to provide logistics, distribution, delivery, and storage of marijuana and
22 marijuana products. A marijuana transporter license is valid for 2 years. A licensed marijuana transporter is
23 responsible for the marijuana and marijuana products once it takes control of the marijuana or marijuana
24 product.

25 (b) A marijuana transporter may contract with multiple licensed marijuana businesses.

26 (c) On or after March 1, 2022, and except as otherwise provided in this section, all persons who
27 transport marijuana or marijuana products shall hold a valid marijuana transporter license. The department shall
28 begin accepting applications on or after January 1, 2022. The department may allow for a reasonable grace

1 period for complying with this requirement.

2 (d) The department shall establish by rule the requirements for licensure, and the applicable fee for a
3 marijuana transporter license or the renewal of a transporter license. The department may not license a person
4 to be a marijuana transporter if the applicant meets any of the criteria established for denial of a license under
5 16-12-203(2).

6 (2) A person who ~~obtains a testing laboratory license and any other person who~~ is not licensed under
7 this chapter must apply for and obtain a marijuana transporter license in order to transport marijuana or
8 marijuana products.

9 (3) A registered cardholder or consumer is not required to possess a marijuana transporter license
10 when purchasing marijuana or marijuana products at a dispensary.

11 (4) A person who obtains a cultivator license, manufacturer license, adult-use dispensary license, ~~or~~
12 medical marijuana dispensary license, or testing laboratory license or is an employee of one of those licensees,
13 may:

14 (a) transport marijuana or marijuana products between other licensed premises without a transporter
15 license so long as such transportation:

16 (i) complies with rules implementing the seed-to-sale tracking system set forth in 16-12-105; and

17 (ii) includes a printed manifest containing information as required by the department; and

18 (b) deliver marijuana from a dispensary to a registered cardholder provided that the person delivering
19 the marijuana or marijuana products:

20 (i) complies with rules adopted by the department; and

21 (ii) includes a printed delivery manifest from a dispensary to a registered cardholder containing the
22 registered cardholder's address and cardholder number and the dispensary's address and license number.

23 (5) (a) A marijuana transporter licensee may maintain a licensed premises to temporarily store
24 marijuana and marijuana products and to use as a centralized distribution point in a jurisdiction where the local
25 government approval provisions contained in 16-12-301 have been satisfied or in a county in which the majority
26 of voters voted to approve Initiative Measure No. 190 in the November 3, 2020, general election.

27 (b) The licensed premises must be located in a jurisdiction that permits the operation of a marijuana
28 business and comply with rules adopted by the department.

1 (c) A marijuana transporter may store and distribute marijuana and marijuana products from this
2 location. A storage facility must meet the same security requirements that are required to obtain a license under
3 this chapter.

4 (6) A marijuana transporter shall use the seed-to-sale tracking system developed pursuant to 16-12-
5 105 to create shipping manifests documenting the transport of retail marijuana and retail marijuana products
6 throughout the state.

7 (7) A marijuana transporter may deliver marijuana or marijuana products to licensed premises or
8 registered cardholders only and may not make deliveries of marijuana or marijuana products to individual
9 consumers ~~or registered cardholders~~.

10 (8) A person delivering marijuana or marijuana products for a marijuana transporter must possess a
11 valid marijuana worker permit provided for under [section 7] and be a current employee of the marijuana
12 transporter licensee.

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14
15 **NEW SECTION. Section 4. Licensing of cultivators.** (1) (a) The department shall license cultivators
16 according to a tiered canopy system. ~~All~~ Except as provided in subsection (6), all cultivation that is licensed
17 under this chapter may only occur at an indoor cultivation facility.

18 (b) ~~The~~ Except as provided in subsection (6), the system shall include, at a minimum, the following
19 license types:

20 (i) A micro tier canopy license allows for a canopy of up to 250 square feet at one indoor cultivation
21 facility.

22 (ii) A tier 1 canopy license allows for a canopy of up to 1,000 square feet at one indoor cultivation
23 facility.

24 (iii) A tier 2 canopy license allows for a canopy of up to 2,500 square feet at up to two indoor cultivation
25 facilities.

26 (iv) A tier 3 canopy license allows for a canopy of up to 5,000 square feet at up to three indoor
27 cultivation facilities.

28 (v) A tier 4 canopy license allows for a canopy of up to 7,500 square feet at up to four indoor

1 cultivation facilities.

2 (vi) A tier 5 canopy license allows for a canopy of up to 10,000 square feet at up to five indoor
3 cultivation facilities.

4 (vii) A tier 6 canopy license allows for a canopy of up to 13,000 square feet at up to five indoor
5 cultivation facilities.

6 (viii) A tier 7 canopy license allows for a canopy of up to 15,000 square feet at up to five indoor
7 cultivation facilities.

8 (ix) A tier 8 canopy license allows for a canopy of up to 17,500 square feet at up to five indoor
9 cultivation facilities.

10 (x) A tier 9 canopy license allows for a canopy of up to 20,000 square feet at up to six indoor cultivation
11 facilities.

12 (xi) A tier 10 canopy license allows for a canopy of up to 30,000 square feet at up to seven indoor
13 cultivation facilities.

14 (xii) A tier 11 canopy license allows for a canopy of up to 40,000 square feet at up to eight indoor
15 cultivation facilities.

16 (xiv) A tier 12 canopy license allows for a canopy of up to 50,000 square feet at up to nine indoor
17 cultivation facilities.

18 (c) A cultivator shall demonstrate that the local government approval provisions in 16-12-301 have
19 been satisfied for the jurisdiction where each proposed indoor cultivation facility or facilities is or will be located
20 if a proposed facility would be located in a county in which the majority of voters voted against approval of
21 Initiative Measure No. 190 in the November 3, 2020, general election.

22 (d) When evaluating an initial or renewal license application, the department shall evaluate each
23 proposed indoor cultivation facility for compliance with the provisions of 16-12-207 and 16-12-210.

24 (e) (i) A Except as provided in subsection (1)(e)(iii), a cultivator who has reached capacity under the
25 existing license may apply to advance to the next licensing tier in conjunction with a regular renewal application
26 by demonstrating that:

27 (A) the cultivator is using the full amount of canopy currently authorized;

28 (B) the tracking system shows the cultivator is selling at least 80% of the marijuana produced by the

1 square footage of the cultivator's existing license over the 2 previous quarters or the cultivator can otherwise
2 demonstrate to the department that there is a market for the marijuana it seeks to produce; and
3 (C) its proposed additional or expanded indoor cultivation facility or facilities are located in a
4 jurisdiction where the local government approval provisions contained in 16-12-301 have been satisfied or that
5 they are located in a county in which the majority of voters voted to approve Initiative Measure No. 190 in the
6 November 3, 2020, general election.

7 (ii) Except as provided in subsection (1)(e)(iii), the department may increase a licensure level by only
8 one tier at a time.

9 (iii) Between January 1, 2022, and June 30, 2023, a cultivator may increase its licensure level by more
10 than one tier at a time, up to a tier 5 canopy license, without meeting the requirements of subsection (1)(e)(i)(A)
11 and (1)(e)(i)(B).

12 (iv) The department shall conduct an inspection of the cultivator's registered premises and proposed
13 premises within 30 days of receiving the application and before approving the application.

14 (f) A marijuana business that has not been issued a license before July 1, 2023, must be initially
15 licensed at a tier 2 canopy license or lower.

16 (2) The department is authorized to create additional tiers as necessary.

17 (3) The department may adopt rules:

18 (a) for inspection of proposed indoor cultivation facilities under subsection (1); and

19 (b) for investigating owners or applicants for a determination of financial interest; and

20 (c) in consultation with the department of agriculture and based on well-supported science, to require
21 licensees to adopt practices consistent with the prevention, introduction, and spread of insects, diseases, and
22 other plant pests into Montana.

23 (4) Initial licensure and annual fees for these licensees are:

24 (a) \$1,000 for a cultivator with a micro tier canopy license;

25 (b) \$2,500 for a cultivator with a tier 1 canopy license;

26 (c) \$5,000 for a cultivator with a tier 2 canopy license;

27 (d) \$7,500 for a cultivator with a tier 3 canopy license;

28 (e) \$10,000 for a cultivator with a tier 4 canopy license;

- 1 (f) \$13,000 for a cultivator with a tier 5 canopy license;
- 2 (g) \$15,000 for a cultivator with a tier 6 canopy license;
- 3 (h) \$17,500 for a cultivator with a tier 7 canopy license;
- 4 (i) \$20,000 for a cultivator with a tier 8 canopy license;
- 5 (j) \$23,000 for a cultivator with a tier 9 canopy license; ~~and~~
- 6 (k) \$27,000 for a cultivator with a tier 10 canopy license;
- 7 (l) \$32,000 for a cultivator with a tier 11 canopy license; and
- 8 (m) \$37,000 for a cultivator with a tier 12 canopy license..

9 (5) The fee required under this part may be imposed based only on the tier of licensure and may not
 10 be applied separately to each indoor cultivation facility used for cultivation under the licensure level.

11 (6) A former medical marijuana licensee who engaged in outdoor cultivation before [the effective date
 12 of this section] may continue to engage in outdoor cultivation.

14 **NEW SECTION. Section 5. Licensing of dispensaries.** (1) Except as provided in 16-12-201(2), an
 15 applicant for a dispensary license shall demonstrate that the local government approval provisions in 16-12-301
 16 have been satisfied in the jurisdiction where each proposed dispensary is located if the proposed dispensary
 17 would be located in a county in which the majority of voters voted against approval of Initiative Measure No.
 18 190 in the November 3, 2020, general election.

19 (2) When evaluating an initial or renewal application, the department shall evaluate each proposed
 20 dispensary for compliance with the provisions of 16-12-207 and 16-12-210.

21 (3) An adult-use dispensary licensee may operate at a shared location with a medical marijuana
 22 dispensary if the adult-use dispensary and medical marijuana dispensary are owned by the same person.

23 (4) A medical marijuana dispensary is authorized to sell exclusively to registered cardholders
 24 marijuana, marijuana products, and live marijuana plants.

25 (5) An ~~adult-dispensary~~ ADULT-USE DISPENSARY is authorized to sell marijuana, ~~or~~ marijuana products,
 26 AND LIVE MARIJUANA PLANTS to consumers or registered cardholders.

27 (6) The department shall charge a dispensary license fee for an initial application and at each
 28 renewal. The dispensary license fee is \$5,000 for each location that a licensee operates as an adult-use

1 dispensary or a medical marijuana dispensary.

2 (7) The department may adopt rules:

3 (a) for inspection of proposed dispensaries;

4 (b) for investigating owners or applicants for a determination of financial interest; and

5 (c) establishing or limiting the THC content of the marijuana or marijuana products that may be sold at
6 an adult-use dispensary or medical marijuana dispensary.

7 (8) (a) Marijuana and marijuana products sold at a dispensary are regulated and sold on the basis of
8 the concentration of THC in the products and not by weight.

9 (b) Except as provided in subsection (8)(c), for purposes of this chapter, a single package is limited
10 to:

11 (i) for marijuana sold as flower, 1 ounce of usable marijuana. The total potential psychoactive THC of
12 marijuana flower may not exceed 35%.

13 (ii) for a marijuana product sold as a capsule, no more than 100 milligrams of THC per capsule and no
14 more than 800 milligrams of THC per package.

15 (iii) for a marijuana product sold as a tincture, no more than 800 milligrams of THC;

16 (iv) for a marijuana product sold as an edible or a food product, no more than 100 milligrams of THC. A
17 single serving of an edible marijuana product may not exceed 10 milligrams of THC.

18 (v) for a marijuana product sold as a topical product, a concentration of no more than 6% THC and no
19 more than 800 milligrams of THC per package;

20 (vi) for a marijuana product sold as a suppository or transdermal patch, no more than 100 milligrams of
21 THC per suppository or transdermal patch and no more than 800 milligrams of THC per package; and

22 (vii) for any other marijuana product, no more than 800 milligrams of THC.

23 (c) A dispensary may sell marijuana or marijuana products having higher THC potency levels than
24 described in subsection (8) to registered cardholders.

25 (9) A licensee or employee is prohibited from conducting a transaction that would result in a
26 consumer or registered cardholder exceeding the personal possession amounts set forth in 16-12-106 and
27 [section 24 16].

28

1 **NEW SECTION. Section 6. Combined-use marijuana licensing -- requirements.** (1) The
2 department may issue a total of eight combined-use marijuana licenses to entities that are:

3 (a) a federally recognized tribe located in the state; or

4 (b) a business entity that is majority-owned by a federally recognized tribe located in the state.

5 (2) A combined-use marijuana license consists of one tier 1 canopy license and one dispensary
6 license allowing for the operation of a dispensary. Cultivation and dispensary facilities must be located at the
7 same licensed premises.

8 (3) A combined-use marijuana licensee shall operate its cultivation and dispensary facilities on land
9 that is located:

10 (a) within ~~25~~ 150 air-miles of the exterior boundary of the associated tribal reservation or, for the Little
11 Shell Chippewa tribe only, within 150 air-miles of the tribal service area; and

12 (b) in a county that has satisfied the local government approval provisions in 16-12-301 if the majority
13 of voters in the county voted against approval of Initiative Measure No. 190 in the November 3, 2020, general
14 election.

15 (4) An applicant under this section must satisfy all licensing requirements under this chapter and is
16 subject to all fees and taxes associated with the cultivation and sale of marijuana or marijuana products
17 provided for in this chapter.

18 (5) A license granted under this section must be operated in compliance with all requirements
19 imposed under this chapter.

20 (6) After a tribe or a majority-owned business of that tribe is licensed under this section, that tribe or
21 another majority-owned business of that tribe may not obtain another combined-use license until the prior
22 license is relinquished, lapses, or is revoked by the department.

23
24 **NEW SECTION. Section 7. Marijuana worker permit -- requirements.** (1) A marijuana worker
25 permit is required for an employee who performs work for or on behalf of a marijuana business if the individual
26 participates in any aspect of the marijuana business.

27 (2) (a) Except as provided in subsection (2)(b), a marijuana business may not allow an employee to
28 perform any work at the licensed premises until it has verified that that the employee has obtained a valid

1 marijuana worker permit issued in accordance with this chapter.

2 (b) An employee of a former medical marijuana licensee in good standing with the department as of
3 [the effective date of this section] shall obtain a marijuana worker permit within 90 days of [the effective date of
4 this section].

5 (3) An applicant for a marijuana worker permit shall submit:

6 (a) an application on a form prescribed by the department with information including the applicant's:

7 (i) name;

8 (ii) mailing address;

9 (iii) date of birth;

10 (iv) signature; and

11 (v) response to conviction history questions requested by the department;

12 (b) a copy of a driver's license or identification card issued by one of the fifty states in the United

13 States or a passport;

14 (c) annual proof of having passed ~~any training that includes identification, prevention, and reporting~~
15 for human trafficking, rules and regulations for legal sales of cannabis in Montana, and any other training

16 required by the department; and

17 (d) a fee established by the department.

18 (4) (a) Except as provided in subsection (4)(b), an application that does not contain the elements set
19 forth in subsection (3) is incomplete.

20 (b) The department may review an application prior to receiving the fee but may not issue a permit
21 until the fee is received.

22 (5) The department shall deny an initial or renewal application if the applicant:

23 (a) is not 18 years of age or older;

24 (b) has had a marijuana license or worker permit revoked for a violation of this chapter or any rule
25 adopted under this chapter within 2 years of the date of the application;

26 (c) has violated any provision of this chapter; or

27 (d) makes a false statement to the department.

28 (6) An employee of a licensee shall carry the employee's worker permit at all times when performing

1 work on behalf of a marijuana business.

2 (7) A person who holds a marijuana worker permit must notify the department in writing within 10
3 days of:

4 (a) a conviction for a felony;

5 (b) the issuance of any citation for violating a marijuana law imposed under this chapter or the
6 marijuana laws of any other state; or

7 (c) the issuance of any citation for selling or dispensing alcohol or tobacco products to a minor.

8
9 ~~NEW SECTION. Section 8. — Local government taxing authority — specific delegation. As~~
10 ~~required by 7-1-112, [sections 8 through 12] specifically delegate to the qualified electors of a county the power~~
11 ~~to authorize their county to impose a local option marijuana excise tax within the corporate boundary of the~~
12 ~~county.~~

13
14 ~~NEW SECTION. Section 9. — Limit on local option marijuana excise tax rate — goods subject to~~
15 ~~tax. (1) The rate of the local option marijuana excise tax must be established by the election petition or~~
16 ~~resolution provided for in [section 10], and the rate may not exceed 5%.~~

17 ~~(2) The local option marijuana excise tax is a tax on the retail value of all marijuana and marijuana~~
18 ~~products sold at an adult use dispensary or medical marijuana dispensary within a county.~~

19 ~~(3) — If a county imposes a local option marijuana excise tax:~~

20 ~~(a) — 50% of the resulting tax revenue must be retained by the county;~~

21 ~~(b) — 45% of the resulting tax revenue must be apportioned to the municipalities on the basis of the ratio~~
22 ~~of the population of the city or town to the total county population; and~~

23 ~~(c) — the remaining 5% of the resulting tax revenue must be retained by the department to defray costs~~
24 ~~associated with administering [sections 8 through 12]. The funds retained by the department under this~~
25 ~~subsection (3)(c) must be deposited into the marijuana state special revenue account established under 16-12-~~
26 ~~111.~~

27 ~~(4) — For purposes of this section, tax revenue means the combined taxes collected under any local-~~
28 ~~option marijuana excise tax collected on retail sales within the county.~~

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~~NEW SECTION. Section 10. — Local government excise tax -- election required -- procedure -- notice. (1) – A county that has permitted an adult-use dispensary or medical marijuana dispensary to operate within its borders may not impose or, except as provided in this section, amend or repeal a local-option marijuana excise tax unless the local-option marijuana excise tax question has been approved by a majority of the qualified electors voting on the question.~~

~~(2)– The local-option marijuana excise tax question may be presented to the qualified electors of a county by a petition of the electors as provided in 7-5-131, 7-5-132, 7-5-134, 7-5-135, and 7-5-137 or by a resolution of the governing body of the county.~~

~~(3)– The petition or resolution referring the taxing question must state:~~

~~(a)– the rate of the tax, which may not exceed 5% of the retail sale of marijuana or marijuana products occurring at an adult-use dispensary or medical marijuana dispensary;~~

~~(b)– the date when the tax becomes effective, which may not be earlier than 90 days after the election;~~
~~and~~

~~(c)– the purposes that may be funded by the tax revenue.~~

~~(4)– On receipt of an adequate petition, the county’s governing body shall hold an election in accordance with Title 13, chapter 1, part 5.~~

~~(5)– (a)– Before the local-option marijuana excise tax question is submitted to the electorate, the county shall provide notice of the goods subject to the local-option marijuana excise tax by a method described in 13-1-108.~~

~~(b)– The notice must be given two times, with at least 6 days separating the notices. The first notice must be no more than 45 days prior to the election, and the last notice must be no less than 30 days prior to the election.~~

~~(6)– Notice of the election must be given as provided in 13-1-108 and include the information listed in subsection (3) of this section.~~

~~(7)– The question of the imposition of a local-option marijuana excise tax may not be placed before the qualified electors more than once in any fiscal year.~~

1 ~~NEW SECTION. Section 11. — Tax administration. (1) – Not less than 90 days prior to the date that~~
2 ~~the local-option marijuana excise tax becomes effective, the county shall notify the department of the results of~~
3 ~~the election and coordinate with the department to facilitate the administration and collection of the local-option~~
4 ~~marijuana excise taxes.~~

5 ~~(2) The department shall establish by rule:~~

6 ~~(a) the times that taxes collected by businesses are to be remitted to the department;~~

7 ~~(b) the office or employee of the department responsible for receiving and accounting for the local-~~
8 ~~option marijuana excise tax receipts;~~

9 ~~(c) the office or employee of the department responsible for enforcing the collection of local-option~~
10 ~~marijuana excise taxes and the methods and procedures to be used in enforcing the collection of local-option~~
11 ~~marijuana excise taxes due; and~~

12 ~~(d) the penalties for failure to report taxes due, failure to remit taxes due, and violations of the~~
13 ~~administrative ordinance. The penalties may include:~~

14 ~~(i) criminal penalties not to exceed a fine of \$1,000 or 6 months' imprisonment, or both;~~

15 ~~(ii) civil penalties if the department prevails in a suit for the collection of local-option marijuana excise~~
16 ~~taxes, not to exceed 50% of the local-option marijuana excise taxes found due plus the costs and attorney fees~~
17 ~~incurred by the department in the action;~~

18 ~~(iii) revocation of an adult-use dispensary license or medical marijuana dispensary license held by the~~
19 ~~offender; and~~

20 ~~(iv) any other penalties that may be applicable for violation of an ordinance.~~

21 ~~(3) The department's rules may also include:~~

22 ~~(a) further clarification and specificity in the categories of goods that are subject to the local-option~~
23 ~~marijuana excise tax;~~

24 ~~(b) authorization for business administration and prepayment discounts. The discount authorization~~
25 ~~may allow each vendor and commercial establishment to withhold up to 5% of the local-option marijuana excise~~
26 ~~taxes collected to defray their costs for the administration of the tax collection.~~

27 ~~(c) other administrative details necessary for the efficient and effective administration of the tax.~~

28 ~~(4) A county and the department may exchange information collected under the provisions of this~~

1 ~~chapter that is necessary to implement and administer a local-option tax or the tax collected under Title 15,~~
2 ~~chapter 64, part 1.~~

3
4 **NEW SECTION. Section 12. — ~~Use of local-option marijuana excise tax revenue.~~ Unless**
5 ~~otherwise restricted, a county or municipality may appropriate and expend revenue derived from a local-option~~
6 ~~marijuana excise tax for any activity, undertaking, or administrative service that the municipality is authorized by~~
7 ~~law to perform, including costs resulting from the imposition of the tax or due to administrative burdens imposed~~
8 ~~on the municipality as a result of licensing or regulatory requirements imposed in this chapter.~~

9
10 **NEW SECTION. Section 8. **Unlawful possession of marijuana, marijuana products, or****
11 ****marijuana paraphernalia in motor vehicle on highway.**** (1) Except as provided in subsection (2), a person
12 commits the offense of unlawful possession of marijuana, marijuana products, or marijuana paraphernalia in a
13 motor vehicle if the person knowingly possesses marijuana, marijuana products, or marijuana paraphernalia, as
14 those terms are defined in 16-12-102, within the passenger area of a motor vehicle on a highway.

15 (2) This section does not apply to marijuana, marijuana products, or marijuana paraphernalia:
16 (a) purchased from a dispensary and that remains in its unopened, original packaging;
17 (b) in a locked glove compartment or storage compartment;
18 (c) in a motor vehicle trunk or luggage compartment or in a truck bed or cargo compartment;
19 (d) behind the last upright seat of a motor vehicle that is not equipped with a trunk; or
20 (e) in a closed container in the area of a motor vehicle that is not equipped with a trunk and that is not
21 normally occupied by the driver or a passenger.

22 (3) (a) A person convicted of the offense of unlawful possession of marijuana, marijuana products, or
23 marijuana paraphernalia in a motor vehicle shall be fined an amount not to exceed \$100.

24 (b) A violation of this section is not a criminal offense within the meaning of 3-1-317, 3-1-318, 45-2-
25 101, 46-18-236, 61-8-104, or 61-8-711 and may not be recorded or charged against a driver's record, and an
26 insurance company may not hold a violation of this section against the insured or increase premiums because
27 of the violation. The surcharges provided for in 3-1-317, 3-1-318, and 46-18-236 may not be imposed for a
28 violation of this section.

1
2 NEW SECTION. Section 9. Purpose. The purpose of [sections 14 through 28 ~~9 THROUGH 23~~] is to:

3 (1) provide a regulatory system for providing marijuana for the use of individuals with debilitating
4 medical conditions, including posttraumatic stress disorder, in order to alleviate the symptoms of the debilitating
5 medical condition;

6 (2) allow for the limited cultivation, manufacture, delivery, and possession of marijuana as permitted
7 by this chapter;

8 (3) allow persons to assist registered cardholders with the cultivation of marijuana and manufacture of
9 marijuana products permitted by this chapter.

10 (4) provide for a registry of individuals with debilitating medical conditions entitled to purchase
11 marijuana and marijuana products at the tax rate specified in 15-64-102; and

12 (5) provide the process for obtaining a registry identification card.

13
14 NEW SECTION. Section 10. Definitions. As used in [sections 14 through 28 ~~9 THROUGH 23~~], the
15 following definitions apply:

16 (1) "Referral physician" means an individual who:

17 (a) is licensed under Title 37, chapter 3; and

18 (b) is the physician to whom a patient's treating physician has referred the patient for physical
19 examination and medical assessment.

20 (2) "Standard of care" means, at a minimum, the following activities when undertaken in person or
21 through the use of telemedicine by a patient's treating physician or referral physician if the treating physician or
22 referral physician is providing written certification for a patient with a debilitating medical condition:

23 (a) obtaining the patient's medical history;

24 (b) performing a relevant and necessary physical examination;

25 (c) reviewing prior treatment and treatment response for the debilitating medical condition;

26 (d) obtaining and reviewing any relevant and necessary diagnostic test results related to the
27 debilitating medical condition;

28 (e) discussing with the patient and ensuring that the patient understands the advantages,

- 1 disadvantages, alternatives, potential adverse effects, and expected response to the recommended treatment;
- 2 (f) monitoring the response to treatment and possible adverse effects; and
- 3 (g) creating and maintaining patient records that remain with the physician.
- 4 (3) "Telemedicine" has the meaning provided in ~~33-22-138~~ 37-3-102.
- 5 (4) "Treating physician" means an individual who:
- 6 (a) is licensed under Title 37, chapter 3; and
- 7 (b) has a bona fide professional relationship with the individual applying to be a registered cardholder.
- 8 (5) "Written certification" means a statement signed by a treating physician or referral physician that
- 9 meets the requirements of [section ~~48~~ 13] and is provided in a manner that meets the standard of care.

10

11 **NEW SECTION. Section 11. Medical marijuana registry -- department responsibilities --**

12 **issuance of cards -- confidentiality.** (1) The department shall establish and maintain a registry of persons

13 who receive registry identification cards under [sections ~~44 through 28~~ 9 THROUGH 23].

14 (2) The department shall issue registry identification cards to Montana residents who have debilitating

15 medical conditions and who submit applications meeting the requirements of [sections ~~44 through 28~~ 9

16 THROUGH 23].

17 (3) (a) Registry identification cards issued pursuant to [sections ~~44 through 28~~ 9 THROUGH 23] must:

18 (i) be laminated and produced on a material capable of lasting for the duration of the time period for

19 which the card is valid;

20 (ii) state the name, address, and date of birth of the registered cardholder;

21 (iii) indicate whether the cardholder is obtaining marijuana and marijuana products through the system

22 of licensed cultivators, manufacturers, or dispensaries;

23 (iv) state the date of issuance and the expiration date of the registry identification card;

24 (v) contain a unique identification number; and

25 (vi) contain other information that the department may specify by rule.

26 (b) Except as provided in subsection (3)(c), in addition to complying with subsection (3)(a), registry

27 identification cards issued pursuant to this part must:

28 (i) include a picture of the registered cardholder; and

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1 (ii) be capable of being used to track registered cardholder purchases.

2 (c) (i) The department shall issue a temporary registry identification card on receipt of an application.

3 The cards are valid for 60 days and are exempt from the requirements of subsection (3)(b). Printing of the
4 temporary registry identification cards is exempt from the provisions of Title 18, chapter 7.

5 (ii) A card may be issued before an applicant's payment of the fee has cleared. The department shall
6 cancel the temporary registry identification card after 60 days and may not issue a permanent registry
7 identification card until the fee is paid.

8 (4) (a) The department shall review the information contained in an application or renewal submitted
9 pursuant to this part and shall approve or deny an application or renewal within 30 days of receiving the
10 application or renewal and all related application materials.

11 (b) If the department fails to act on a completed application within 30 days of receipt, the department
12 shall refund the fee paid by an applicant for a registry identification card.

13 (c) Applications that are not processed within 30 days of receipt remain active until the department
14 takes final action.

15 (d) The department shall issue a registry identification card within 5 days of approving an application
16 or renewal.

17 (5) Review of a rejection of an application or renewal may be conducted as a contested case hearing
18 pursuant to the provisions of the Montana Administrative Procedure Act.

19 (6) Registry identification cards expire 1 year after the date of issuance unless a physician has
20 provided a written certification stating that a card is valid for a shorter period of time.

21 (7) (a) A registered cardholder shall notify the department of any change in the cardholder's name,
22 address, or physician, or a change in the status of the cardholder's debilitating medical condition within 10 days
23 of the change.

24 (b) If a change occurs and is not reported to the department, the registry identification card is void.

25 (8) The department shall maintain a confidential list of individuals to whom the department has issued
26 registry identification cards. Individual names and other identifying information on the list must be confidential
27 and is not subject to disclosure, except to:

28 (a) authorized employees of the department as necessary to perform the official duties of the

1 department;

2 (b) authorized employees of state or local government agencies, including law enforcement agencies,
3 only as necessary to verify that an individual is a lawful possessor of a registry identification card;

4 (c) a judge, magistrate, or other authorized judicial officer in response to an order requiring disclosure;
5 and

6 (d) another person or entity when the information pertains to a cardholder who has given written
7 consent to the release and has specified:

8 (i) the type of information to be released; and

9 (ii) the person or entity to whom it may be released.

10

11 **NEW SECTION. Section 12. Individuals with debilitating medical conditions -- requirements --**

12 **minors -- limitations.** (1) Except as provided in subsections (2) through (5), the department shall issue a
13 registry identification card to an individual with a debilitating medical condition who submits the following, in
14 accordance with department rules:

15 (a) an application on a form prescribed by the department;

16 (b) an application fee or a renewal fee;

17 (c) the individual's name, street address, and date of birth;

18 (d) proof of Montana residency;

19 (e) a statement, on a form prescribed by the department, that the individual will not divert to any other
20 individual the marijuana or marijuana products that the individual cultivates, manufactures, or obtains through
21 the system of licensed providers for the individual's debilitating medical condition;

22 (f) the name of the individual's treating physician or referral physician and the street address and
23 telephone number of the physician's office;

24 (g) the street address where the individual is cultivating marijuana or manufacturing marijuana
25 products if the individual is cultivating marijuana or manufacturing marijuana products for the individual's own
26 use; and

27 (h) the written certification and accompanying statements from the individual's treating physician or
28 referral physician as required pursuant to [section ~~48~~ 13].

1 (2) The department shall issue a registry identification card to a minor if the materials required under
2 subsection (1) are submitted and the minor's custodial parent or legal guardian with responsibility for health
3 care decisions:

4 (a) provides proof of legal guardianship and responsibility for health care decisions if the individual is
5 submitting an application as the minor's legal guardian with responsibility for health care decisions; and

6 (b) signs and submits a written statement that:

7 (i) the minor's treating physician or referral physician has explained to the minor and to the minor's
8 custodial parent or legal guardian with responsibility for health care decisions the potential risks and benefits of
9 the use of marijuana;

10 (ii) indicates whether the minor's custodial parent or legal guardian will be obtaining marijuana or
11 marijuana products for the minor through the system of licensed dispensaries provided for in this chapter; and

12 (iii) the minor's custodial parent or legal guardian with responsibility for health care decisions:

13 (A) consents to the use of marijuana by the minor;

14 (B) agrees to control the acquisition of marijuana and the dosage and frequency of the use of
15 marijuana by the minor; and

16 (C) agrees that the minor will use only marijuana products and will not smoke marijuana;

17 (c) if the parent or guardian will be serving as the minor's cultivator, undergoes background checks in
18 accordance with subsection (3). The parent or legal guardian shall pay the costs of the background check and
19 may not obtain a license under this chapter if the parent or legal guardian does not meet the requirements set
20 forth in this chapter.

21 (d) pledges, on a form prescribed by the department, not to divert to any individual any marijuana
22 purchased for the minor's use in a marijuana product.

23 (3) A parent serving as a minor's cultivator shall submit fingerprints to facilitate a fingerprint and
24 background check by the department of justice and federal bureau of investigation upon the minor's initial
25 application for a registry identification card and every ~~3~~ 5 years after that. The department shall conduct a
26 name-based background check in years when a fingerprint background check is not required.

27 (4) An application for a registry identification card for a minor must be accompanied by the written
28 certification and accompanying statements required pursuant to ~~[section 4~~ 13] from a second physician in

1 addition to the minor's treating physician or referral physician, UNLESS THE MINOR'S TREATING PHYSICIAN OR
2 REFERRAL PHYSICIAN IS AN ONCOLOGIST, NEUROLOGIST, OR EPILEPTOLOGIST.

3 (5) An individual may not be a registered cardholder if the individual is in the custody of or under the
4 supervision of the department of corrections or a youth court.

5
6 **NEW SECTION. Section 13. Written certification -- accompanying statements.** (1) The written
7 certification provided by a physician must be made on a form prescribed by the department and signed and
8 dated by the physician. The written certification must:

9 (a) include the physician's name, license number, and office address and telephone number on file
10 with the board of medical examiners and the physician's business e-mail address, if any; and

11 (b) the name, date of birth, and debilitating medical condition of the patient for whom the physician is
12 providing written certification.

13 (2) A treating physician or referral physician who is providing written certification for a patient shall
14 provide a statement initialed by the physician that must:

15 (a) confirm that the physician is:

16 (i) the patient's treating physician and that the patient has been under the physician's ongoing medical
17 care as part of a bona fide professional relationship with the patient; or

18 (ii) the patient's referral physician;

19 (b) confirm that the patient suffers from a debilitating medical condition;

20 (c) describe the debilitating medical condition, why the condition is debilitating, and the extent to
21 which it is debilitating;

22 (d) confirm that the physician has assumed primary responsibility for providing management and
23 routine care of the patient's debilitating medical condition after obtaining a comprehensive medical history and
24 conducting a physical examination, whether in person or, in accordance with subsection (4), through the use of
25 telemedicine, that included a personal review of any medical records maintained by other physicians and that
26 may have included the patient's reaction and response to conventional medical therapies;

27 (e) describe the medications, procedures, and other medical options used to treat the condition;

28 ~~(f) state that the medications, procedures, and other medical options have not been effective;~~

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- 1 ~~(g)~~(F) confirm that the physician has reviewed all prescription and nonprescription medications and
2 supplements used by the patient and has considered the potential drug interaction with marijuana;
- 3 ~~(h)~~(G) state that the physician has a reasonable degree of certainty that the patient's debilitating
4 medical condition would be alleviated by the use of marijuana and that, as a result, the patient would be likely to
5 benefit from the use of marijuana;
- 6 ~~(i)~~(H) confirm that the physician has explained the potential risks and benefits of the use of marijuana
7 to the patient;
- 8 ~~(j)~~(I) list restrictions on the patient's activities due to the use of marijuana;
- 9 ~~(k)~~(J) specify the time period for which the use of marijuana would be appropriate, up to a maximum
10 of 1 year;
- 11 ~~(l)~~(K) state that the physician will:
- 12 (i) continue to serve as the patient's treating physician or referral physician; and
13 (ii) monitor the patient's response to the use of marijuana and evaluate the efficacy of the treatment;
- 14 and
- 15 ~~(m)~~(L) contain an attestation that the information provided in the written certification and
16 accompanying statements is true and correct.
- 17 (3) A physician who is the second physician recommending marijuana for use by a minor shall submit:
- 18 (a) a statement initialed by the physician that the physician conducted a comprehensive review of the
19 minor's medical records as maintained by the treating physician or referral physician;
- 20 (b) a statement that in the physician's professional opinion, the potential benefits of the use of
21 marijuana would likely outweigh the health risks for the minor; and
- 22 (c) an attestation that the information provided in the written certification and accompanying
23 statements is true and correct.
- 24 (4) A physician who is providing written certification through the use of telemedicine:
- 25 (a) shall comply with the administrative rules adopted for telemedicine by the board of medical
26 examiners provided for in 2-15-1731; and
- 27 (b) may not use an audio-only visit unless the physician has first established a physician-patient
28 relationship through an in-person encounter.

1 (5) If the written certification states that marijuana should be used for less than 1 year, the department
2 shall issue a registry identification card that is valid for the period specified in the written certification.

3

4 **NEW SECTION. Section 14. Registry identification card to be exhibited on demand -- photo**
5 **identification required.** (1) A registered cardholder shall keep the individual's registry identification card in the
6 individual's immediate possession at all times. The registry identification card and a valid photo identification
7 must be displayed upon demand of a law enforcement officer, justice of the peace, or city or municipal judge.

8 (2) The department shall ensure that law enforcement officers have access to accurate and up-to-
9 date information on persons registered under [~~sections 14 through 28~~ 9 THROUGH 23].

10 (3) Beginning on January 1, 2022, a registered cardholder may request, at their next annual renewal,
11 that the department include on his or her registry identification card the name of up to two individuals who are
12 authorized to acquire and deliver marijuana or marijuana products to the cardholder from a licensed dispensary.
13 Any individual so identified must be at least 21 years of age, possess the registry identification card at all
14 relevant times, and otherwise comply with the daily possession limits set forth in this chapter and rules adopted
15 by the department.

16

17 **NEW SECTION. Section 15. Health care facility procedures for patients with marijuana for use.**

18 (1) (a) A health care facility as defined in 50-5-101 shall take the following measures when a patient who is a
19 registered cardholder has marijuana in the patient's possession upon admission to the health care facility:

20 (i) require the patient to remove the marijuana from the premises before the patient is admitted if the
21 patient is able to do so; or

22 (ii) make a reasonable effort to contact the patient's cultivator, manufacturer, or medical marijuana
23 dispensary, court-appointed guardian, or individual with a power of attorney, if any.

24 (b) If a patient is unable to remove the marijuana or the health care facility is unable to contact an
25 individual as provided in subsection (1)(a), the facility shall contact the local law enforcement agency having
26 jurisdiction in the area where the facility is located.

27 (2) A cultivator, manufacturer, or medical marijuana dispensary, court-appointed guardian, or
28 individual with a power of attorney, if any, contacted by a health care facility shall remove the marijuana and

1 deliver it to the patient's residence.

2 (3) A law enforcement agency contacted by a health care facility shall respond by removing and
3 destroying the marijuana.

4 (4) A health care facility may not be charged for costs related to removal of the marijuana from the
5 facility's premises.

6

7 **NEW SECTION. Section 16. Legal protections -- allowable amounts.** (1) (a) A registered
8 cardholder who has elected to obtain marijuana and marijuana products through the system of licensed
9 cultivators, manufacturers, or dispensaries may:

10 (i) possess up to 1 ounce of usable marijuana; and

11 (ii) purchase a maximum of 5 ounces of usable marijuana a month and no more than 1 ounce of
12 usable marijuana a day.

13 (b) (i) A registered cardholder may petition the department for an exception to the monthly limit on
14 purchases. The request must be accompanied by a confirmation from the physician who signed the
15 cardholder's written certification that the cardholder's debilitating medical condition warrants purchase of an
16 amount exceeding the monthly limit.

17 (ii) If the department approves an exception to the limit, the approval must establish the monthly
18 amount of usable marijuana that the cardholder may purchase and the limit must be entered into the seed-to-
19 sale tracking system.

20 (2) Except as provided in 16-12-108 and subject to the provisions of subsection (7) of this section, an
21 individual who possesses a registry identification card issued pursuant to ~~[sections 14 through 28]~~ 9 THROUGH
22 23 may not be arrested, prosecuted, or penalized in any manner or be denied any right or privilege, including
23 but not limited to civil penalty or disciplinary action by a professional licensing board or the department of labor
24 and industry, solely because:

25 (a) the person cultivates, manufactures, possesses, or transports marijuana in the amounts allowed
26 under this section; or

27 (b) the registered cardholder acquires or uses marijuana.

28 (3) A physician may not be arrested, prosecuted, or penalized in any manner or be denied any right or

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1 privilege, including but not limited to civil penalty or disciplinary action by the board of medical examiners or the
2 department of labor and industry, solely for providing written certification for a patient with a debilitating medical
3 condition.

4 (4) Nothing in this section prevents the imposition of a civil penalty or a disciplinary action by a
5 professional licensing board or the department of labor and industry if:

6 (a) a registered cardholder's use of marijuana impairs the cardholder's job-related performance; or

7 (b) a physician violates the standard of care or other requirements of [~~sections 14 through 28~~ 9
8 THROUGH 23].

9 (5) (a) An individual may not be arrested or prosecuted for constructive possession, conspiracy as
10 provided in 45-4-102, or other provisions of law or any other offense solely for being in the presence or vicinity
11 of the use of marijuana and marijuana products as permitted under [~~sections 14 through 28~~ 9 THROUGH 23].

12 (b) This subsection (5) does not prevent the arrest or prosecution of an individual who is in the vicinity
13 of a registered cardholder's use of marijuana if the individual is in possession of or is using marijuana in excess
14 of the amounts otherwise provided in this chapter and is not a registered cardholder.

15 (6) Possession of or application for a registry identification card does not alone constitute probable
16 cause to search the person or individual or the property of the person or individual or otherwise subject the
17 person or individual or property of the person or individual possessing or applying for the card to inspection by
18 any governmental agency, including a law enforcement agency.

19 (7) The provisions of this section relating to protection from arrest or prosecution do not apply to an
20 individual unless the individual has obtained a registry identification card prior to an arrest or the filing of a
21 criminal charge. It is not a defense to a criminal charge that an individual obtains a registry identification card
22 after an arrest or the filing of a criminal charge.

23 (8) (a) A registered cardholder is presumed to be engaged in the use of marijuana as allowed by
24 [~~sections 14 through 28~~ 9 THROUGH 23] if the person:

25 (i) is in possession of a valid registry identification card; and

26 (ii) is in possession of an amount of marijuana that does not exceed the amount permitted under
27 [~~sections 14 through 28~~ 9 THROUGH 23].

28 (b) The presumption may be rebutted by evidence that the possession of marijuana was not for the

1 purpose of alleviating the symptoms or effects of a registered cardholder's debilitating medical condition and
2 exceeded the allowable amount of marijuana otherwise provided for in [~~sections 44 through 28~~ 9 THROUGH 23].

3
4 **NEW SECTION. Section 17. Prohibitions on physician affiliation with licensees -- sanctions.** (1)

5 (a) A physician who provides written certifications may not:

6 (i) accept or solicit anything of value, including monetary remuneration, from a person licensed under
7 this chapter;

8 (ii) offer a discount or any other thing of value to a patient who uses or agrees to use a person licensed
9 under this chapter; or

10 (iii) examine a patient for the purposes of diagnosing a debilitating medical condition at a licensed
11 premises or a testing laboratory.

12 (b) Subsection (1)(a) does not prevent a physician from accepting a fee for providing medical care to
13 a person licensed under this chapter if the physician charges the individual the same fee that the physician
14 charges other patients for providing a similar level of medical care.

15 (2) A person licensed under this chapter may not:

16 (a) arrange for a physician to conduct a physical examination or review of medical records required
17 under [~~sections 44 through 28~~ 9 THROUGH 23], either in the physician's office or at another location; or

18 (b) pay all or a portion of the costs for an individual to be seen by a physician for the purposes of
19 obtaining a written certification.

20 (3) If the department has cause to believe that a physician has violated this section, has violated a
21 provision of rules adopted pursuant to [~~sections 44 through 28~~ 9 THROUGH 23], or has not met the standard of
22 care required under [~~sections 44 through 28~~ 9 THROUGH 23], the department may refer the matter to the board
23 of medical examiners provided for in 2-15-1731 for review pursuant to 37-1-308.

24 (4) A violation of this section constitutes unprofessional conduct under 37-1-316. If the board of
25 medical examiners finds that a physician has violated this section, the board shall restrict the physician's
26 authority to provide written certification for the use of marijuana. The board of medical examiners shall notify the
27 department of the sanction.

28 (5) If the board of medical examiners believes a physician's practices may harm the public health,

1 safety, or welfare, the board may summarily restrict a physician's authority to provide written certification for the
2 use of marijuana for a debilitating medical condition.

3 (6) (a) If the department has reason to believe a person licensed under this chapter has violated this
4 section, the department shall refer the matter to the law enforcement entity and county attorney having
5 jurisdiction where the person licensed under this chapter is doing business.

6 (b) If a person licensed under this chapter is found to have violated the provisions of this section, the
7 department shall revoke the person's license. A person whose license has been revoked for a violation of this
8 section is prohibited from reapplying for licensure under this chapter.

9 (7) (a) A law enforcement entity or county attorney who investigates a suspected violation of this
10 section shall report the results of the investigation to the department.

11 (b) The department may receive the results of this investigation even if the information constitutes
12 confidential criminal justice information as defined in 44-5-103.

13
14 **NEW SECTION. Section 18. Unlawful conduct by cardholders -- penalties.** (1) The department
15 shall revoke and may not reissue the registry identification card of an individual who:

- 16 (a) is convicted of a drug offense; or
- 17 (b) allows another individual to be in possession of the individual's:
 - 18 (i) registry identification card, except as provided for in [section ~~49~~ 14]; or
 - 19 (ii) mature marijuana plants, seedlings, usable marijuana, or marijuana products.

20 (2) If no other penalty is specified under [sections ~~14 through 28~~ 9 THROUGH 23], a registered
21 cardholder who violates [sections ~~14 through 28~~ 9 THROUGH 23] is punishable by a fine not to exceed \$500 or by
22 imprisonment in a county jail for a term not to exceed 6 months, or both, unless otherwise provided in [sections
23 ~~14 through 28~~ 9 THROUGH 23] or unless the violation would constitute a violation of Title 45. An offense
24 constituting a violation of Title 45 must be charged and prosecuted pursuant to the provisions of Title 45.

25 (3) Review of a department action imposing a fine, suspension, or revocation under this section must
26 be conducted as a contested case hearing under the provisions of the Montana Administrative Procedure Act.

27
28 **NEW SECTION. Section 19. Fraudulent representation -- penalties.** (1) In addition to any other

1 penalties provided by law, an individual who fraudulently represents to a law enforcement official that the
2 individual is a registered cardholder is guilty of a misdemeanor punishable by imprisonment in a county jail for a
3 term not to exceed 1 year or a fine not to exceed \$1,000, or both.

4 (2) A physician who purposely and knowingly misrepresents any information required under [section
5 ~~48 13~~] is guilty of a misdemeanor punishable by imprisonment in a county jail for a term not to exceed 1 year or
6 a fine not to exceed \$1,000, or both.

7

8 **NEW SECTION. Section 20. Confidentiality of registry information -- penalty.** (1) Except as
9 provided in 37-3-203, a person, including an employee or official of the department, commits the offense of
10 disclosure of confidential information related to registry information if the person knowingly or purposely
11 discloses confidential information in violation of [sections ~~14 through 28 9~~ THROUGH 23].

12 (2) A person convicted of a violation of this section shall be fined not to exceed \$1,000 or imprisoned
13 in the county jail for a term not to exceed 6 months, or both.

14

15 **NEW SECTION. Section 21. Law enforcement authority.** Nothing in this chapter may be construed
16 to limit a law enforcement agency's ability to investigate unlawful activity in relation to an individual with a
17 registry identification card.

18

19 **NEW SECTION. Section 22. Legislative monitoring.** (1) The economic affairs interim committee
20 shall provide oversight of the department's activities pursuant to [sections ~~14 through 28 9~~ THROUGH 23],
21 including but not limited to monitoring of:

- 22 (a) the number of registered cardholders; and
23 (b) the number and type of violations committed by registered cardholders, together with the penalties
24 imposed upon registered cardholders by the department.

25 (2) The committee shall identify issues likely to require future legislative attention and develop
26 legislation to present to the next regular session of the legislature.

27 (3) (a) The department shall periodically report to the economic affairs interim committee and submit
28 a report to the legislative clearinghouse, as provided in 5-11-210, on persons who are registered pursuant to

1 [sections 14 through 28 9 THROUGH 23]. The report must include:

2 (i) the number of applications for registry identification cards and the number of registered
3 cardholders approved;

4 (ii) the nature of the debilitating medical conditions of the cardholders;

5 (iii) the number of registry identification cards and licenses revoked; and

6 (iv) the number of physicians providing written certification for registered cardholders and the number
7 of written certifications each physician has provided.

8 (b) The report may not provide any identifying information of cardholders or physicians.

9 (4) The board of medical examiners shall report annually to the economic affairs interim committee on
10 the number and types of complaints the board has received involving physician practices in providing written
11 certification for the use of marijuana, pursuant to 37-3-203.

12 (5) The reports provided for in subsections (3) and (4) must also be provided to the revenue interim
13 committee provided for in 5-5-227.

14

15 **NEW SECTION. Section 23. Rulemaking authority -- fees.** The department may adopt rules to
16 implement [sections 14 through 28 9 THROUGH 23] as authorized in this section to specify:

17 (1) the manner in which the department will consider applications for registry identification cards for
18 individuals with debilitating medical conditions and renewal of registry identification cards;

19 (2) the acceptable forms of proof of Montana residency;

20 (3) notice and contested case hearing procedures for fines or registry identification card revocation,
21 suspension, or modification;

22 (4) the procedures for obtaining fingerprints for the fingerprint and background check required under
23 [section 47 12];

24 (5) the amount of usable marijuana that a registered cardholder who has elected not to use the
25 system of licensees provided for under this chapter may possess; and

26 (6) the fees for cardholders. The annual cardholder license fee may not be less than \$20.

27

28 **SECTION 24. SECTION 5-5-223, MCA, IS AMENDED TO READ:**

1 **"5-5-223. Economic affairs interim committee.** (1) The economic affairs interim committee has
 2 administrative rule review, draft legislation review, program evaluation, and monitoring functions for the
 3 following executive branch agencies and the entities attached to agencies for administrative purposes:
 4 (a) department of agriculture;
 5 (b) department of commerce;
 6 (c) department of labor and industry;
 7 (d) department of livestock;
 8 (e) office of the state auditor and insurance commissioner;
 9 (f) office of economic development;
 10 (g) the state compensation insurance fund provided for in 39-71-2313, including the board of directors
 11 of the state compensation insurance fund established in 2-15-1019;
 12 (h) the division of banking and financial institutions provided for in 32-1-211; and
 13 (i) the division of the department of revenue that administers the Montana Alcoholic Beverage Code
 14 and the Montana Marijuana Regulation and Taxation Act.

15 (2) The state compensation insurance fund shall annually provide to the committee a report on its
 16 budget as approved by the state compensation insurance fund board of directors."
 17

18 **Section 25.** Section 3-5-113, MCA, is amended to read:

19 **"3-5-113. Judges pro tempore -- special masters -- scope of authority in criminal and civil**

20 **cases.** (1) (a) A civil action in the district court may be tried by a judge pro tempore or special master, who
 21 must be a member of the bar of the state, agreed upon in writing by the parties litigant or their attorneys of
 22 record, appointed by the court as provided in 3-5-115, ~~or~~ 3-20-102, or [section 102] and sworn to try the cause
 23 before entering upon the duties in trying the cause.

24 (b) The judge pro tempore or special master has the authority and power of an elected district court
 25 judge in the particular civil action tried in the manner provided for in this subsection (1). All proceedings before
 26 a judge pro tempore or special master must be conducted in accordance with the rules of evidence and
 27 procedure governing district courts.

28 (c) Any order, judgment, or decree made or rendered in a civil case by the judge pro tempore or

1 special master has the same force and effect as if made or rendered by the district court with the regular judge
2 presiding.

3 (2) (a) Preliminary, nondispositive proceedings in criminal actions in a district court may be
4 conducted by a judge pro tempore or special master. The judge pro tempore or special master in a criminal
5 case must be appointed by a district court judge or judges as provided in 3-5-122.

6 (b) All proceedings before a judge pro tempore or special master in a criminal case must be
7 conducted in accordance with the rules of evidence and procedure governing district courts.

8 (c) The judge pro tempore or special master in a criminal case has the authority and power of a
9 district court judge to issue orders pursuant to Title 46, chapter 9, concerning bail and conditions of release or
10 detention of persons pending trial, and to conduct arraignments, initial appearances on warrants, and initial
11 appearances on probation revocations. An order made by the judge pro tempore or special master in a criminal
12 case has the same force and effect as if made by a district court judge.

13 (d) Within 10 days after issuance of an order by a judge pro tempore or special master in a criminal
14 case, a party may object to the order as provided by rules of court and a district court judge shall make a de
15 novo determination of that portion of the order to which objection is made. The district court judge may accept,
16 reject, or modify the order in whole or in part. The district court judge may also receive further evidence or
17 recommit the matter to the judge pro tempore or special master with instructions.

18 (e) All proceedings before a judge pro tempore or special master in a criminal case must be
19 conducted in a suitable room in the courthouse, subject to the provisions of Title 46 relating to the use of two-
20 way electronic audio-video communication. All records must be filed and kept in accordance with the rules
21 governing the district court."
22

23 **Section 26.** Section 3-5-115, MCA, is amended to read:

24 **"3-5-115. Agreement, petition, and appointment of judge pro tempore -- waiver of jury trial. (1)**

25 Prior to trial and upon written agreement of all the parties to a civil action, the parties may petition for the
26 appointment of a judge pro tempore. Except as provided in 3-20-102, if the district court judge having
27 jurisdiction over the case where the action was filed finds that the appointment is in the best interest of the
28 parties and serves justice, the district court judge may appoint the judge pro tempore nominated by the parties

1 to preside over the whole action or any aspect of the action as if the regular district court judge were presiding.

2 (2) Except as provided in 3-20-102, an appointment of a judge pro tempore constitutes a waiver of the
3 right to trial by jury by any party having the right.

4 (3) The supreme court shall appoint the asbestos claims judge as provided in 3-20-102.

5 (4) The supreme court shall appoint a judge to determine the expungement or resentencing of
6 marijuana convictions as provided in [section 102]."

7

8 **Section 27.** Section 5-5-227, MCA, is amended to read:

9 **"5-5-227. Revenue interim committee -- powers and duties -- revenue estimating and use of**
10 **estimates.** (1) The revenue interim committee has administrative rule review, draft legislation review, program
11 evaluation, and monitoring functions for the state tax appeal board established in 2-15-1015 and for the
12 department of revenue and the entities attached to the department for administrative purposes, except the
13 ~~division~~ divisions of the department that ~~administers~~ administer the Montana Alcoholic Beverage Code and the
14 Montana Marijuana Regulation and Taxation Act.

15 (2) (a) The committee must have prepared by December 1 for introduction during each regular
16 session of the legislature in which a revenue bill is under consideration an estimate of the amount of revenue
17 projected to be available for legislative appropriation.

18 (b) The committee may prepare for introduction during a special session of the legislature in which a
19 revenue bill or an appropriation bill is under consideration an estimate of the amount of projected revenue. The
20 revenue estimate is considered a subject specified in the call of a special session under 5-3-101.

21 (3) The committee's estimate, as introduced in the legislature, constitutes the legislature's current
22 revenue estimate until amended or until final adoption of the estimate by both houses. It is intended that the
23 legislature's estimates and the assumptions underlying the estimates will be used by all agencies with
24 responsibilities for estimating revenue or costs, including the preparation of fiscal notes.

25 (4) The legislative services division shall provide staff assistance to the committee. The committee
26 may request the assistance of the staffs of the office of the legislative fiscal analyst, the legislative auditor, the
27 department of revenue, and any other agency that has information regarding any of the tax or revenue bases of
28 the state.

1 (5) The committee shall review tax credits [scheduled to expire] as provided in 15-30-2303."

2

3 **Section 28.** Section 7-22-2101, MCA, is amended to read:

4 **"7-22-2101. Definitions.** As used in this part, unless the context indicates otherwise, the following
5 definitions apply:

6 (1) "Board" means a district weed board created under 7-22-2103.

7 (2) "Commissioners" means the board of county commissioners.

8 (3) "Coordinator" means the person employed by the county to conduct the district noxious weed
9 management program and supervise other district employees.

10 (4) "Department" means the department of agriculture provided for in 2-15-3001.

11 (5) "District" means a weed management district organized under 7-22-2102.

12 (6) "Integrated weed management program" means a program designed for the long-term
13 management and control of weeds using a combination of techniques, including hand-pulling, cultivation, use of
14 herbicide, use of biological control, mechanical treatment, prescribed grazing, prescribed burning, education,
15 prevention, and revegetation.

16 (7) "Native plant" means a plant indigenous to the state of Montana.

17 (8) "Native plant community" means an assemblage of native plants occurring in a natural habitat.

18 (9) (a) "Noxious weeds" or "weeds" means any exotic plant species established or that may be
19 introduced in the state that may render land unfit for agriculture, forestry, livestock, wildlife, or other beneficial
20 uses or that may harm native plant communities and that is designated:

21 (i) as a statewide noxious weed by rule of the department; or

22 (ii) as a district noxious weed by a board, following public notice of intent and a public hearing.

23 (b) A weed designated by rule of the department as a statewide noxious weed must be considered
24 noxious in every district of the state.

25 (c) Marijuana, as defined in 16-12-102, may not be considered a noxious weed.

26 (10) "Person" means an individual, partnership, corporation, association, or state or local government
27 agency or subdivision owning, occupying, or controlling any land, easement, or right-of-way, including any
28 county, state, or federally owned and controlled highway, drainage or irrigation ditch, spoil bank, barrow pit, or

1 right-of-way for a canal or lateral.

2 (11) "Weed management" or "control" means the use of an integrated weed management program for
3 the containment, suppression, and, where possible, eradication of noxious weeds."
4

5 **Section 29.** Section 15-64-101, MCA, is amended to read:

6 **"15-64-101. Definitions.** As used in this part, the following definitions apply:

7 (1) "Adult-use dispensary" has the meaning provided in 16-12-102.

8 ~~(4)(2)~~ "Department" means the department of revenue provided for in 2-15-1301.

9 (3) "Dispensary" means an adult-use dispensary or a medical marijuana dispensary.

10 (4) "Licensee" means a licensee operating an adult-use dispensary or a medical marijuana
11 dispensary.

12 ~~(3)(5)~~ "Marijuana" has the meaning provided in 16-12-102.

13 ~~(2)(4)(6)~~ "Marijuana product" ~~means marijuana as defined in 50-32-101 and marijuana-infused~~
14 ~~products as defined in 50-46-302~~ has the meaning provided in 16-12-102.

15 ~~(3) "Marijuana product provider" means provider or a marijuana-infused products provider as those~~
16 ~~terms are defined in 50-46-302.~~

17 ~~(5)(7)~~ "Medical marijuana dispensary" has the meaning provided in 16-12-102.

18 ~~(4)(6)(8)~~ "Person" means an individual, firm, partnership, corporation, association, company,
19 committee, other group of persons, or other business entity, however formed.

20 ~~(5)(7)(9)~~ "Purchaser" means a person to whom a sale of marijuana or a marijuana product is made.

21 ~~(6)(8)(10)~~ "Retail price" means the established price for which a ~~marijuana product provider~~ an adult-
22 use dispensary or medical marijuana dispensary sells marijuana or a marijuana product to a purchaser before
23 any discount or reduction.

24 ~~(7)(9)(11)~~ — "Sale" or "sell" means any transfer of marijuana or marijuana products for consideration,
25 exchange, barter, gift, offer for sale, or distribution in any manner or by any means."
26

27 **Section 30.** Section 15-64-102, MCA, is amended to read:

28 **"15-64-102. Tax on marijuana product providers sales.** (1) ~~(a) There~~ For a medical marijuana

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1 ~~dispensary, there is a 4% tax equal to the percentage provided in subsection (1)(b) on a marijuana product~~
2 ~~provider's medical marijuana dispensary's gross sales on the retail price~~ of marijuana, marijuana products, and
3 ~~live marijuana plants for use by individuals with debilitating medical conditions that is payable four times a year.~~

4 ~~(b) The percentage of tax on gross sales in subsection (1)(a) is as follows: 4%.~~

5 ~~(i) for gross sales during the calendar quarters beginning October 1, 2019, and ending September 30,~~
6 ~~2021, the amount is 4%; and~~

7 ~~(ii) for gross sales during the calendar quarters beginning October 1, 2021, and thereafter, the amount~~
8 ~~is 2%.~~

9 ~~(2) (a) For an adult use-dispensary, there is a 20% tax equal to the percentage provided in~~
10 ~~subsection (2)(b) on the purchase on the retail price of marijuana, and marijuana products, and live marijuana~~
11 ~~plants.~~

12 ~~(b) The tax under this subsection (2) is imposed at a rate of 20% of the retail price.~~

13 ~~(3) The taxes set forth in subsections (1) and (2) are imposed on the purchaser and must be~~
14 ~~collected at the time of the sale and paid by the seller to the department for deposit in the marijuana state~~
15 ~~special revenue account provided for in 16-12-111.~~

16 ~~(2)(4) A marijuana product provider dispensary licensed under Title 16, chapter 12, shall submit a~~
17 ~~quarterly report to the department listing the total dollar amount of sales from any registered premises, as~~
18 ~~defined in 50-46-302, operated by the marijuana product provider, including dispensaries. The report must be:~~

19 ~~(a) made on forms prescribed by the department; and~~

20 ~~(b) submitted within 15 days of the end of each calendar quarter.~~

21 ~~(3)(5) At the time the report is filed, the marijuana product provider dispensary shall submit a payment~~
22 ~~equal to the percentage provided in subsection (1)(b) or (2)(b) of the total dollar amount of sales.~~

23 ~~(4)(6) The department shall deposit the taxes paid under this section in the medical marijuana state~~
24 ~~special revenue account provided for in 50-46-345 16-12-111 within the state special revenue fund established~~
25 ~~in 17-2-102.~~

26 ~~(5)(7) The tax imposed by this part and related interest and penalties are a personal debt of the~~
27 ~~person required to file a return from the time that the liability arises, regardless of when the time for payment of~~
28 ~~the liability occurs.~~

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1 ~~(6)~~(8) For the purpose of determining liability for the filing of statements and the payment of taxes,
2 penalties, and interest owed under 15-64-103 through 15-64-106:

3 (a) the officer of a corporation whose responsibility it is to truthfully account for and pay to the state
4 taxes provided for in 15-64-103 through 15-64-106 and who fails to pay the taxes is liable to the state for the
5 taxes and the penalty and interest due on the amounts;

6 (b) each officer of the corporation, to the extent that the officer has access to the requisite records, is
7 individually liable along with the corporation for filing statements and for unpaid taxes, penalties, and interest
8 upon a determination that the officer:

9 (i) possessed the responsibility to file statements and pay taxes on behalf of the corporation; and

10 (ii) possessed the responsibility on behalf of the corporation for directing the filing of statements or the
11 payment of other corporate obligations and exercised that responsibility, resulting in the corporation's failure to
12 file statements required by this part or pay taxes due as required by this part;

13 (c) each partner of a partnership is jointly and severally liable, along with the partnership, for any
14 statements, taxes, penalties, and interest due while a partner;

15 (d) each member of a limited liability company that is treated as a partnership or as a corporation for
16 income tax purposes is jointly and severally liable, along with the limited liability company, for any statements,
17 taxes, penalties, and interest due while a member;

18 (e) the member of a single-member limited liability company that is disregarded for income tax
19 purposes is jointly and severally liable, along with the limited liability company, for any statements, taxes,
20 penalties, and interest due while a member; and

21 (f) each manager of a manager-managed limited liability company is jointly and severally liable, along
22 with the limited liability company, for any statements, taxes, penalties, and interest due while a manager.

23 ~~(7)~~(9) In determining which corporate officer is liable, the department is not limited to considering the
24 elements set forth in subsection ~~(6)(a)-(8)(a)~~ to establish individual liability and may consider any other
25 available information.

26 ~~(8)~~(10) In the case of a bankruptcy, the liability of the individual remains unaffected by the discharge
27 of penalty and interest against the corporation. The individual remains liable for any statements and the amount
28 of taxes, penalties, and interest unpaid by the entity.

1 (11) The tax levied pursuant to this section is separate from and in addition to any general state and
2 local sales and use taxes that apply to retail sales, which must continue to be collected and distributed as
3 provided by law.

4 (12) The tax levied under this section must be used as designated in 16-12-111."

5

6 **Section 31.** Section 15-64-103, MCA, is amended to read:

7 **"15-64-103. Returns -- payment -- recordkeeping -- authority of department.** (1) Each ~~marijuana~~
8 ~~product provider~~ ~~marijuana~~ dispensary licensed under Title 16, chapter 12, shall file a return, on a form
9 provided by the department, and pay the tax due as provided in 15-64-102.

10 (2) Each return must be authenticated by the person filing the return or by the person's agent
11 authorized in writing to file the return.

12 (3) (a) A person required to pay to the department the taxes imposed by this part shall keep for 5
13 years:

14 (i) all receipts issued; and

15 (ii) an accurate record of all sales of marijuana and marijuana products, ~~showing the name and~~
16 ~~address of each purchaser~~, the date of sale, and the quantity, kind, and retail price of each product sold.

17 (b) For the purpose of determining compliance with the provisions of this part, the department is
18 authorized to examine or cause to be examined any books, papers, records, or memoranda relevant to making
19 a determination of the amount of tax due, whether the books, papers, records, or memoranda are the property
20 of or in the possession of the person filing the return or another person. In determining compliance, the
21 department may use statistical sampling and other sampling techniques consistent with generally accepted
22 auditing standards. The department may also:

23 (i) require the attendance of a person having knowledge or information relevant to a return;

24 (ii) compel the production of books, papers, records, or memoranda by the person required to attend;

25 (iii) implement the provisions of 15-1-703 if the department determines that the collection of the tax is
26 or may be jeopardized because of delay;

27 (iv) take testimony on matters material to the determination; and

28 (v) administer oaths or affirmations.

1 (4) Pursuant to rules established by the department, returns may be computer-generated and
2 electronically filed."

3

4 **Section 32.** Section 15-64-104, MCA, is amended to read:

5 **"15-64-104. Deficiency assessment -- penalty and interest -- statute of limitations.** (1) If the
6 department determines that the amount of the tax due is greater than the amount disclosed by a return, it shall
7 mail to the ~~marijuana product provider licensee~~ a notice, pursuant to 15-1-211, of the additional tax proposed to
8 be assessed. The notice must contain a statement that if payment is not made, a warrant for distraint may be
9 filed. The ~~marijuana product provider licensee~~ may seek review of the determination pursuant to 15-1-211.

10 (2) Penalty and interest must be added to a deficiency assessment as provided in 15-1-216. The
11 department may waive any penalty pursuant to 15-1-206.

12 (3) The amount of tax due under any return may be determined by the department within 5 years after
13 the return was filed, regardless of whether the return was filed on or after the last day prescribed for filing. For
14 purposes of this section, a return due under this part and filed before the last day prescribed by law or rule is
15 considered to be filed on the last day prescribed for filing."

16

17 **Section 33.** Section 15-64-105, MCA, is amended to read:

18 **"15-64-105. Procedure to compute tax in absence of statement -- estimation of tax -- failure to**
19 **file -- penalty and interest.** (1) If the ~~marijuana product provider licensee~~ operating a marijuana dispensary
20 fails to file any return required by 15-64-103 within the time required, the department may, at any time, audit the
21 ~~marijuana product provider licensee~~ or estimate the taxes due from any information in its possession and,
22 based on the audit or estimate, assess the ~~marijuana product provider licensee~~ for the taxes, penalties, and
23 interest due the state.

24 (2) The department shall impose penalty and interest as provided in 15-1-216. The department shall
25 mail to the ~~marijuana product provider licensee~~ a notice, pursuant to 15-1-211, of the tax, penalty, and interest
26 proposed to be assessed. The notice must contain a statement that if payment is not made, a warrant for
27 distraint may be filed. The ~~marijuana product provider licensee~~ may seek review of the determination pursuant
28 to 15-1-211. The department may waive any penalty pursuant to 15-1-206."

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Section 34. Section 15-64-106, MCA, is amended to read:

"15-64-106. Authority to collect delinquent taxes. (1) (a) The department shall collect taxes that are delinquent as determined under this part.

(b) If a tax imposed by this part or any portion of the tax is not paid when due, the department may issue a warrant for distraint as provided in Title 15, chapter 1, part 7.

(2) In addition to any other remedy, in order to collect delinquent taxes after the time for appeal has expired, the department may direct the offset of tax refunds or other funds due the ~~marijuana product provider~~ licensee from the state, except wages subject to the provisions of 25-13-614 and retirement benefits.

(3) As provided in 15-1-705, the ~~marijuana product provider~~ licensee has the right to a review of the tax liability prior to any offset by the department.

(4) The department may file a claim for state funds on behalf of the ~~marijuana product provider~~ licensee if a claim is required before funds are available for offset."

Section 35. Section 15-64-111, MCA, is amended to read:

"15-64-111. Information -- confidentiality -- agreements with another state. (1) (a) Except as provided in subsections (2) through (5), in accordance with 15-30-2618 and 15-31-511, it is unlawful for an employee of the department or any other public official or public employee to disclose or otherwise make known information that is disclosed in a return or report required to be filed under this part or information that concerns the affairs of the person making the return and that is acquired from the person's records, officers, or employees in an examination or audit.

(b) This section may not be construed to prohibit the department from publishing statistics if they are classified in a way that does not disclose the identity of a person making a return or the content of any particular report or return. A person violating the provisions of this section is subject to the penalty provided in 15-30-2618 or 15-31-511 for violating the confidentiality of individual income tax or corporate income tax information.

(2) (a) This section may not be construed to prohibit the department from providing information obtained under this part to:

1 (i) ~~the department of justice, the internal revenue service,~~ or law enforcement to be used for the
2 purpose of investigation and prevention of criminal activity, noncompliance, tax evasion, fraud, and abuse
3 under this part; ~~or~~

4 (ii) ~~the department of public health and human services to be used for the purpose of investigation and~~
5 ~~prevention of noncompliance, fraud, and abuse under the Montana Medical Marijuana Act.~~

6 (b) The department may enter into an agreement with the taxing officials of another state for the
7 interpretation and administration of the laws of their state that provide for the collection of a sales tax or use tax
8 in order to promote fair and equitable administration of the laws and to eliminate double taxation.

9 (c) In order to implement the provisions of this part, the department may furnish information on a
10 reciprocal basis to the taxing officials of another state if the information remains confidential under statutes
11 within the state receiving the information that are similar to this section.

12 (3) In order to facilitate processing of returns and payment of taxes required by this part, the
13 department may contract with vendors and may disclose data to the vendors. The data disclosed must be
14 administered by the vendor in a manner consistent with this section.

15 (4) (a) The officers charged with the custody of the reports and returns may not be required to
16 produce them or evidence of anything contained in them in an action or proceeding in a court, except in an
17 action or proceeding:

- 18 (i) to which the department is a party under the provisions of this part or any other taxing act; or
 - 19 (ii) on behalf of a party to any action or proceedings under the provisions of this part or other taxes
- 20 when the reports or facts shown by the reports are directly involved in the action or proceedings.

21 (b) The court may require the production of and may admit in evidence only as much of the reports or
22 of the facts shown by the reports as are pertinent to the action or proceedings.

23 (5) This section may not be construed to limit the investigative authority of the legislative branch, as
24 provided in 5-11-106, 5-12-303, or 5-13-309."

25

26 **Section 36.** Section 15-64-112, MCA, is amended to read:

27 **"15-64-112. Department to make rules.** The department of revenue shall prescribe rules necessary
28 to carry out the purposes of imposing and collecting the ~~marijuana~~ tax on ~~gross sales on~~ marijuana product

1 providers ~~medical marijuana dispensaries and retail sales occurring at adult-use dispensaries the sale of~~
2 ~~marijuana and marijuana products.~~"

3

4 **Section 37.** Section 16-12-101, MCA, is amended to read:

5 **"16-12-101. (Effective ~~October 1, 2021~~ January 1, 2022) Short title -- purpose.** (1) This chapter
6 may be cited as the "Montana Marijuana Regulation and Taxation Act".

7 (2) The purpose of this chapter is to:

8 (a) provide for legal possession and use of limited amounts of marijuana legal for adults 21 years of
9 age or older;

10 (b) provide for the licensure and regulation of ~~the commercial~~-cultivation, manufacture, production,
11 distribution, transportation, and sale of marijuana and ~~marijuana-infused~~ marijuana products;

12 ~~(c) allow for limited cultivation, manufacture, delivery, and possession of marijuana as permitted by~~
13 ~~this chapter;~~

14 ~~(d)(c)~~ eliminate the illicit market for marijuana and ~~marijuana-infused~~ marijuana products;

15 ~~(e)(d)~~ prevent the distribution of marijuana sold under this chapter to persons under 21 years of age;

16 ~~(f)(e)~~ ensure the safety of marijuana and ~~marijuana-infused~~ marijuana products;

17 ~~(g)(f)~~ ensure the security of ~~registered-licensed~~ premises and ~~adult-use dispensaries~~;

18 ~~(h)(g)~~ establish reporting requirements for ~~adult-use providers and adult-use marijuana-infused~~
19 ~~products providers~~ licensees;

20 ~~(i)(h)~~ establish inspection requirements for ~~registered premises~~ licensees, including data collection on
21 energy use, chemical use, water use, and packaging waste to ensure a clean and healthy environment;

22 ~~(j)(i)~~ provide for the testing of marijuana and marijuana products by licensed testing laboratories;

23 ~~(k)(j)~~ give local governments ~~a role in establishing standards for~~ authority to allow for the operation of
24 marijuana businesses in their community and establishing standards for the cultivation, manufacture, and sale
25 of marijuana that protect the public health, safety, and welfare of residents within their jurisdictions;

26 ~~(l)(k)~~ tax the sale of marijuana and ~~marijuana-infused~~ marijuana products to ~~generate revenue for the~~
27 ~~state and~~ provide compensation for the economic and social costs of ~~past and current~~ marijuana cultivation,
28 processing, and use, by directing funding to:

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- 1 ~~(i) conservation programs to offset the use of water and soil in marijuana cultivation;~~
- 2 ~~(ii) substance abuse treatment and prevention programs;~~
- 3 ~~(iii) veterans' services and support;~~
- 4 ~~(iv) health care;~~
- 5 ~~(v) localities where marijuana is sold; and~~
- 6 ~~(vi) the state general fund;~~

7 ~~(m)(l)~~ authorize courts to resentence persons who are currently serving sentences for acts that are
 8 permitted under this chapter or for which the penalty is reduced by this chapter and to redesignate or expunge
 9 those offenses from the criminal records of persons who have completed their sentences as set forth in this
 10 chapter; and

11 (m) preserve and protect Montana's well-established hemp industry by drawing a clear distinction
 12 between those participants and programs and the participants and programs associated with the marijuana
 13 industry.

14 (3) MARIJUANA AND MARIJUANA PRODUCTS ARE NOT AGRICULTURAL PRODUCTS, AND THE CULTIVATION,
 15 PROCESSING, MANUFACTURING OR SELLING OF MARIJUANA OR MARIJUANA PRODUCTS IS NOT CONSIDERED
 16 AGRICULTURE SUBJECT TO REGULATION BY THE DEPARTMENT OF AGRICULTURE UNLESS EXPRESSLY PROVIDED."

17
 18 **Section 38.** Section 16-12-102, MCA, is amended to read:

19 **"16-12-102. (Effective October 1, 2024 January 1, 2022) Definitions.** As used in this chapter, the
 20 following definitions apply:

21 (1) "Adult-use dispensary" means a ~~registered-licensed~~ premises from which a ~~licensed adult-use~~
 22 ~~provider or adult-use marijuana-infused products provider is approved by the department to dispense marijuana~~
 23 ~~or marijuana-infused products to a consumer~~ person licensed by the department may:

24 (a) obtain marijuana or marijuana products from a licensed cultivator, manufacturer, dispensary, or
 25 other licensee approved under this chapter; and

26 (b) sell marijuana or marijuana products to registered cardholders, adults that are 21 years of age or
 27 older, or both.

28 ~~(2) "Adult-use marijuana-infused products provider" means a person licensed by the department to~~

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1 ~~manufacture and provide marijuana-infused products for consumers as allowed by this chapter.~~

2 ~~(3) "Adult-use provider" means a person licensed by the department to cultivate and process~~
3 ~~marijuana for consumers as allowed by this chapter.~~

4 (2) "Affiliate" means a person that directly, or indirectly through one or more intermediaries, controls
5 or is controlled by, or is under common control with, another person.

6 (3) "Beneficial owner of", "beneficial ownership of", or "beneficially owns an" is determined in
7 accordance with section 13(d) of the federal Securities and Exchange Act of 1934, as amended.

8 (4) "Canopy" means the total amount of square footage dedicated to live plant production at a
9 ~~registered licensed~~ premises consisting of the area of the floor, platform, or means of support or suspension of
10 the plant.

11 (5) "Consumer" means a person 21 years of age or older who obtains or possesses marijuana or
12 ~~marijuana-infused-marijuana~~ products for personal use from a licensed dispensary ~~or for use by persons who~~
13 ~~are at least 21 years of age, but not for resale.~~

14 (6) "Control", "controls", "controlled", "controlling", "controlled by", and "under common control with"
15 mean the possession, direct or indirect, of the power to direct or cause the direction of the management or
16 policies of a person, whether through the ownership of voting owner's interests, by contract, or otherwise.

17 (7) "Controlling beneficial owner" means a person that satisfies one or more of the following:

18 (a) is a natural person, an entity that is organized under the laws of and for which its principal place of
19 business is located in one of the states or territories of the United States or District of Columbia, a publicly
20 traded corporation, and:

21 (i) acting alone or acting in concert, owns or acquires beneficial ownership of 5% or more of the
22 owner's interest of a marijuana business;

23 (ii) is an affiliate that controls a marijuana business and includes, without limitation, any manager; or

24 (iii) is otherwise in a position to control the marijuana business; or

25 (b) is a qualified institutional investor acting alone or acting in concert that owns or acquires beneficial
26 ownership of more than 15% of the owner's interest of a marijuana business.

27 ~~(6)(8)~~ "Correctional facility or program" means a facility or program that is described in 53-1-202(2) or
28 (3) and to which an individual may be ordered by any court of competent jurisdiction.

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1 (9) "Cultivator" means a person licensed by the department to:

2 (a) plant, cultivate, grow, harvest, and dry marijuana; and

3 (b) package and relabel marijuana produced at the location in a natural or naturally dried form that

4 has not been converted, concentrated, or compounded for sale through a licensed dispensary.

5 (10) "Debilitating medical condition" means:

6 (a) cancer, glaucoma, positive status for human immunodeficiency virus, or acquired immune

7 deficiency syndrome when the condition or disease results in symptoms that seriously and adversely affect the

8 patient's health status;

9 (b) cachexia or wasting syndrome;

10 (c) severe chronic pain that is a persistent pain of severe intensity that significantly interferes with

11 daily activities as documented by the patient's treating physician;

12 (d) intractable nausea or vomiting;

13 (e) epilepsy or an intractable seizure disorder;

14 (f) multiple sclerosis;

15 (g) Crohn's disease;

16 (h) painful peripheral neuropathy;

17 (i) a central nervous system disorder resulting in chronic, painful spasticity or muscle spasms;

18 (j) admittance into hospice care in accordance with rules adopted by the department; or

19 (k) posttraumatic stress disorder.

20 ~~(7)~~(11) —"Department" means the department of revenue provided for in 2-15-1301.

21 ~~(8)~~(12) —(a) "Employee" means an individual employed to do something for the benefit of an
22 employer.

23 (b) The term includes a manager, agent, or director of a partnership, association, company,
24 corporation, limited liability company, or organization.

25 (c) The term does not include a third party with whom a licensee has a contractual relationship.

26 ~~(9)~~(13) —(a) "Financial interest" means a legal or beneficial interest that entitles the holder, directly or
27 indirectly through a business, an investment, or a spouse, parent, or child relationship, to ~~4%~~ 5% or more of the
28 net profits or net worth of the entity in which the interest is held.

1 (b) The term does not include interest held by a bank or licensed lending institution or a security
2 interest, lien, or encumbrance but does include holders of private loans or convertible securities.

3 (14) "Former medical marijuana licensee" means a person that was licensed by ~~or had an application~~
4 for licensure pending with the department of public health and human services to provide marijuana to
5 individuals with debilitating medical conditions on November 3, 2020.

6 (15) (a) "Indoor cultivation facility" means ~~the location where a person cultivates live marijuana plants~~
7 inside a physical structure that is not exposed to natural sunlight and ~~PROTECTS THE PLANTS FROM environmental~~
8 conditions, including, variable temperatures, precipitation, and wind an enclosed area used to grow live plants
9 that is within a permanent structure using artificial light exclusively or to supplement natural sunlight.

10 (b) The term may include:

11 (i) a greenhouse; ~~and~~

12 (ii) a hoop house; ~~or~~

13 (iii) a similar structure that protects the plants from variable temperature, precipitation, and wind.

14 (16) "Licensed premises" means all locations related to, or associated with, a specific license that is
15 authorized under this chapter and includes all enclosed public and private areas at the location that are used in
16 the business operated pursuant to a license, including offices, kitchens, restrooms, and storerooms.

17 ~~(17)~~ "Licensee" means a person holding a state license issued pursuant to this chapter.

18 ~~(18)~~ "Local government" means a county, a consolidated government, or an incorporated city or
19 town.

20 ~~(12)~~ "Manufacturing" means ~~the production of marijuana concentrate.~~

21 (19) "Manufacturer" means a person licensed by the department to convert or compound marijuana
22 into marijuana products, marijuana concentrates, or marijuana extracts and package, repackage, label, or
23 relabel marijuana products as allowed under this chapter.

24 ~~(20)~~ (a) "Marijuana" means all plant material from the genus Cannabis containing
25 tetrahydrocannabinol (THC) or seeds of the genus capable of germination.

26 (b) The term does not include hemp, including any part of that plant, including the seeds and all
27 derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a
28 delta-9 tetrahydrocannabinol concentration of not more than 0.3% on a dry weight basis, or commodities or

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1 products manufactured with hemp, or any other ingredient combined with marijuana to prepare topical or oral
2 administrations, food, drink, or other products.

3 (c) The term does not include a drug approved by the United States food and drug administration
4 pursuant to section 505 of the Federal Food, Drug, and Cosmetic Act, 21 U.S.C. 301, et seq.

5 (21) "Marijuana business" means a cultivator, manufacturer, adult-use dispensary, medical marijuana
6 dispensary, combined-use marijuana licensee, testing laboratory, marijuana transporter, or any other business
7 or function that is licensed by the department under this chapter.

8 ~~(14)(22)~~ "Marijuana concentrate" means any type of marijuana product consisting wholly or in part of
9 the resin extracted from any part of the marijuana plant.

10 ~~(15)(23)~~ "Marijuana derivative" means any mixture or preparation of the dried leaves, flowers, resin, or
11 byproducts of the marijuana plant, including but not limited to marijuana concentrates and ~~marijuana-infused~~
12 other marijuana products.

13 ~~(16)(24)~~ ~~"Marijuana-infused-Marijuana product"~~ means a product that contains marijuana and is
14 intended for use by a consumer by a means other than smoking. The term includes but is not limited to edible
15 products, ointments, ~~and tinctures,~~ marijuana derivatives, and marijuana concentrates.

16 (25) "Marijuana transporter" means a person that is licensed to transport marijuana and marijuana
17 products from one marijuana business to another marijuana business, or to and from a testing laboratory, and
18 to temporarily store the transported retail marijuana and retail marijuana products at its licensed premises, but
19 is not authorized to sell marijuana or marijuana products to consumers under any circumstances.

20 ~~(17)(26)~~ "Mature marijuana plant" means a harvestable ~~female~~ marijuana plant ~~that is flowering.~~

21 (27) "Medical marijuana" means marijuana or marijuana products that are for sale solely to a
22 cardholder who is registered under [sections 14 through 28 9 THROUGH 23].

23 (28) "Medical marijuana dispensary" means the location from which a registered cardholder may obtain
24 marijuana or marijuana products.

25 ~~(18)~~ "Owner" means a principal officer, director, board member, or individual who has a financial
26 interest or voting interest of 10% or greater in an adult-use dispensary, adult-use provider, or adult-use
27 ~~marijuana-infused products provider.~~

28 (29) "Outdoor cultivation" means live plants growing in an area exposed to natural sunlight and

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1 environmental conditions including variable temperature, precipitation, and wind.

2 ~~(29)(30)~~ "Owner's interest" means the shares of stock in a corporation, a membership in a nonprofit
3 corporation, a membership interest in a limited liability company, the interest of a member in a cooperative or in
4 a limited cooperative association, a partnership interest in a limited partnership, a partnership interest in a
5 partnership, and the interest of a member in a limited partnership association.

6 ~~(19)(30)(31)~~ "Paraphernalia" has the meaning provided for "drug paraphernalia" in 45-10-101.

7 ~~(31)(32)~~ "Passive beneficial owner" means any person acquiring an owner's interest in a marijuana
8 business that is not otherwise a controlling beneficial owner or in control.

9 ~~(20)(32)(33)~~ "Person" means an individual, partnership, association, company, corporation, limited
10 liability company, or organization.

11 ~~(21)~~ "Registered premises" means a location that is licensed pursuant to this chapter and includes:

12 ~~(a)~~ all enclosed public and private areas at the location that are used in the business operated
13 pursuant to a license, including offices, kitchens, restrooms, and storerooms; and

14 ~~(b)~~ if the department has specifically licensed a location for outdoor cultivation, production,
15 manufacturing, wholesale sale, or retail sale of adult-use marijuana and adult-use marijuana-infused products,
16 the entire unit of land that is created by subsection or partition of land that the licensee owns, leases, or has the
17 right to occupy.

18 ~~(33)(34)~~ "Qualified institutional investor" means:

19 ~~(a)~~ a bank or banking institution including any bank, trust company, member bank of the federal
20 reserve system, bank and trust company, stock savings bank, or mutual savings bank that is organized and
21 doing business under the laws of this state, any other state, or the laws of the United States;

22 ~~(b)~~ a bank holding company as defined in 32-1-109;

23 ~~(c)~~ a company organized as an insurance company whose primary and predominant business activity
24 is the writing of insurance or the reinsuring of risks underwritten by insurance companies, and that is subject to
25 regulation or oversight by the insurance department of the office of the state auditor or a similar agency of
26 another state, or any receiver or similar official or any liquidating agent for such a company, in their capacity as
27 such an insurance company;

28 ~~(d)~~ an investment company registered under section 8 of the federal Investment Company Act of

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1 1940, as amended;

2 (e) an employee benefit plan or pension fund subject to the federal Employee Retirement Income

3 Security Act of 1974, excluding an employee benefit plan or pension fund sponsored by a licensee or an

4 intermediary holding company licensee that directly or indirectly owns 10% or more of a licensee;

5 (f) a state or federal government pension plan; or

6 (g) any other entity identified by rule by the department.

7 ~~(34)~~(35) "Registered cardholder" or "cardholder" means a Montana resident with a debilitating medical

8 condition who has received and maintains a valid registry identification card.

9 ~~(35)~~(36) "Registry identification card" means a document issued by the department pursuant to

10 [section ~~16~~ 11] that identifies an individual as a registered cardholder.

11 ~~(22)~~~~(36)~~(37) (a) "Resident" means an individual who meets the requirements of 1-1-215.

12 (b) An individual is not considered a resident for the purposes of this chapter if the individual:

13 (i) claims residence in another state or country for any purpose; or

14 (ii) is an absentee property owner paying property tax on property in Montana.

15 ~~(23)~~~~(37)~~(38) "Seedling" means a marijuana plant that has no flowers and is less than 12 inches in

16 height and 12 inches in diameter.

17 ~~(24)~~~~(38)~~(39) "State laboratory" means the laboratory operated by the department of public health and

18 human services to conduct environmental analyses.

19 ~~(25)~~~~(39)~~(40) "Testing laboratory" ~~has the meaning as provided in 50-46-302~~ means a qualified person,

20 licensed under this chapter that:

21 (a) provides testing of representative samples of marijuana and marijuana products; and

22 (b) provides information regarding the chemical composition and potency of a sample, as well as the

23 presence of molds, pesticides, or other contaminants in a sample.

24 ~~(26)~~ "Unduly burdensome" ~~means requiring such a high investment of money, time, or any other~~

25 ~~resource or asset to achieve compliance that a reasonably prudent businessperson would not operate.~~

26 ~~(40)~~(41) (a) "Usable marijuana" means the dried leaves and flowers of the marijuana plant that are

27 appropriate for the use of marijuana by an individual.

28 (b) The term does not include the seeds, stalks, and roots of the plant."

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Section 39. Section 16-12-104, MCA, is amended to read:

"16-12-104. (Effective ~~October 1, 2021~~ January 1, 2022) Department responsibilities --

licensure. (1) The department shall establish and maintain a registry of persons who receive licenses under this chapter.

(2) (a) The department shall issue the following license types to persons who submit applications meeting the requirements of this chapter:

~~(a) licenses:~~

~~(i) to persons who apply to operate as adult-use providers or adult-use marijuana-infused products providers and who submit applications meeting the requirements of this chapter; and~~

~~(ii) for adult-use dispensaries established by adult-use providers or adult-use marijuana-infused products providers; and~~

~~(b) endorsements for manufacturing to an adult-use provider or an adult-use marijuana-infused products provider that applies for a manufacturing endorsement and meets requirements established by the department by rule.~~

(i) cultivator license;

(ii) manufacturer license;

(iii) adult-use dispensary license or a medical marijuana dispensary license;

(iv) testing laboratory license.

(v) marijuana transporter license.

(vi) combined-use marijuana license.

(b) The department may establish other license types, sub-types, endorsements, and restrictions it considers necessary for the efficient administration of this chapter.

~~(2) A person who obtains an adult-use provider license, adult-use marijuana-infused products provider license, or adult-use dispensary license or an employee of a licensed adult-use provider or adult-use marijuana-infused products provider is authorized to cultivate, manufacture, possess, sell, and transport marijuana as allowed by this chapter.~~

~~(3) A person who obtains a testing laboratory license or an employee of a licensed testing laboratory~~

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1 is authorized to possess, test, and transport marijuana as allowed by this chapter.

2 ~~(4) The department shall conduct criminal history background checks as required by 50-46-307 and~~
3 ~~50-46-308 before issuing a license to a person named as a provider or marijuana-infused products provider.~~

4 ~~(5) Licenses issued pursuant to this chapter must:~~

5 ~~(a) be laminated and produced on a material capable of lasting for the duration of the time period for~~
6 ~~which the license is valid;~~

7 ~~(b) indicate whether an adult-use provider or an adult-use marijuana-infused products provider has an~~
8 ~~endorsement for manufacturing;~~

9 ~~(c) state the date of issuance and the expiration date of the license; and~~

10 ~~(d) contain other information that the department may specify by rule.~~

11 ~~(6) (a) The department shall make application forms available and begin accepting applications for~~
12 ~~licensure and endorsement under this chapter on or before January 1, 2022.~~

13 (3) A licensee may not cultivate hemp or engage in hemp manufacturing at a licensed premises.

14 (4) A person licensed to cultivate or manufacture marijuana or marijuana products is subject to the
15 provisions contained in the Montana Pesticides Act provided for in Title 80, chapter 8.

16 (5) The department shall assess applications for licensure or renewal to determine if an applicant,
17 controlling beneficial owner, or a person with a financial interest in the applicant meets any of the criteria
18 established in this chapter for denial of a license.

19 (6) A license issued pursuant to this chapter must be displayed by the licensee as provided for in rule
20 by the department.

21 ~~(b)(7)~~ (a) The department shall review the information contained in an application or renewal
22 submitted pursuant to this chapter and shall approve or deny an application:

23 (i) within ~~30~~ 60 days of receiving the application or renewal and all related application materials from a
24 former medical marijuana licensee or an existing licensed provider or marijuana-infused products provider
25 licensee under this chapter; and

26 (ii) within ~~90~~ 120 days of receiving the application and all related application materials from a new
27 applicant.

28 ~~(e)(b)~~ If the department fails to act on a completed application within the time allowed under

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Drafter: Corina Hach, 406-444-4026

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1 subsection ~~(6)(b)~~ (7)(a), the department shall:

2 (i) reduce the cost of the licensing fee for a new applicant for licensure or endorsement or for a
3 licensee seeking renewal of a license by 5% each week that the application is pending; and

4 (ii) allow a licensee to continue operation until the department takes final action.

5 ~~(d) Applications that are not processed within the time allowed under subsection (6)(b) remain active~~
6 ~~until the department takes final action.~~

7 ~~(e)(c)~~ (i)—The department may not take final action on an application for a license or renewal of a
8 license until the department has completed a satisfactory inspection as required by this chapter and related
9 administrative rules.

10 ~~(ii) Failure by the department to complete the required inspection within the time allowed under~~
11 ~~subsection (6)(b) does not prevent an application from being considered complete for the purpose of subsection~~
12 ~~(6)(c).~~

13 ~~(f)(d)~~ (d) The department shall issue a license or endorsement within 5 days of approving an application
14 or renewal.

15 ~~(7)(8)~~ (8) Review of a rejection of an application or renewal may be conducted as a contested case
16 hearing before the department's office of dispute resolution pursuant to the provisions of the Montana
17 Administrative Procedure Act.

18 (a) A person may appeal any decision of the department of revenue concerning the issuance,
19 rejection, suspension, or revocation of a license provided for by this chapter to the district court of the first
20 judicial district in the county in which the person operates or proposes to operate. If a person operates
21 or seeks to operate in more than one county, the person may seek judicial review in the district court
22 with jurisdiction over actions arising in any of the counties where it operates or seeks to operate.

23 (b) An appeal pursuant to subsection (8)(a) must be made by filing a complaint setting forth the
24 grounds for relief and the nature of relief demanded with the district court within 30 days following receipt of
25 notice of the department's final decision.

26 ~~(8)(9)~~ (9) Licenses and endorsements issued to adult-use providers and adult-use marijuana-infused
27 products providers under this chapter must be renewed annually.

28 ~~(9)(10)~~ (a) The department shall provide the names and phone numbers of adult-use providers and

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1 ~~adult-use marijuana-infused products providers~~ persons licensed under this chapter and the city, town, or
2 county where ~~registered licensed premises and testing laboratories~~ are located to the public on the
3 department's website. ~~The~~ Except as provided in subsection (10)(b), the department may not disclose the
4 physical location or address of ~~an adult-use provider, adult-use marijuana-infused products provider, adult-use~~
5 ~~dispensary, or testing laboratory~~ a marijuana business.

6 (b) The department may share the physical location or address of a marijuana business with another
7 state agency, political subdivision, and the state fire marshal.

8 ~~(10)(11)~~ (11) The department may not prohibit ~~an adult-use provider, adult-use marijuana-infused products~~
9 ~~provider, a cultivator, manufacturer, or adult-use dispensary licensee~~ operating in compliance with the
10 requirements of this chapter from operating at a shared location with a ~~provider, marijuana-infused products~~
11 ~~provider, or dispensary as defined in 50-46-302 if the provider, marijuana-infused products provider, or~~
12 ~~dispensary is owned by the same person~~ medical marijuana dispensary.

13 ~~(14)(12)~~ (12) The department may not adopt rules requiring a consumer to provide ~~an adult-use provider,~~
14 ~~adult-use marijuana-infused products provider, or adult-use dispensary~~ a licensee with identifying information
15 other than government-issued identification to determine the consumer's age or require the recording of
16 personal information about consumers other than information typically required in a retail transaction. A
17 licensee that scans a person's driver's license using an electronic reader to determine the person's age:

18 (a) may only use data or metadata from the scan determine the person's age;

19 (b) may not transfer or sell that data or metadata to another party; and

20 (c) shall permanently delete any data or metadata from the scan within 180 days, unless otherwise
21 provided for in this chapter or by the department.

22 (13) (a) Except as provided in subsection (13)(b), licenses issued by the department under this
23 chapter are nontransferable.

24 (b) A licensee may sell its marijuana business, including live plants, inventory, and material assets to
25 a person who is licensed by the department under the provisions of this chapter. The department may, in its
26 discretion, issue a temporary license to the acquiring party to facilitate the transfer of the licensee's marijuana
27 business.

28 (14) A person who is not a controlling beneficial owner in a licensee may not receive or otherwise

1 obtain an ownership interest in a licensee that results in the person becoming a controlling beneficial owner
2 unless the licensee notifies, in writing, the department of the proposed transaction, and the department
3 determines that the person qualifies for ownership under the provisions of this chapter."
4

5 **Section 40.** Section 16-12-105, MCA, is amended to read:

6 **"16-12-105. (Effective ~~October 1, 2024~~ January 1, 2022) Department responsibility to monitor**
7 **and assess marijuana production, testing, sales, and license revocation.** (1) (a) The department shall
8 implement a system for tracking marijuana, ~~marijuana concentrate, and marijuana-infused~~ and marijuana
9 products from either the seed or the seedling stage until ~~the marijuana, marijuana concentrate, or marijuana-~~
10 ~~infused product~~ it is sold to a consumer or registered cardholder.

11 (b) The system must:

12 (i) ~~ensure that the marijuana, marijuana concentrate, or marijuana-infused product and marijuana~~
13 products cultivated, manufactured, possessed, and sold under this chapter ~~is~~ are not sold or otherwise provided
14 to an individual who is under 21 years of age and who is not a medical marijuana unless that person is a
15 registered cardholder; and

16 (ii)(c) The system must be made available to adult-use providers, adult-use marijuana-infused products
17 providers, adult-use dispensaries, and testing laboratories at no additional cost licensees, except that licensees
18 shall bear the responsibility and cost for procuring unique identification tracking tags to facilitate the tracking of
19 marijuana and marijuana products.

20 (2) The department shall ~~investigate and assess the utilization, if technology allows, require use of a~~
21 mandatory cashless or semicashless payment system occurring at the point of sale for all dispensaries. Adult-
22 use dispensaries and medical marijuana dispensaries are ~~encouraged~~ required to utilize a cashless or
23 semicashless point of sale system when selling marijuana and marijuana products to consumers or registered
24 cardholders. The department may establish by rule the ~~minimum requirements, and standards, and private~~
25 company that a licensee must ~~satisfy~~ use when utilizing such a system in a dispensary.

26 The cashless or semicashless processor is authorized to make deposits to an account specified by the
27 department for tax collection.

28 (3) ~~At the request of a licensee, the~~ The department is authorized to share seed-to-sale information

1 with the licensee's depository institution, any other government agency, or the cashless or semicashless
2 processor.

3 ~~(b) The department may implement the same system that is used to track marijuana, marijuana~~
4 ~~concentrate, and marijuana-infused products pursuant to 50-46-304.~~

5 ~~(2) The department shall assess applications for an adult-use provider or adult-use marijuana-infused~~
6 ~~products provider license to determine if a person with a financial interest in the applicant meets any of the~~
7 ~~criteria established in 16-12-203 for denial of a license.~~

8 ~~(3) Before issuing or renewing a license, the department shall inspect the proposed registered~~
9 ~~premises of an adult-use provider or adult-use marijuana-infused products provider and shall inspect the~~
10 ~~property to be used to ensure an applicant for licensure or license renewal is in compliance with this chapter.~~
11 ~~The department may not issue or renew a license if the applicant does not meet the requirements of this~~
12 ~~chapter.~~

13 ~~(4) (a) The department shall license providers and marijuana-infused products providers according to~~
14 ~~a tiered canopy system.~~

15 ~~(b) (i) The system shall include, at a minimum, the following license types:~~

16 ~~(A) A micro-tier canopy license allows for a canopy of up to 250 square feet at one registered~~
17 ~~premises.~~

18 ~~(B) A tier 1 canopy license allows for a canopy of up to 1,000 square feet at one registered premises.~~
19 ~~A minimum of 500 square feet must be equipped for cultivation.~~

20 ~~(C) A tier 2 canopy license allows for a canopy of up to 2,500 square feet at up to two registered~~
21 ~~premises. A minimum of 1,100 square feet must be equipped for cultivation.~~

22 ~~(D) A tier 3 canopy license allows for a canopy of up to 5,000 square feet at up to three registered~~
23 ~~premises. A minimum of 2,600 square feet must be equipped for cultivation.~~

24 ~~(E) A tier 4 canopy license allows for a canopy of up to 7,500 square feet at up to four registered~~
25 ~~premises. A minimum of 5,100 square feet must be equipped for cultivation.~~

26 ~~(F) A tier 5 canopy license allows for a canopy of up to 10,000 square feet at up to five registered~~
27 ~~premises. A minimum of 7,750 square feet must be equipped for cultivation.~~

28 ~~(G) A tier 6 canopy license allows for a canopy of up to 13,000 square feet at up to five registered~~

1 ~~premises. A minimum of 10,250 square feet must be equipped for cultivation.~~

2 ~~(H) A tier 7 canopy license allows for a canopy of up to 15,000 square feet at up to five registered~~
3 ~~premises. A minimum of 13,250 square feet must be equipped for cultivation.~~

4 ~~(I) A tier 8 canopy license allows for a canopy of up to 17,500 square feet at up to five registered~~
5 ~~premises. A minimum of 15,250 square feet must be equipped for cultivation.~~

6 ~~(J) A tier 9 canopy license allows for a canopy of up to 20,000 square feet at up to six registered~~
7 ~~premises. A minimum of 17,775 square feet must be equipped for cultivation.~~

8 ~~(K) A tier 10 canopy license allows for a canopy of up to 30,000 square feet at up to seven registered~~
9 ~~premises. A minimum of 24,000 square feet must be equipped for cultivation.~~

10 ~~(ii) As used in this subsection (4)(b), "equipped for cultivation" means that the space is either ready for~~
11 ~~cultivation or in use for cultivation.~~

12 ~~(c) An adult-use provider or adult-use marijuana-infused products provider who has reached capacity~~
13 ~~under the existing license may apply to advance to the next licensing tier. The department:~~

14 ~~(i) may increase a licensure level by only one tier at a time; and~~

15 ~~(ii) shall conduct an inspection of the adult-use provider or adult-use marijuana-infused products~~
16 ~~provider's registered premises and proposed premises within 30 days of receiving the application and before~~
17 ~~approving the application.~~

18 ~~(d) The department may create additional licensing tiers by rule if a provider with a tier 10 canopy~~
19 ~~license petitions the department to create a new licensure level and:~~

20 ~~(i) the producer or provider demonstrates that the licensee is using the full amount of canopy currently~~
21 ~~authorized; and~~

22 ~~(ii) the tracking system shows the licensee is selling at least 80% of the marijuana or marijuana-infused~~
23 ~~products produced by the square footage of the licensee's existing license over the 2 previous quarters or the~~
24 ~~licensee can otherwise demonstrate to the department that there is a market for the marijuana or marijuana-~~
25 ~~infused products it seeks to produce.~~

26 ~~(e) The department is authorized to create additional tiers as necessary, including an adjusted tier~~
27 ~~system to account for outdoor cultivation.~~

28 ~~(f) The registered premises limitations for each tier of licensing apply only to registered premises at~~

1 which marijuana is cultivated. The limitations do not apply to the number of adult-use dispensaries an adult-use
2 provider or adult-use marijuana-infused products provider may have.

3 ~~(g) The department shall require evidence that the licensee is able to successfully cultivate the~~
4 ~~minimum amount of space allowed for the tier and sell the amount of marijuana produced by the minimum~~
5 ~~cultivation level before allowing a licensee to move up a tier. Annual licensing fees must be prorated based on~~
6 ~~the time licensed at a specific tier if less than 1 year.~~

7 ~~(h) No person may be initially licensed greater than a tier 2 unless the person is purchasing a~~
8 ~~business licensed at a tier higher than tier 2 or the person is already licensed at higher than tier 2 under Title~~
9 ~~50, chapter 46, part 3, and is applying for the equivalent size tier under this chapter."~~

10
11 **Section 41.** Section 16-12-106, MCA, is amended to read:

12 **"16-12-106. Personal use and cultivation of marijuana -- penalties.** (1) Subject to the limitations in
13 16-12-108, the following acts are lawful and may not be an offense under state law or the laws of any local
14 government within the state, be a basis to impose a civil fine, penalty, or sanction, or be a basis to detain,
15 search, or arrest, or otherwise deny any right or privilege, or to seize or forfeit assets under state law or the
16 laws of any local government for a person who is 21 years of age or older:

17 (a) possessing, purchasing, obtaining, using, ingesting, inhaling, or transporting 1 ounce or less of
18 usable marijuana, except that not more than 8 grams may be in a concentrated form and not more than 800
19 milligrams of THC may be in edible marijuana products meant to be eaten or swallowed in solid form;

20 (b) transferring, delivering, or distributing without consideration, to a person who is 21 years of age or
21 older, 1 ounce or less of usable marijuana, except that not more than 8 grams may be in a concentrated form
22 and not more than 800 milligrams of THC may be in edible marijuana products meant to be eaten or swallowed
23 in solid form;

24 (c) in or on the grounds of a private residence, possessing, planting, or cultivating up to ~~four~~ two
25 mature marijuana plants and ~~four~~ two seedlings, or four mature marijuana plants and four seedlings for a
26 registered cardholder, and possessing, harvesting, drying, processing, or manufacturing the marijuana,
27 provided that:

28 (i) marijuana plants and any marijuana produced by the plants in excess of 1 ounce must be kept in a

1 locked space in or on the grounds of one private residence and may not be visible by normal, unaided vision
2 from a public place;

3 (ii) not more than twice the number of marijuana plants permitted under this subsection (1)(c) may be
4 cultivated in or on the grounds of a single private residence simultaneously;

5 (iii) a person growing or storing marijuana plants under this subsection (1)(c) must own the private
6 residence where the plants are cultivated and stored or obtain written permission to cultivate and store
7 marijuana from the owner of the private residence; and

8 (iv) no portion of a private residence used for cultivation of marijuana and manufacture of ~~marijuana-~~
9 ~~infused marijuana~~ products for personal use may be shared with, rented, or leased to ~~an adult-use provider or~~
10 ~~an adult-use marijuana-infused products provider~~ a marijuana business;

11 (d) assisting another person who is at least 21 years of age in any of the acts permitted by this
12 section, including allowing another person to use one's personal residence for any of the acts described in this
13 section; and

14 (e) possessing, purchasing, using, delivering, distributing, manufacturing, transferring, or selling to
15 persons 18 years of age or older paraphernalia relating to marijuana.

16 (2) A person who cultivates marijuana plants that are visible by normal, unaided vision from a public
17 place in violation of subsection (1)(c)(i) is subject to a civil fine not exceeding \$250 and forfeiture of the
18 marijuana.

19 (3) A person who cultivates marijuana plants or stores marijuana outside of a locked space is subject
20 to a civil fine not exceeding \$250 and forfeiture of the marijuana.

21 (4) A person who smokes marijuana in a public place, other than in an area licensed for that activity
22 by the department, is subject to a civil fine not exceeding \$50.

23 (5) For a person who is under 21 years of age and is not a registered cardholder, possession, use,
24 ingestion, inhalation, transportation, delivery without consideration, or distribution without consideration of 1
25 ounce or less of marijuana is punishable by forfeiture of the marijuana and the underage person's choice
26 between:

27 (a) a civil fine not to exceed \$100; or

28 (b) up to 4 hours of drug education or counseling in lieu of the fine.

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1 (6) For a person who is under 18 years of age and is not a registered cardholder, possession, use,
2 transportation, delivery without consideration, or distribution without consideration of marijuana paraphernalia is
3 punishable by forfeiture of the marijuana paraphernalia and the underage person's choice between:

4 (a) a civil fine not to exceed \$100; or

5 (b) up to 4 hours of drug education or counseling in lieu of the fine.

6 (7) Unless otherwise permitted under the provisions of ~~Title 50, chapter 46, part 3~~ sections 14
7 ~~through 28 9 THROUGH 23~~, the possession, production, delivery without consideration to a person 21 years of
8 age or older, or possession with intent to deliver more than 1 ounce but less than 2 ounces of marijuana or
9 more than 8 grams but less than 16 grams of marijuana in a concentrated form is punishable by forfeiture of the
10 marijuana and:

11 (a) for a first violation, the person's choice between a civil fine not exceeding \$200 or completing up to
12 4 hours of community service in lieu of the fine;

13 (b) for a second violation, the person's choice between a civil fine not exceeding \$300 or completing
14 up to 6 hours of community service in lieu of the fine;

15 (c) for a third or subsequent violation, the person's choice between a civil fine not exceeding \$500 or
16 completing up to 8 hours of community service in lieu of the fine; and

17 (d) for a person under 21 years of age, the person's choice between a civil fine not to exceed \$200 or
18 attending up to 8 hours of drug education or counseling in lieu of the fine.

19 ~~(8) A person may not be denied adoption, custody, or visitation rights relative to a minor solely for~~
20 ~~conduct that is permitted by this chapter.~~

21 ~~(9) A person may not be denied access to or priority for an organ transplant or denied access to~~
22 ~~health care solely for conduct that is permitted by this chapter.~~

23 ~~(10) A person currently under parole, probation, or other state supervision or released awaiting trial or~~
24 ~~other hearing may not be punished or otherwise penalized solely for conduct that is permitted by this chapter.~~

25 ~~(11) A holder of a professional or occupational license may not be subjected to professional discipline~~
26 ~~for providing advice or services arising out of or related to conduct that is permitted by this chapter solely on the~~
27 ~~basis that marijuana is prohibited by federal law.~~

28 ~~(12) It is the public policy of the state of Montana that contracts related to the operation of licensees be~~

1 enforceable.

2 (8) A PERSON MAY NOT BE DENIED ADOPTION, CUSTODY, OR VISITATION RIGHTS RELATIVE TO A MINOR SOLELY
3 FOR CONDUCT THAT IS PERMITTED BY THIS CHAPTER.

4 (9) A PERSON MAY NOT BE DENIED ACCESS TO OR PRIORITY FOR AN ORGAN TRANSPLANT OR DENIED ACCESS
5 TO HEALTH CARE SOLELY FOR CONDUCT THAT IS PERMITTED BY THIS CHAPTER."

6

7 **Section 42.** Section 16-12-107, MCA, is amended to read:

8 **"16-12-107. (Effective ~~October 1, 2021~~ January 1, 2022) Legal protections -- allowable amounts.**

9 (1) ~~An adult-use provider or adult-use marijuana-infused products provider~~ A cultivator may have the canopy
10 allotment allowed by the department. ~~The canopy allotment is a cumulative total for all of the adult-use~~
11 ~~provider's or adult-use marijuana-infused products provider's registered premises.~~

12 (2) Except as provided in 16-12-108, a person licensed under this chapter may not be arrested,
13 prosecuted, penalized, or denied any right or privilege, including but not limited to civil fine or disciplinary action
14 by a professional licensing board or the department of labor and industry, solely because the person cultivates,
15 manufactures, possesses, or transports marijuana in the amounts and manner allowed under this chapter.

16 (3) A person may not be arrested or prosecuted for possession, conspiracy as provided in 45-4-102,
17 or any other offense solely for being in the presence or vicinity of the use of marijuana and ~~marijuana-infused~~
18 marijuana products as permitted under this chapter.

19 (4) Except as provided in 16-12-210, possession of or application for a license does not solely
20 constitute probable cause to search a person or the property of a person or otherwise subject a person or
21 property of a person to inspection by any governmental agency, including a law enforcement agency.

22 (5) The provisions of this section relating to protection from arrest or prosecution do not apply to a
23 person unless the person has obtained a license prior to an arrest or the filing of a criminal charge. It is not a
24 defense to a criminal charge that a person obtains a license after an arrest or the filing of a criminal charge.

25 (6) ~~An adult-use provider or adult-use marijuana-infused products provider~~ A cultivator or
26 manufacturer is presumed to be engaged in the use of marijuana as allowed by this chapter if the person is in
27 possession of an amount of marijuana that does not exceed the amount permitted under this chapter."
28

1 **Section 43.** Section 16-12-108, MCA, is amended to read:

2 **"16-12-108. Limitations of act.** (1) This chapter does not permit:

3 (a) any individual to operate, navigate, or be in actual physical control of a motor vehicle, train,
4 aircraft, motorboat, or other motorized form of transport while under the influence of marijuana or marijuana
5 products;

6 (b) consumption of marijuana or marijuana products while operating or being in physical control of a
7 motor vehicle, train, aircraft, motorboat, or other motorized form of transport while it is being operated;

8 (c) smoking or consuming marijuana while riding in the passenger seat within an enclosed
9 compartment of a motor vehicle, train, aircraft, motorboat, or other motorized form of transport while it is being
10 operated;

11 (d) delivery or distribution of marijuana or marijuana products, with or without consideration, to a
12 person under 21 years of age;

13 (e) purchase, consumption, or use of marijuana or marijuana products by a person under 21 years of
14 age;

15 (f) possession or transport of marijuana or marijuana products by a person under 21 years of age
16 unless the underage person is at least 18 years of age and is an employee of ~~an adult-use provider, adult-use~~
17 ~~marijuana-infused products provider, or adult-use dispensary~~ a marijuana business licensed under this chapter
18 and engaged in work activities;

19 (g) possession or consumption of marijuana or marijuana products, or possession of marijuana
20 paraphernalia:

21 (i) on the grounds of any property owned or leased by a school district, a public or private preschool,
22 school, or postsecondary school as defined in 20-5-402;

23 (ii) in a school bus or other form of public transportation;

24 (iii) in a health care facility as defined in 50-5-101; ~~or~~

25 (iv) on the grounds of any correctional facility; OR

26 (v) IN A HOTEL OR MOTEL ROOM;

27 (h) ~~smoking using~~ smoking using marijuana or marijuana products in a location where smoking tobacco is prohibited;

28 (i) consumption of marijuana or marijuana products in a public place, except as allowed by the

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1 department;

2 (j) conduct that endangers others;

3 (k) undertaking any task while under the influence of marijuana or marijuana products if doing so
4 would constitute negligence or professional malpractice; or

5 (l) performing solvent-based extractions on marijuana using solvents other than water, glycerin,
6 propylene glycol, vegetable oil, or food-grade ethanol unless licensed for this activity by the department.

7 (2) A person may not cultivate marijuana in a manner that is visible from the street or other public
8 area.

9 (3) A hospice or residential care facility licensed under Title 50, chapter 5, may adopt a policy that
10 allows use of marijuana by a registered cardholder.

11 ~~(2)~~(4) Nothing in this chapter may be construed to:

12 (a) require an employer to permit or accommodate conduct otherwise allowed by this chapter in any
13 workplace or on the employer's property;

14 (b) prohibit an employer from disciplining an employee for violation of a workplace drug policy or for
15 working while intoxicated by marijuana or marijuana products;

16 (c) prevent an employer from declining to hire, discharging, disciplining, or otherwise taking an
17 adverse employment action against an individual with respect to hire, tenure, terms, conditions, or privileges of
18 employment because of the individual's violation of a workplace drug policy or intoxication by marijuana or
19 marijuana products while working;

20 (d) prohibit an employer from including in any contract a provision prohibiting the use of marijuana for
21 a debilitating medical condition; or

22 (e) permit a cause of action against an employer for wrongful discharge pursuant to 39-2-904 or
23 discrimination pursuant to 49-1-102.

24 ~~(3)~~(5) Nothing in this chapter may be construed to prohibit a person from prohibiting or otherwise
25 regulating the consumption, cultivation, distribution, processing, sale, or display of marijuana, ~~marijuana-infused~~
26 marijuana products, and marijuana paraphernalia on private property the person owns, leases, occupies, or
27 manages, ~~except that a lease agreement executed after January 1, 2021, may not prohibit a tenant from~~
28 ~~lawfully possessing and consuming marijuana by means other than smoking unless required by federal law or~~

1 ~~to obtain federal funding, except that a lease agreement executed after January 1, 2021, may not prohibit a~~
2 ~~tenant from lawfully possessing and consuming marijuana by means other than smoking unless required by~~
3 ~~federal law or to obtain federal funding.~~

4 ~~(4) Nothing in this chapter limits the rights, privileges, immunities, or defenses provided under Title~~
5 ~~50, chapter 46, part 3.~~

6 ~~(5)(6) An adult-use provider or adult-use marijuana-infused products provider~~ A licensee who violates
7 15-64-103 or 15-64-104 or fails to pay any other taxes owed to the department under Title 15, is subject to
8 revocation of the person's license from the date of the violation until a period of up to 1 year after the
9 department of revenue certifies compliance with 15-64-103 or 15-64-104.

10 (7) Unless specifically exempted by this chapter, the provisions of Title 45, chapter 9, apply to the
11 conduct of consumers, licensees, and registered cardholders."

12
13 **Section 44.** Section 16-12-109, MCA, is amended to read:

14 **"16-12-109. (Effective ~~October 1, 2021~~ January 1, 2022) Unlawful conduct by licensees --**
15 **penalties.** (1) If the department has reasonable cause to believe that a licensee has violated a provision of this
16 chapter or a rule of the department, it may, in its discretion and in addition to any other penalties prescribed:

17 (a) reprimand a licensee;

18 (b) revoke the license of the licensee;

19 (c) suspend the license for a period of not more than 3 months;

20 (d) refuse to grant a renewal of the license after its expiration; or

21 (e) impose a civil penalty not to exceed \$3,000.

22 (2) The department shall consider mitigating circumstances and may adjust penalties within penalty
23 ranges based on its consideration of mitigating circumstances. Examples of mitigating circumstances are:

24 (a) compliance with the provisions of this chapter within the prior 3 years;

25 (b) the licensee has made good faith efforts to prevent a violation; or

26 (c) the licensee has cooperated in the investigation of the violation and the licensee or an employee
27 or agent of the licensee accepts responsibility.

28 (3) The department shall consider aggravating circumstances and may adjust penalties within penalty

1 ranges based on its consideration of aggravating circumstances. Examples of aggravating circumstances are:

- 2 (a) prior warnings about compliance problems;
- 3 (b) prior violations of the provisions of this chapter within the past 3 years;
- 4 (c) lack of written policies governing employee conduct;
- 5 (d) additional violations revealed during the course of the investigation;
- 6 (e) efforts to conceal a violation;
- 7 (f) intentional violations; or
- 8 (g) involvement of more than one patron or employee in a violation.

9 (4) For each licensing program regulated by the department under this chapter, the department is
10 designated as a criminal justice agency within the meaning of 44-5-103 for the purpose of obtaining confidential
11 criminal justice information regarding licensees and license applicants and regarding possible unlicensed
12 practice.

13 ~~(4)(5)~~ The department shall revoke and may not reissue a license or endorsement belonging to an
14 individual who a person:

- 15 (a) whose controlling beneficial owner is an individual convicted of a felony drug offense;
- 16 (b) who allows another individual person not authorized or lawfully allowed to be in possession of the
17 individual's license; or
- 18 ~~(c) fails to cooperate with the department concerning an investigation or inspection if the individual is~~
19 ~~licensed and cultivating marijuana, engaging in manufacturing, or manufacturing marijuana-infused products.~~

20 (c) who transports marijuana or marijuana products outside of Montana, unless otherwise allowed by
21 federal law;

22 (d) WHO operates a carbon dioxide or hydrocarbon extraction system without obtaining a
23 manufacturing license;

24 (e) WHO purchases marijuana from an unauthorized source in violation of this chapter; or

25 (f) WHO sells, distributes, or transfers marijuana or marijuana products to a person the licensee knows
26 or should know is under 21 years of age.

27 ~~(2) The department shall revoke a license issued under this chapter if the licensee:~~

28 ~~(a) purchases marijuana from an unauthorized source in violation of this chapter;~~

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1 ~~(b) sells marijuana, marijuana concentrate, or marijuana-infused products to a person the licensee~~
2 ~~knows or should know is under 21 years of age;~~

3 ~~(c) operates a carbon dioxide or hydrocarbon extraction system without obtaining a manufacturing~~
4 ~~endorsement; or~~

5 ~~(d) transports marijuana or marijuana-infused products outside of Montana, unless allowed by federal~~
6 ~~law.~~

7 ~~(3) A licensee who violates the advertising restrictions imposed under 16-12-211 is subject to:~~

8 ~~(a) a written warning for the first violation;~~

9 ~~(b) a 5-day license suspension or a \$500 fine for a second violation;~~

10 ~~(c) a 5-day license suspension or a \$1,000 fine for a third violation;~~

11 ~~(d) a 30-day license suspension or a \$2,500 fine for a fourth violation; and~~

12 ~~(e) a license revocation for a fifth violation.~~

13 ~~(4) Except for the license revocations required under this section, a licensee shall choose whether to~~
14 ~~pay a fine or be subject to a license suspension when a penalty is imposed under this section.~~

15 ~~(5)(6) A licensee whose license is revoked may not reapply for licensure for 3 years from the date of~~
16 ~~the revocation.~~

17 ~~(6) If no other penalty is specified under this chapter, an adult-use provider or adult-use marijuana-~~
18 ~~infused products provider who violates this chapter is punishable by a civil fine not to exceed \$500, unless~~
19 ~~otherwise provided in this chapter or unless the violation would constitute a violation of Title 45. An offense~~
20 ~~constituting a violation of Title 45 must be charged and prosecuted pursuant to the provisions of Title 45.~~

21 (7) Review of a department action imposing a fine, suspension, or revocation under this chapter must
22 be conducted as a contested case hearing before the department's office of dispute resolution under the
23 provisions of the Montana Administrative Procedure Act.

24 (a) A person may appeal any decision of the department concerning the issuance, rejection,
25 suspension, or revocation of a license provided for by this chapter to the district court of the first judicial district
26 IN THE COUNTY IN WHICH THE PERSON OPERATES OR PROPOSES TO OPERATE. IF A PERSON OPERATES OR SEEKS TO
27 OPERATE IN MORE THAN ONE COUNTY, THE PERSON MAY SEEK JUDICIAL REVIEW IN THE DISTRICT COURT WITH
28 JURISDICTION OVER ACTIONS ARISING IN ANY OF THE COUNTIES WHERE IT OPERATES OR SEEKS TO OPERATE.

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1 **(b) An appeal pursuant to subsection (7)(a) shall be made by filing a complaint setting forth the**
2 **grounds for relief and the nature of relief demanded with the district court within 30 days following receipt of**
3 **notice of the department's final decision.**"
4

5 **Section 45.** Section 16-12-110, MCA, is amended to read:

6 **"16-12-110. (Effective ~~October 1, 2021~~ January 1, 2022) Legislative monitoring.** (1) The ~~revenue~~
7 ~~interim-economic affairs~~ committee shall provide oversight of the department's activities pursuant to this
8 chapter, including but not limited to monitoring of:

9 (a) the number of licensees;

10 (b) issues related to the cultivation, manufacture, sale, testing, and use of marijuana; and

11 (c) the development, implementation, and use of the seed-to-sale tracking system established in
12 accordance with 16-12-105.

13 (2) The ~~revenue-economic affairs~~ interim committee shall identify issues likely to require future
14 legislative attention and develop legislation to present to the next regular session of the legislature.

15 (3) (a) The department shall periodically report to the ~~revenue-economic affairs~~ interim committee
16 and submit a report to the legislative clearinghouse, as provided in 5-11-210, on persons who are licensed or
17 registered pursuant to 16-12-203. The report must include:

18 (i) the number of ~~adult-use providers, adult-use marijuana-infused products providers, cultivators,~~
19 ~~manufacturers, and adult-use dispensaries~~ licensed pursuant to this chapter;

20 (ii) the number of ~~endorsements approved for manufacturing and type of violations committed by~~
21 ~~licensees;~~

22 (iii) the number of licenses revoked; and

23 (iv) the amount of marijuana and marijuana products cultivated and sold pursuant to this chapter.

24 (b) The report may not provide any identifying information of ~~adult-use providers, adult-use marijuana-~~
25 ~~infused products providers, or adult-use~~ cultivators, manufacturers, and dispensaries except basic geographic
26 or other statistical information.

27 (4) The report on inspections required under 16-12-210 must include, at a minimum, the following
28 information for both announced and unannounced inspections:

- 1 (a) the number of inspections conducted, by canopy licensure tier;
- 2 (b) the number of ~~adult-use providers or adult-use marijuana-infused products providers~~ licensees
- 3 that were inspected more than once during the year;
- 4 (c) the number of inspections that were conducted because of complaints made to the department;
- 5 and
- 6 (d) the types of enforcement actions taken as a result of the inspections.

7 ~~(5) The reports provided for in this section must also be provided to the transportation interim~~
 8 ~~committee provided for in 5-5-233."~~

9

10 **Section 46.** Section 16-12-111, MCA, is amended to read:

11 **"16-12-111. ~~(Effective October 1, 2021) Marijuana compensation state special revenue account~~**

12 **-- operating reserve -- transfer of excess funds.** (1) There is a dedicated marijuana compensation state
 13 special revenue account within the state special revenue fund established in 17-2-102, to be administered by
 14 the department.

15 (2) The account consists of:

16 (a) money deposited into the account pursuant to this chapter;

17 (b) the taxes collected pursuant to Title 15, chapter 64, part 1;

18 (c) license and registered cardholder fees deposited into the account pursuant to this chapter; ~~AND~~

19 ~~(d) taxes deposited into the account pursuant to [section 9] ; and~~

20 ~~(d) taxes deposited into the account pursuant to [section 95]; and~~

21 ~~(e)(e)(e) civil penalties collected under this chapter.~~

22 (3) Except as provided in subsection (4), money in the account must be used by the department for
 23 the purpose of administering the provisions of this chapter.

24 (4) At the end of each fiscal year, the department shall transfer funds in excess of a 3-month
 25 operating reserve necessary to fund operating costs at the beginning of the next fiscal year in the following
 26 order:

27 (a) an amount not to exceed \$6 million must be transferred to the marijuana healing and ending
 28 addiction through recovery and treatment (HEART) fund account established in ~~17-6-606~~ [SECTION ~~92~~ 100];

1 ~~(B) \$150,000 MUST BE DISTRIBUTED TO THE BOARD OF CRIME CONTROL TO FUND CRISIS INTERVENTION TEAM~~
2 ~~TRAINING AS PROVIDED IN 44-7-110; AND~~

3 ~~(B)(C) FOR THE BIENNIUM BEGINNING JULY 1, 2023, \$300,000 MUST BE DISTRIBUTED TO THE DEPARTMENT OF~~
4 ~~JUSTICE TO ADMINISTER GRANT FUNDING TO LOCAL AND STATE LAW ENFORCEMENT AGENCIES FOR THE PURPOSE OF~~
5 ~~PURCHASING AND TRAINING DRUG-DETECTION CANINES AND CANINE HANDLERS, INCLUDING CANINES OWNED BY LOCAL~~
6 ~~LAW ENFORCEMENT AGENCIES TO REPLACE CANINES WHO WERE TRAINED TO DETECT MARIJUANA; AND~~

7 ~~(b)(D)(b) the net balance remaining after distribution to the marijuana HEART fund THE DISTRIBUTIONS~~
8 ~~MADE UNDER SUBSECTIONS (4)(A) THROUGH (4)(C) distribution to the HEART fund account must be distributed as~~
9 ~~follows:~~

10 ~~(i) 88% to the general fund; and~~

11 ~~(ii) 12%, but not to exceed \$1.95 million annually, in equal proportions to the:~~

12 ~~(i) 20% to the credit of the department of fish, wildlife, and parks to be used solely as funding for~~
13 ~~wildlife habitat in the same manner as funding generated under 87-1-242(3) and used pursuant to 87-1-209;~~

14 ~~(A)(ii) 4% to the state park account established in 23-1-105(1);~~

15 ~~(B)(iii) 4% to the trails and recreational facilities account established in 23-2-108; and~~

16 ~~(C)(iv) 4% to the nongame wildlife account established in 87-5-121.; AND~~

17 ~~(iii) If IF the net balance under subsection (4)(d)(ii) exceeds \$1.95 million, any amount above \$1.95~~
18 ~~million dollars shall be distributed to the general fund.~~

19 ~~(v) 3% or \$200,000, whichever is less, to the veterans and surviving spouses state special revenue~~
20 ~~account provided for in [section 93];~~

21 ~~(vi) for the biennium beginning July 1, 2023, \$300,000 to the department of justice to administer grant~~
22 ~~funding to local and state law enforcement agencies for the purpose of purchasing and training drug-detection~~
23 ~~canines and canine handlers, including canines owned by local law enforcement agencies to replace canines~~
24 ~~who were trained to detect marijuana;~~

25 ~~(vii) \$150,000 to the board of crime control to fund crisis intervention team training as provided in 44-7-~~
26 ~~110; and~~

27 ~~(viii) the remainder to the general fund.~~

28 ~~(2) Marijuana sales taxes collected under the provisions of part 4 of this chapter must, in accordance~~

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1 with the provisions of ~~17-2-124~~, be deposited into the account along with any interest and income earned on the
2 account.

3 ~~(3) Funds deposited into the account must be transferred in the following amounts to provide funding~~
4 ~~as set out below:~~

5 ~~(a) 4.125% of the funds to be deposited into the nongame wildlife account established in 87-5-121;~~

6 ~~(b) 4.125% of the funds to be deposited into the state park account established in 23-1-105(1);~~

7 ~~(c) 4.125% of the funds to be deposited into the trails and recreational facilities account established in~~
8 ~~23-2-108;~~

9 ~~(d) 37.125% of the funds to be deposited to the credit of the department of fish, wildlife, and parks to~~
10 ~~be used solely as funding for wildlife habitat in the same manner as funding generated under 87-1-242(3) and~~
11 ~~used pursuant to 87-1-209;~~

12 ~~(e) 10.5% to the state general fund; and~~

13 ~~(f) the remainder in the subaccounts provided for in this subsection (3)(f). There are subaccounts in~~
14 ~~the marijuana compensation special revenue account established by subsection (1). Funding deposited into this~~
15 ~~account under subsection (2) is further deposited into subaccounts to be used only as follows:~~

16 ~~(i) 10% of the funds to be deposited into a subaccount to be administered by the department of public~~
17 ~~health and human services to provide grants to existing agencies and not-for-profit organizations, whether~~
18 ~~government or community based, to increase access to evidence-based low-barrier drug addiction treatment,~~
19 ~~prioritizing medically proven treatment and overdose prevention and reversal methods and public or private~~
20 ~~treatment options with an emphasis on reintegrating recipients into their local communities, to support overdose~~
21 ~~prevention education, and to support job placement, housing, and counseling for those with substance use~~
22 ~~disorders;~~

23 ~~(ii) 10% of the funds to be deposited into a subaccount to be administered by the department of~~
24 ~~commerce for distribution to the local government representing the locality where the retail sales occurred;~~

25 ~~(iii) 10% of the funds to be deposited into a subaccount to be administered by the veterans' affairs~~
26 ~~division of the department of military affairs to provide services and assistance for all Montana veterans and~~
27 ~~surviving spouses and dependents; and~~

28 ~~(iv) 10% of the funds to be deposited into a subaccount to be administered by the Montana department~~

1 of public health and human services to administer medicaid rate increases that provide for a wage increase to
2 health care workers who provide direct medicaid-funded home and community health services for elderly and
3 disabled persons.

4 ~~(4) (a) Funds transferred from the accounts and subaccounts provided in subsection (3) may be used~~
5 ~~only to increase revenue for the purposes specified and may not be used to supplant other sources of revenue~~
6 ~~used for these purposes.~~

7 ~~(b) Funds deposited into the account provided in subsection (1) may be used only to increase~~
8 ~~revenue to each special revenue account or subaccount set forth in subsection (3) and may not be used to~~
9 ~~supplant other sources of revenue for these purposes."~~

10

11 **Section 47.** Section 16-12-112, MCA, is amended to read:

12 **"16-12-112. (Effective ~~October 1, 2021~~ January 1, 2022) Rulemaking authority -- fees.** (1) The
13 department may adopt rules to implement and administer this chapter, including:

14 (a) the manner in which the department will consider applications for licenses, permits, and
15 endorsements and renewal of licenses, permits, and endorsements;

16 (b) the acceptable forms of proof of Montana residency;

17 (c) the procedures for obtaining fingerprints for the fingerprint-based and name-based background
18 checks required under ~~16-12-203~~ [section 2];

19 (d) the security and operating requirements for ~~adult-use dispensaries~~ licensees;

20 (e) the security and operating requirements for manufacturing, including but not limited to
21 requirements for:

22 (i) safety equipment;

23 (ii) extraction methods, including solvent-based and solvent-free extraction; and

24 (iii) post-processing procedures;

25 (f) notice and contested case hearing procedures for fines or license and endorsement revocations,
26 suspensions, or modifications;

27 (g) implementation of a system to allow the tracking of marijuana and ~~marijuana-infused~~ marijuana
28 products as required by 16-12-105;

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1 (h) labeling and packaging standards that protect public health by requiring the listing of
2 pharmacologically active ingredients, including, but not limited to, ~~tetrahydrocannabinol (THC)~~ THC, cannabidiol
3 (CBD) and other cannabinoid content, the THC and other cannabinoid amount in milligrams per serving, the
4 number of servings per package, and quantity limits per sale to comply with the allowable possession amount;
5 (i) investigating and making rules to limit, if necessary, the appropriate THC potency percentages for
6 marijuana and marijuana products;

7 ~~(j)~~(j) requirements that packaging and labels may not be made to be attractive to children, required
8 warning labels AS SET FORTH IN [SECTION 98 109], and that marijuana and ~~marijuana-infused~~ marijuana products
9 be sold in resealable, child-resistant exit packaging to protect public health as provided in 16-12-208;

10 ~~(k)~~(k) requirements and standards for the testing and retesting of marijuana and ~~marijuana-infused~~
11 marijuana products, including testing of samples collected during the department's inspections of ~~registered~~
12 licensed premises;

13 ~~(l)~~(l) the amount of variance allowable in the results of raw testing data that would warrant a
14 departmental investigation of inconsistent results as provided in 16-12-202;

15 ~~(m)~~(m) requirements and standards to prohibit or limit marijuana, ~~marijuana-infused~~ marijuana
16 products, and marijuana accessories that are unsafe or contaminated;

17 ~~(n)~~(n) the activities that constitute advertising in violation of 16-12-211;

18 ~~(o)~~(o) requirements and incentives to promote renewable energy, reduce water usage, and reduce
19 packaging waste to maintain a clean and healthy environment in Montana; and

20 ~~(p)~~(p) the fees for ~~endorsements for manufacturing, testing laboratories, additional canopy licensure~~
21 ~~tiers created in accordance with 16-12-105, and the fingerprint-based and name-based background checks~~
22 ~~required under 16-12-203 [section 2], employee certification, the marijuana transporter license, marijuana~~
23 worker permits, and other fees necessary to administer and enforce the provisions of this chapter. The fees ~~and~~
24 ~~other revenue collected through the taxes paid under 16-12-401 established by the department, taxes collected~~
25 pursuant to Title 15, chapter 64, part 1, civil penalties imposed pursuant to this chapter, and the licensing fees
26 established by rule and in 16-12-204 part 2 of this chapter must be sufficient to offset the expenses of
27 administering this chapter but may not exceed the amount necessary to cover the costs to the department of
28 implementing and enforcing this chapter.

1 (2) The department may not adopt any rule or regulation that is unduly burdensome or undermines
2 the purposes of this chapter.

3 (3) The department may consult or contract with other public agencies in carrying out its duties under
4 this chapter."
5

6 **Section 48.** Section 16-12-113, MCA, is amended to read:

7 **"16-12-113. Decriminalized acts -- petition for expungement or resentencing -- retroactive**
8 **application.** (1) A person currently serving a sentence for an act that is permitted under this chapter or is
9 punishable by a lesser sentence under this chapter than the person was awarded may petition for an
10 expungement of the conviction or resentencing.

11 (2) Upon receiving a petition under subsection (1), the expungement or resentencing of marijuana
12 conviction court, as provided in [sections 101 through 103], shall presume the petitioner satisfies the criteria in
13 subsection (1) unless the county attorney ~~proves by clear and convincing evidence that provides the court with~~
14 a reasonable basis on which the petitioner does not satisfy the criteria. If the petitioner satisfies the criteria in
15 subsection (1), the court shall grant the petition unless the court determines that granting the petition would
16 pose an unreasonable risk of danger to public safety.

17 (3) A person who is serving a sentence and is resentenced pursuant to subsection (1) must be given
18 credit for any time already served and may not be subject to supervision.

19 (4) Resentencing under this section may not result in the imposition of a term longer than the original
20 sentence or the reinstatement of charges dismissed pursuant to a negotiated plea agreement.

21 (5) (a) A person who has completed a sentence for an act that is permitted under this chapter or is
22 punishable by a lesser sentence under this chapter than the person was awarded may petition the sentencing
23 court to:

- 24 (i) expunge the conviction; or
- 25 (ii) redesignate the conviction as a misdemeanor or civil infraction in accordance with this chapter.

26 (b) The petition must be served on the county attorney for the county where the petition is filed.

27 (6) Upon receiving a petition under subsection (5), the court shall presume the petitioner satisfies the
28 criteria in subsection (5) unless the county attorney proves by clear and convincing evidence that the petitioner

1 does not satisfy the criteria. Once the applicant satisfies the criteria in subsection (5), the court shall
2 redesignate the conviction as a misdemeanor or civil infraction or expunge the conviction as legally invalid
3 pursuant to this chapter.

4 (7) Unless requested by the applicant, no hearing is necessary to grant or deny an application filed
5 under subsection (5).

6 (8) Any felony conviction that is recalled under subsection (1) or designated as a misdemeanor or civil
7 infraction under subsection (5) must be considered a misdemeanor or civil infraction for all purposes. Any
8 misdemeanor conviction that is recalled and resentenced under subsection (1) or designated as a civil
9 infraction under subsection (5) must be considered a civil infraction for all purposes.

10 (9) Nothing in this section constitutes a waiver of any right or remedy otherwise available to the
11 petitioner or applicant.

12 (10) Nothing in this chapter is intended to impact the finality of judgment in any case not falling within
13 the purview of this chapter.

14 (11) The provisions of this section apply equally to juvenile cases if the juvenile would not have been
15 guilty of an offense or would have been guilty of a lesser offense under this chapter.

16 (12) Petitioning for expungement or resentencing pursuant to this section does not make a person
17 ineligible to petition for misdemeanor expungement pursuant to Title 46, chapter 18, part 11."

18

19 **Section 49.** Section 16-12-201, MCA, is amended to read:

20 **"16-12-201. (Effective October 1, 2021 Effective January 1, 2022) Licensing of providers,**
21 **marijuana-infused products providers, and dispensaries for adult use cultivators, manufacturers, and**
22 **dispensaries.** No later than October 1, 2021, the department shall promulgate rules and regulations to
23 administer and enforce this chapter and shall begin accepting applications for and issuing licenses. The rules
24 may not be unduly burdensome. For the first 12 months after the department begins to receive applications, ~~(1)~~
25 (a) Between January 1, 2022, and June 30, 2023, the department shall ~~shall~~ may only accept applications from and
26 issue licenses to ~~providers, marijuana-infused products providers, and dispensaries licensed under Title 50,~~
27 chapter 46, part 3, that are former medical marijuana licensees that were licensed by the department of public
28 health and human services on November 3, 2020, and are in good standing with the department of public

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1 ~~health and human services~~ and in compliance with this chapter, ~~and~~ rules adopted by the department, ~~and any~~
2 ~~applicable local regulations or ordinances as of [the effective date of this section].~~

3 ~~(b) The department shall begin accepting applications for and issuing licenses to cultivate,~~
4 ~~manufacture, or sell marijuana or marijuana products to applicants who are not former medical marijuana~~
5 ~~licensees under subsection (1)(a) on or after July 1, 2023.~~

6 ~~(2) (a) The department shall adopt rules to govern the operation of former medical marijuana~~
7 ~~licensees and facilitate the process of transitioning former medical marijuana licensees to the appropriate~~
8 ~~license under this chapter with a minimum of disruption to business operations.~~

9 ~~(a)(b) Former medical marijuana licensees that intend to sell marijuana or marijuana products~~
10 ~~exclusively to registered cardholders at a medical marijuana dispensary may do so without interruption~~
11 ~~Beginning on January 1, 2022, a former medical marijuana licensee may sell marijuana and marijuana products~~
12 ~~to registered cardholders at the medical tax rate set forth in 15-64-102 and to consumers at the adult-use~~
13 ~~marijuana tax rate set forth in 15-64-102 under the licensee's existing license in a jurisdiction that allows for the~~
14 ~~operation of marijuana businesses pursuant to 16-12-301 until the former medical marijuana licensee's next~~
15 ~~license renewal date that falls after January 1, 2022, by which time the former medical licensee must have~~
16 ~~applied for and obtained the appropriate licensure under this chapter to continue operations, unless an~~
17 ~~extension of time is granted by the department.~~

18 ~~(b) Former medical marijuana licensees that intend to sell marijuana or marijuana products to~~
19 ~~consumers in addition to registered cardholders shall apply for the appropriate licensure under this chapter in~~
20 ~~conjunction with their application for an adult-use dispensary license, and may continue sales to registered~~
21 ~~cardholders during the pendency of the applications.~~

22 ~~(c) (i) For~~ Except as provided in subsection (2)(c)(ii), for the purpose of this subsection (2),
23 "appropriate licensure" means a cultivator license, medical marijuana dispensary license, ~~adult-use dispensary~~
24 ~~license,~~ and, if applicable, a manufacturer license.

25 ~~(ii) A former medical marijuana licensee who sells marijuana and marijuana products exclusively to~~
26 ~~registered cardholders is not required to obtain an adult-use dispensary license.~~

27 ~~(3) The department may amend or issue licenses to provide for staggered expiration dates. The~~
28 ~~department may provide for initial license terms of greater than 12 months but no more than 23 months in~~

1 adopting staggered expiration dates. Thereafter, licenses expire annually. License fees for the license term
2 implementing staggered license terms may be prorated by the department."

3

4 **Section 50.** Section 16-12-202, MCA, is amended to read:

5 **"16-12-202. (Effective ~~October 1, 2021~~ January 1, 2022) Testing laboratories -- licensing --**

6 **inspection -- ~~dual licensure~~ -- state laboratory responsibility.** (1) (a) A person who obtains a testing
7 laboratory license or is an employee of a licensed testing laboratory is authorized to possess and test marijuana
8 as allowed by this chapter.

9 (b) A person who is a controlling beneficial owner of a testing laboratory or holds a financial interest in
10 a licensed testing laboratory may not be a controlling beneficial owner or have a financial interest in any entity
11 involved in the cultivation, manufacture, or sale of marijuana or marijuana products for whom testing services
12 are performed.

13 (2)(1)-(a) The state laboratory shall ~~license~~ endorse a testing ~~laboratories~~ laboratory to perform the
14 testing required under 16-12-206 and 16-12-209 before a testing laboratory may apply for licensure or renewal
15 with the department.

16 (b) (i) The state laboratory shall inspect a testing laboratory before ~~issuing or renewing a license~~
17 endorsing a testing laboratory for licensure or renewal and may not ~~issue or renew a license~~ endorse a testing
18 laboratory for licensure or renewal if the applicant does not meet the requirements of 16-12-206 and this
19 section.

20 (ii) The state laboratory may not issue a temporary license while an inspection is pending.

21 ~~(iii) Inspections conducted under this section must include the review provided for in 50-46-311(1)(b).~~

22 (3) An inspection conducted for licensure or renewal of a license must include a review of an
23 applicant's or testing laboratory's:

24 (a) physical premises where testing will be conducted;

25 (b) instrumentation;

26 (c) protocols for sampling, handling, testing, reporting, security and storage, and waste disposal;

27 (d) raw data on tests conducted by the laboratory, if the inspection is for renewal of a license; and

28 (e) vehicles used for transporting marijuana or marijuana product samples for testing purposes.

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1 (4) Upon receiving an endorsement from the state laboratory for licensure or annual renewal, a
2 testing laboratory must apply for licensure, or renewal, with the department by submitting to the department:

3 (a) the information required by 16-12-203; and

4 (b) a fee that the department shall establish by rule.

5 ~~(2)(5)~~ The state laboratory shall:

6 ~~(a) use the criteria established under 50-46-311 in evaluating and approving licenses issued under~~
7 ~~this section;~~

8 ~~(b) use the criteria established under 50-46-304(6) to establish and enforce standard operating~~
9 ~~procedures and testing standards for testing laboratories to ensure that consumers receive consistent and~~
10 ~~uniform information about the potency and quality of the marijuana and marijuana-infused products they~~
11 ~~receive; and~~

12 ~~(c) investigate inconsistent test results using the procedure provided for in 50-46-304(7).~~

13 (a) measure the tetrahydrocannabinol, tetrahydrocannabinolic acid, cannabidiol, and cannabidiolic
14 acid content of marijuana and marijuana products;

15 (b) test marijuana and marijuana products for pesticides, solvents, moisture levels, mold, mildew, and
16 other contaminants; and

17 (c) establish and enforce standard operating procedures and testing standards for testing laboratories
18 to ensure that consumers and registered cardholders receive consistent and uniform information about the
19 potency and quality of the marijuana and marijuana products they receive. The state laboratory shall:

20 (i) consult with independent national or international organizations that establish testing standards for
21 marijuana and marijuana products;

22 (ii) require testing laboratories to follow uniform standards and protocols for the samples accepted for
23 testing and the processes used for testing the samples; and

24 (iii) track and analyze the raw data for the results of testing conducted by testing laboratories to ensure
25 that the testing laboratories are providing consistent and uniform results.

26 ~~(6) The analytical laboratory services provided by the department of agriculture pursuant to 80-1-104~~
27 ~~may be used for the testing.~~

28 ~~(7)(6)~~ The department may retain the services of the analytical laboratory provided by the department

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1 of agriculture pursuant to 80-1-104 for the testing contemplated in this section.

2 ~~(3)(8)(7)~~ If an analysis of raw testing data indicates that licensees are providing test results that vary
3 among testing laboratories by an amount determined by the state laboratory by rule, the department shall
4 investigate the inconsistent results and determine within 60 days the steps the testing laboratories must take to
5 ensure that each testing laboratory provides accurate and consistent results.

6 ~~(4)(9)(8)~~ If the analysis of raw testing data indicates a testing laboratory may be providing inconsistent
7 results, the state laboratory ~~shall~~ may suspend the testing laboratory's license ~~until additional testing~~
8 ~~determines whether the results are consistent. A suspension must be based on rules adopted by the state~~
9 laboratory.

10 ~~(5)(10)(9)~~ —The ~~state laboratory department~~ shall revoke a testing laboratory's license upon a
11 determination that the laboratory is:

12 (a) providing test results that are fraudulent or misleading; or

13 (b) providing test results without having:

14 (i) the equipment needed to test marijuana, marijuana concentrates, or ~~marijuana-infused~~ marijuana
15 products; or

16 (ii) the equipment required under this chapter to conduct the tests for which the laboratory is providing
17 results.

18 ~~(6)(11)(10)~~ —A revocation under this section is subject to judicial review.

19 ~~(7)~~ The state laboratory:

20 ~~(a)~~ may license a testing laboratory to perform both the testing required under this chapter and under
21 Title 50, chapter 46; and

22 ~~(b)~~ shall use the same administrative rules for testing laboratories licensed under this chapter and
23 under Title 50, chapter 46."

24

25 **Section 51.** Section 16-12-203, MCA, is amended to read:

26 **"16-12-203. (Effective ~~October 1, 2021~~ January 1, 2022) Provider Licensing types --**

27 **requirements -- limitations -- activities.** (1) (a) Subject to ~~subsections (1)(b) and subsection (3)~~ and this

28 subsection (1), the department shall issue a license to or renew a license for a person who is applying to be an

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- 1 ~~adult-use provider or adult-use marijuana-infused products provider~~ a cultivator, manufacturer, medical-
2 marijuana dispensary, adult-use dispensary, or testing laboratory if the person submits to the department:
- 3 (i) the person's name, date of birth, and street address on a form prescribed by the department;
- 4 (ii) proof that the natural person having day-to-day operational control over the business is a Montana
5 resident;
- 6 ~~(iii) fingerprints meeting the requirements for a fingerprint-based background check by the department~~
7 ~~of justice and the federal bureau of investigation:~~
- 8 ~~(A) with the application for initial licensure; and~~
- 9 ~~(B) every 3 years thereafter;~~
- 10 ~~(iv)~~(iii) a statement, on a form prescribed by the department, that the person:
- 11 (A) will not divert to any other person the marijuana that the person cultivates or the marijuana-
12 infused marijuana products that the person manufactures for consumers or registered cardholders, unless the
13 marijuana or marijuana-infused marijuana products are sold to another adult-use provider or licensee as part of
14 a sale of a business as allowed under this section; and
- 15 (B) has no pending citations for violations occurring under this chapter or the marijuana laws of any
16 other state or jurisdiction;
- 17 ~~(v)~~(iv) the street address of the location at which marijuana, marijuana concentrates, or marijuana-
18 infused marijuana products will be cultivated, or manufactured, sold, or tested; and
- 19 ~~(vi) a fee as determined by the department not to exceed the costs of required background checks and~~
20 ~~associated administrative costs of processing the license.~~
- 21 (v) proof that the applicant has source of funding from a suitable source. A lender or other source of
22 money or credit may be found unsuitable if the source:
- 23 (A) is a person whose prior financial or other activities or criminal record:
- 24 (B) poses a threat to the public interest of the state;
- 25 (C) poses a threat to the effective regulation and control of marijuana and marijuana products; or
26 (D) creates a danger of illegal practices, methods, or activities in the conduct of the licensed
27 business.
- 28 (b) If the person to be licensed consists of more than one individual, the names of all owners must be

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1 submitted along with the fingerprints and date of birth of each owner having at least a 5% controlling beneficial
2 ownership interest.

3 (c) Nonindividuals who apply for the issuance of a marijuana business license shall disclose to the
4 department the following:

5 (i) a complete and accurate organizational chart of the marijuana business disclosing the identity and
6 ownership percentages of its controlling beneficial owners;

7 (ii) whether the applicant has ever filed for bankruptcy;

8 (iii) whether the applicant has ever been a party to a lawsuit, either as a plaintiff or defendant;

9 (iv) any financial interests held by the applicant in another marijuana business in any state;

10 ~~(ii)(v)~~ (v) —if the controlling beneficial owner is a publicly traded corporation, the controlling beneficial
11 owners' managers and any beneficial owners that directly or indirectly beneficially own 5% or more of the
12 owner's interest in the controlling beneficial owner;

13 ~~(iii)(vi)~~ (vi) if the controlling beneficial owner is not a publicly traded corporation, the controlling beneficial
14 owner's managers and any beneficial owners that directly or indirectly beneficially own 5% or more of the
15 owner's interest in the controlling beneficial owner;

16 ~~(iv)(vii)~~ (vii) if the controlling beneficial owner is a natural person, the natural person's identifying
17 information;

18 ~~(v)(viii)~~ (viii) —a person that is both a passive beneficial owner and a financial interest holder in the
19 marijuana business; and

20 ~~(vi)(ix)~~ (ix) any financial interest holder that holds two or more financial interests in the marijuana business
21 or that is contributing over 50% of the operating capital of the marijuana business.

22 (d) The department may request that the marijuana business disclose each beneficial owner and
23 affiliate of an applicant, or marijuana business, or controlling beneficial owner that is not a publicly traded
24 corporation.

25 (e) An applicant or marijuana business that is not a publicly traded corporation shall affirm under
26 penalty of perjury that it exercised reasonable care to confirm that its passive beneficial owners, financial
27 interest holders, and qualified institutional investors are not persons prohibited pursuant to this section, or
28 otherwise restricted from holding an interest under this chapter. An applicant's or marijuana business's failure to

1 exercise reasonable care is a basis for denial, fine, suspension, revocation, or other sanction by the
2 department.

3 (f) An applicant or marijuana business that is a publicly traded corporation shall affirm under penalty
4 of perjury that it exercised reasonable care to confirm that its passive beneficial owners, financial interest
5 holders, and qualified institutional investors are not persons prohibited pursuant to this section, or otherwise
6 restricted from holding an interest under this chapter. An applicant's or marijuana business's failure to exercise
7 reasonable care is a basis for denial, fine, suspension, revocation, or other sanction by the department.

8 (g) This section does not restrict the department's ability to reasonably request information or records
9 at renewal or as part of any other investigation following initial licensure of a marijuana business.

10 ~~(2) The department shall conduct:~~

11 ~~(a) a fingerprint-based background check in association with an application for initial licensure and~~
12 ~~every 3 years thereafter; and~~

13 ~~(b) a name-based background check in association with an application for initial licensure and each~~
14 ~~year thereafter except years that an applicant is required to submit fingerprints for a fingerprint-based~~
15 ~~background check.~~

16 ~~(3)(2) The department may not license a person under this chapter if the person or an owner,~~
17 ~~including a person with a financial interest:~~

18 ~~(a) has a felony conviction involving fraud, deceit, or embezzlement or for distribution of drugs to a~~
19 ~~minor within the past 5 years and, after an investigation, the department finds that the applicant has not been~~
20 ~~sufficiently rehabilitated as to warrant the public trust;~~

21 ~~(b) is in the custody of the department of corrections or a youth court;~~

22 ~~(c) has been convicted of a violation under 16-12-302;~~

23 ~~(d) has resided in Montana for less than 1 year; or~~

24 ~~(e) is under 18 years of age.~~

25 (a) has a felony conviction or a conviction for a drug offense, including but not limited to, a conviction
26 for a violation of any marijuana law in any other state within the past 5 years and, after an investigation, the
27 department finds that the applicant has not been sufficiently rehabilitated as to warrant the public trust;

28 (b) is in the custody of or under the supervision of the department of corrections or a youth court;

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1 (c) has been convicted of a violation under [section 24 19] or of making a fraudulent representation
2 under the former medical marijuana program administered by the department of public health and human
3 services;

4 (d) is under 21 years of age;

5 (e) has failed to:

6 (i) pay any taxes, interest, penalties, or judgments due to a government agency;

7 (ii) comply with any provisions of Title 15 or Title 16, including the failure to file any tax return or report;

8 (iii) stay out of default on a government-issued student loan;

9 (iv) pay child support; or

10 (v) remedy an outstanding delinquency for child support or for taxes or judgments owed to a
11 government agency; ~~or~~

12 (f) has had a license issued under this chapter or a former medical marijuana license ~~revoked within 3~~
13 years of the date of the application; or

14 (g) has resided in Montana for less than 1 year.

15 ~~(4)(3)~~ Marijuana for use pursuant to this chapter must be cultivated and manufactured in Montana
16 ~~until unless~~ federal law otherwise allows for the interstate distribution of marijuana.

17 ~~(5)(4)~~ Except as provided in 16-12-209, ~~an adult-use provider or adult-use marijuana-infused products~~
18 ~~provider~~ a cultivator, manufacturer, medical marijuana dispensary, or adult-use dispensary shall:

19 (a) prior to selling marijuana or ~~marijuana-infused~~ marijuana products, submit samples to a testing
20 ~~laboratories laboratory~~ pursuant to this chapter and administrative rules;

21 (b) allow the department to collect samples of marijuana or ~~marijuana-infused~~ marijuana products
22 during inspections of ~~registered~~ licensed premises for testing as provided by the department by rule; and

23 (c) participate as required by the department by rule in a seed-to-sale tracking system established by
24 the department pursuant to 16-12-105; and

25 ~~(d)~~ obtain the license from the department of agriculture if required by 80-7-106 for the adult-use
26 provider or adult-use marijuana-infused products provider that sells live plants as part of a sale of the adult-use
27 provider's business. An adult-use provider or adult-use marijuana-infused products provider required to obtain a
28 nursery license is subject to the inspection requirements of 80-7-108.

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1 ~~(6)~~(5) (a) Except as provided in 16-12-205, a person licensed under this section may cultivate
2 marijuana and manufacture ~~marijuana-infused-marijuana~~ marijuana products for use by consumers or registered
3 cardholders only at one of the following locations:

4 (i) a property that is owned by the ~~adult-use provider or adult-use marijuana-infused products provider~~
5 licensee; or

6 (ii) with written permission of the property owner filed with the department when applying for, or
7 renewing a license, a property that is rented or leased by the ~~adult-use provider or adult-use marijuana-infused~~
8 ~~products provider~~ licensee.

9 (b) Except as provided in 16-12-205, no portion of the property used for cultivation of marijuana or
10 manufacture of ~~marijuana-infused-marijuana~~ marijuana products or marijuana concentrate may be shared with or rented
11 or leased to another ~~adult-use provider, adult-use marijuana-infused products provider, or testing laboratory~~
12 licensee.

13 (c) Marijuana or marijuana products may not be consumed on the premises of any licensed premises

14 ~~(7) A licensed adult-use provider or adult-use marijuana-infused products provider may:~~

15 ~~(a)~~(6) A cultivator licensed under this chapter ~~may~~, in accordance with licensing requirements set
16 forth in this chapter and rules adopted by the department:

17 ~~(i)~~(a) may operate adult-use dispensaries; ~~and~~

18 ~~(ii)~~(b) ~~may~~ engage in manufacturing; ~~and~~

19 ~~(c)~~ may not engage in outdoor cultivation of marijuana, except as provided in [section 4(6)].

20 ~~(b) employ employees to cultivate marijuana, manufacture marijuana concentrates and marijuana-~~
21 ~~infused products, and dispense and transport marijuana and marijuana-infused products;~~

22 ~~(c) provide a small amount of marijuana, marijuana concentrate, or marijuana-infused product~~
23 ~~cultivated or manufactured on the registered premises to a licensed testing laboratory or the department of~~
24 ~~agriculture;~~

25 ~~(d) sell the adult-use provider's business, including live plants, inventory, material assets, and all~~
26 ~~licenses in accordance with rules adopted by the department; and~~

27 ~~(e) hold a provider or marijuana-infused products provider license issued pursuant to Title 50, chapter~~
28 ~~46, part 3.~~

1 ~~(8) (a) Except as provided in subsection (8)(b), an adult-use provider or adult-use marijuana-infused~~
2 ~~products provider:~~

3 ~~(i) shall sell marijuana the adult-use provider has cultivated or marijuana products derived from~~
4 ~~marijuana the adult-use marijuana-infused products provider has cultivated for at least 50% of the provider's~~
5 ~~total annual sales;~~

6 ~~(ii) may sell marijuana or marijuana-infused products to another adult-use provider for subsequent~~
7 ~~resale for up to 50% of the adult-use provider's total annual sales;~~

8 ~~(iii)(7) A cultivator or manufacturer:~~

9 ~~(a) may contract or otherwise arrange for another party that is licensed to process the adult provider's~~
10 ~~or adult marijuana-infused products provider's marijuana into marijuana-infused products or marijuana~~
11 ~~concentrates and return the marijuana-infused products or marijuana concentrates to the adult-use provider for~~
12 ~~sale a cultivator's or manufacturer's marijuana into marijuana products and return the marijuana products to the~~
13 ~~cultivator or manufacturer for sale; and~~

14 ~~(iv)(b) except as allowed pursuant to 16-12-207, may not open a dispensary or allow for any on-site~~
15 ~~use before obtaining the required license or and before the department has completed the inspection required~~
16 ~~under this chapter unless permitted to do so pursuant to 16-12-207.~~

17 ~~(b) The department may adjust the percentages set forth in subsection (8)(a) for an individual license~~
18 ~~holder based on unforeseen circumstances leading to the loss of plants or products."~~

19

20 **Section 52.** Section 16-12-204, MCA, is amended to read:

21 **"16-12-204. (Effective ~~October 1, 2021~~ January 1, 2022) ~~Adult-use marijuana-infused products~~**
22 **~~provider~~ Manufacturer -- requirements -- limitations -- fees.** (1) A person licensed as an adult-use
23 ~~marijuana-infused products provider~~ a manufacturer shall:

24 (a) prepare ~~marijuana-infused marijuana~~ products at a ~~registered-licensed~~ premises exclusively; and

25 (b) use equipment that is used exclusively for the manufacture and preparation of ~~marijuana-infused~~
26 marijuana products.

27 ~~(2) An adult-use marijuana-infused products provider:~~

28 ~~(a) may cultivate marijuana only for the purpose of making marijuana-infused products; and~~

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1 (b) ~~may not provide a consumer with marijuana in a form that may be used for smoking unless the~~
2 ~~adult-use marijuana-infused products provider is also a licensed adult-use provider.~~

3 ~~(3)(2)~~ All registered licensed premises on which marijuana-infused marijuana products are
4 manufactured must meet any applicable standards set by a local board of health for a retail food establishment
5 as defined in 50-50-102.

6 (3) An applicant for a manufacturer license shall demonstrate that the local government approval
7 provisions contained in 16-12-301 have been satisfied in the jurisdiction where each proposed manufacturing
8 facility is located if a proposed facility would be located in a county in which the majority of voters voted against
9 approval of Initiative Measure No. 190 in the November 3, 2020, general election.

10 (4) When evaluating an initial or renewal application, the department shall evaluate each proposed
11 manufacturing facility for compliance with the provisions of 16-12-207 and 16-12-210.

12 ~~(4)(5)~~ Marijuana-infused Marijuana products may not be considered a food or drug for the purposes of
13 Title 50, chapter 31.

14 (6) (a) The department shall charge a manufacturer license fee for an initial application and at each
15 renewal. The license fee is based on the amount of concentrate produced at a manufacturing facility on a
16 monthly basis. The annual fees for licensees are:

17 (i) \$5,000 for each manufacturing facility that produces, on a monthly basis, less than 1 pound of
18 concentrate and up to 10 pounds of concentrate;

19 (ii) \$10,000 for each manufacturing facility that produces, on a monthly basis, between 10 pounds of
20 concentrate and 15 pounds of concentrate; and

21 (iii) \$20,000 for each manufacturing facility that produces, on a monthly basis, 15 pounds or more of
22 concentrate.

23 (b) The department may create additional fee levels as necessary.

24 (c) A manufacturer may apply to advance to the next licensing level in conjunction with a regular
25 renewal application by demonstrating that its proposed additional or expanded manufacturing facility or facilities
26 are located in a jurisdiction where the local government approval provisions contained in 16-12-301 have been
27 satisfied or that they are located in a county in which the majority of voters voted to approve Initiative Measure
28 No. 190 in the November 3, 2020, general election.

- 1 (7) The department may adopt rules:
- 2 (a) for the inspection of proposed manufacturing facilities;
- 3 (b) for investigating the amount of concentrate produced at a manufacturing facility; and
- 4 (c) for investigating owners or applicants for a determination of beneficial ownership or financial
- 5 interest."

6

7 **Section 53.** Section 16-12-206, MCA, is amended to read:

8 **"16-12-206. (Effective ~~October 1, 2021~~ January 1, 2022) Testing laboratories -- licensing**

9 **inspections.** (1) A testing laboratory ~~licensed pursuant to Title 50, chapter 46, part 3, shall~~ may:

- 10 (a) measure the tetrahydrocannabinol, tetrahydrocannabinolic acid, cannabidiol, and cannabidiolic
- 11 acid content of marijuana and ~~marijuana-infused marijuana~~ marijuana products; and
- 12 (b) test marijuana and ~~marijuana-infused marijuana~~ marijuana products for pesticides, solvents, moisture levels,
- 13 mold, mildew, and other contaminants. A testing laboratory may not transport samples to be tested unless it
- 14 also possesses a marijuana transporter license.

15 ~~(2) The analytical laboratory services provided by the department of agriculture pursuant to 80-1-~~

16 ~~404 may be used for the testing provided for in this section.~~

17 ~~(3) A person with a financial interest in a licensed testing laboratory may not have a financial interest~~

18 ~~in any entity involved in the cultivation of marijuana or manufacture of a marijuana-infused product or marijuana~~

19 ~~concentrate for whom testing services are performed.~~

20 (2) A licensed testing laboratory shall employ a scientific director who is responsible for ensuring the

21 achievement and maintenance of quality standards of practice. A scientific director must have the following

22 minimum qualifications:

23 (a) a doctorate in chemical or biological sciences from a college or university accredited by a national

24 or regional certifying authority and a minimum of 2 years of postdegree laboratory experience; or

25 (b) a master's degree in chemical or biological sciences from a college or university accredited by a

26 national or regional certifying authority and a minimum of 4 years of postdegree laboratory experience.

27 (3) All owners and employees of a testing laboratory shall submit fingerprints to the department to

28 facilitate a fingerprint and background check as set forth in [section 2]. A testing laboratory may not be owned,

1 operated, or staffed by a person who has been convicted of a felony offense.

2 (4) To qualify for licensure, a testing laboratory shall demonstrate that:

3 (a) staff members are proficient in operation of the laboratory equipment; and

4 (b) the laboratory:

5 (i) maintains the equipment and instrumentation required by rule;

6 (ii) has all equipment and instrumentation necessary to certify results that meet the quality assurance
7 testing requirements established by rule, including the ability to certify results at the required level of sensitivity;

8 (iii) meets insurance and bonding requirements established by rule;

9 (iv) has the capacity and ability to serve rural areas of the state; and

10 (v) has passed a proficiency program approved by the state laboratory that demonstrates it is able to
11 meet all testing requirements.

12 ~~(4)~~(5) Except as provided in 16-12-209, a testing laboratory shall conduct tests of:

13 (a) ~~samples of marijuana, marijuana concentrate, and marijuana-infused products submitted by adult-~~
14 ~~use providers and adult-use marijuana-infused products providers and marijuana products submitted by~~
15 ~~cultivators and manufacturers pursuant to 16-12-209 and related administrative rules prior to sale of the~~
16 ~~marijuana or marijuana-infused marijuana products;~~

17 (b) ~~samples of marijuana or marijuana-infused marijuana products collected by the department during~~
18 ~~inspections of registered-licensed premises; and~~

19 (c) ~~samples submitted by consumers or registered cardholders."~~

21 **Section 54.** Section 16-12-207, MCA, is amended to read:

22 **"16-12-207. (Effective ~~October 1, 2021~~ January 1, 2022) Licensing as privilege -- criteria.** (1) ~~An~~
23 ~~adult-use provider license, adult-use marijuana-infused products provider license, adult-use dispensary license,~~
24 ~~or endorsement for manufacturing~~ A cultivator license, manufacturer license, adult-use dispensary license,
25 medical marijuana dispensary license, combined-use marijuana license, marijuana transporter license, or any
26 other license authorized under this chapter is a privilege that the state may grant to an applicant and is not a
27 right to which an applicant is entitled. In making a licensing decision, the department shall consider:

28 (a) the qualifications of the applicant; and

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1 (b) the suitability of the proposed ~~registered-licensed~~ premises, including but not limited to cultivation
2 centers, dispensaries, and manufacturing facilities.

3 (2) The department may deny or revoke a license based on proof that the applicant made a ~~knowing~~
4 ~~and material~~ false statement in any part of the original application or renewal application.

5 (3) (a) The department may deny an adult-use provider license, adult-use marijuana-infused products
6 provider license, adult-use dispensary license, or endorsement for manufacturing shall deny a cultivator license,
7 manufacturer license, adult-use dispensary license, or medical marijuana license if the applicant's proposed
8 ~~registered-licensed~~ premises:

9 (i) is situated within a zone of a locality where an activity related to the use of marijuana conflicts with
10 an ordinance, a certified copy of which has been filed with the department;

11 (4) ~~(a) The department may deny a license for an adult-use provider, adult-use marijuana-infused~~
12 ~~products provider, or adult-use dispensary or an endorsement for manufacturing if the applicant's proposed~~
13 ~~registered premises:~~

14 ~~(i)(ii)~~ —is not approved by local building, health, or fire officials as provided for in this chapter; or

15 ~~(ii)(iii)~~ (A) except as provided in subsection (3)(a)(iii)(B), is within 500 feet of and on the same street as
16 a building used exclusively as a church, synagogue, or other place of worship or as a school or postsecondary
17 school other than a commercially operated school, unless the locality ~~allows for a reduced~~ requires a greater
18 distance. This distance must be measured in a straight line from the center of the nearest entrance of the place
19 of worship or school to the nearest entrance of the licensee's premises.

20 (B) Subsection (3)(a)(iii)(A) does not apply if the application is for license renewal and the licensed
21 premises was established before the church, synagogue, or other place of worship or school or postsecondary
22 school existed on the same street.

23 (b) For the purposes of this subsection ~~(4)~~ (3), "school" and "postsecondary school" have the
24 meanings provided in 20-5-402.

25 ~~(5) An adult-use provider, adult-use marijuana-infused products provider, or adult-use dispensary~~
26 ~~licensee may operate at a shared location with a provider, marijuana-infused products provider, or dispensary~~
27 ~~as defined in 50-46-302 if the provider, marijuana-infused products provider, or dispensary is owned by the~~
28 ~~same person.~~

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1 (4) A licensee may not sell or otherwise transfer marijuana or marijuana products through a drive-up
2 window, except that a dispensary may hand-deliver marijuana or marijuana products to a registered cardholder
3 in a vehicle that is parked immediately outside the subject dispensary.

4 (5) A marijuana business may not dispense or otherwise sell marijuana or marijuana products from a
5 vending machine or allow such a vending machine to be installed at the interior or exterior of the premises.

6 (6) A marijuana business may not utilize the United States postal service or an alternative carrier
7 other than a licensed marijuana transporter to transport, distribute, ship, or otherwise deliver marijuana or
8 marijuana products.

9 (7) A marijuana business may not provide free marijuana or marijuana products or offer samples of
10 marijuana or marijuana products.

11 (8) Marijuana or a marijuana product may not be given as a prize, premium, or consideration for a
12 lottery, contest, game of chance, game of skill, or competition of any kind.

13 (9) (a) Except as provided in subsection (9)(c), an adult-use dispensary or medical marijuana
14 dispensary must have a single, secured entrance for patrons and shall implement strict security measures to
15 deter and prevent the theft of marijuana and unauthorized entrance in accordance with department rule.

16 (b) Except as provided in subsection (9)(c), a marijuana business that is not an adult-use dispensary
17 or medical marijuana dispensary must implement security measures in accordance with department rule to
18 deter and prevent the theft of marijuana and unauthorized entrance.

19 (c) The provisions of this subsection (9) do not supersede any state or local requirements relating to
20 minimum numbers of points of entry or exit, or any state or local requirements relating to fire safety.

21 (10) Each marijuana business shall install a video monitoring system that must, at a minimum:

22 (a) allow for the transmission and storage, by digital means, of a video feed that displays the interior
23 and exterior of the cannabis establishment; and

24 (b) be capable of being recorded as prescribed by the department.

25 (11) An adult-use dispensary or medical marijuana dispensary may not operate between the hours of 8
26 p.m. and 9 a.m. daily.

27 (12) A person under 21 years of age is not permitted inside a marijuana business unless the person is
28 a registered cardholder."

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Section 55. Section 16-12-208, MCA, is amended to read:

~~"16-12-208. (Effective October 1, 2021 January 1, 2022) Restrictions. (1) An adult-use provider or adult-use marijuana-infused products provider~~ A cultivator or manufacturer may not cultivate marijuana or manufacture marijuana ~~concentrates or marijuana-infused products~~ in a manner that is visible from the street or other public area without the use of binoculars, aircraft, or other optical aids.

~~(2) An adult-use provider or adult-use marijuana-infused products provider~~ A cultivator or manufacturer may not cultivate, process, test, or store marijuana at any location other than the ~~registered licensed~~ premises approved by the department and within an enclosed area that is secured in a manner that prevents access by unauthorized persons.

~~(3) An adult-use provider or adult-use marijuana-infused products provider shall secure the provider's inventory and equipment during and after operating hours to deter and prevent theft of marijuana.~~

~~(4)(3) An adult-use provider or adult-use marijuana-infused products provider~~ A licensee shall make the ~~registered licensed~~ premises, books, and records available to the department for inspection and audit under 16-12-210 during normal business hours.

~~(5)(4) An adult-use provider or adult-use marijuana-infused products provider~~ A licensee may not allow a person under 18 years of age to volunteer or work for the licensee.

~~(6)(5) Edible marijuana-infused marijuana products manufactured as candy~~ may not be sold in shapes or packages that are attractive to children or that are easily confused with commercially sold candy that does not contain marijuana.

~~(7)(6) (a) Marijuana or a marijuana-infused product~~ marijuana products must be sold or otherwise transferred in resealable, child-resistant ~~exit~~ packaging that complies with federal child resistance standards and is designed to be significantly difficult for children under 5 years of age to open and not difficult for adults to use properly.

~~(b) Subsection (7)(a) does not apply to marijuana consumed on the premises where it is sold, if permitted by department rule.~~

~~(b) Packaging and outward labeling shall contain only a plain white label with black print that identifies the name of the product. All packaging and outward labeling must also comply with standards or criteria~~

1 ~~established by the department, including but not limited to:~~

2 ~~(i) the size and type of permitted font;~~

3 ~~(ii) allowable symbols and imagery; and~~

4 ~~(iii) THC content or CBD content, health warning messages, and ingredients.~~

5 (b) (i) Packaging of individual products may contain only the following design elements and language

6 on a white label:

7 (A) the seller's business name and any accompanying logo or design mark;

8 (B) the name of the product; and

9 (C) the THC content or CBD content, health warning messages as provided in [section 109], and

10 ingredients.

11 (ii) All packaging and outward labeling, including business logos and design marks, must also comply

12 with any standards or criteria established by the department, including but not limited to allowable symbols and

13 imagery.

14 ~~(8)(7) An adult-use provider or adult-use marijuana-infused products provider~~ A licensee ~~An adult-use~~

15 dispensary or medical marijuana dispensary may not sell or otherwise transfer ~~tobacco~~ hemp or alcohol from a

16 registered licensed premises.

17 (8) (a) Prior to selling, offering for sale, or transferring marijuana or marijuana product that is for

18 ultimate sale to a consumer or registered cardholder, a licensee or license applicant shall submit both a

19 package and a label application, in a form prescribed by the department, to receive approval from the

20 department.

21 (b) The initial submission shall be made electronically if required by the department. The licensee,

22 license or applicant shall submit a physical prototype upon request by the department.

23 (c) If a license applicant submits packages and labels for preapproval, final determination for

24 packages and labels may not be made until the applicant has been issued a license.

25 (d) A packaging and label application must include:

26 (i) a fee provided for in rule by the department;

27 (ii) documentation that ~~the package~~ all exit packaging has been certified as child-resistant by a

28 federally qualified third-party child-resistant package testing firm;

- 1 (iii) a picture or rendering of and description of the item to be placed in ~~the each~~ package; and
- 2 (iv) for label applications for inhalable marijuana products that contain nonmarijuana additives:
- 3 (A) the nonmarijuana additive's list of ingredients; and
- 4 (B) in a form and manner prescribed by the department, information regarding the additive or additives
- 5 and the manufacturer of the additive or additives.

6 (9) For the purpose of this section, "exit packaging" means a sealed, child-resistant certified
 7 receptacle into which marijuana or marijuana products already within a container are placed at the retail point of
 8 sale."

10 **Section 56.** Section 16-12-209, MCA, is amended to read:

11 **"16-12-209. (Effective ~~October 1, 2021~~ January 1, 2022) Testing of marijuana and marijuana-**

12 **infused marijuana products.** (1) ~~An adult-use provider or adult-use marijuana-infused products provider A~~
 13 ~~cultivator, manufacturer, adult-use dispensary, or medical marijuana dispensary~~ may not sell marijuana or
 14 ~~marijuana-infused marijuana products~~ until the marijuana or marijuana products have been tested by a testing
 15 laboratory ~~or the department of agriculture~~ and meet the requirements of ~~50-46-326~~ this section. The licensee
 16 shall pay for the testing.

17 ~~(2) An adult-use provider or adult-use marijuana-infused products provider A licensee~~ shall submit
 18 material that has been collected in accordance with a sampling protocol established by the state laboratory by
 19 rule. The protocol must address the division of marijuana and ~~marijuana-infused marijuana products~~ into batch
 20 sizes for testing. ~~Each batch must be tested in the following categories:~~

- 21 ~~(a) flower;~~
- 22 ~~(b) concentrate; and~~
- 23 ~~(c) marijuana-infused product.~~

24 ~~(3) The state laboratory shall apply the same rules adopted pursuant to Title 50, chapter 46, part 3,~~
 25 ~~regarding the types of tests, inspections, analysis, and certification that must be performed to ensure product~~
 26 ~~safety and consumer protection to marijuana and marijuana products tested pursuant to this chapter~~ adopt
 27 rules regarding the types of tests that must be performed to ensure product safety and consumer protection.

28 Rules must include but are not limited to testing for:

- 1 (a) the potency of the cannabinoids present; and
- 2 (b) the presence of contaminants.
- 3 (4) The testing laboratory shall conduct a visual inspection of each batch to determine the presence of
- 4 levels of foreign matter, debris, insects, and visible mold.
- 5 (5) The state laboratory shall establish by rule the acceptable levels of moisture, pesticides, residual
- 6 solvents, mold, mildew, foreign matter, debris, insects, and other contaminants that marijuana products may
- 7 contain.

- 8 (6) The testing laboratory shall:
- 9 (a) issue a certificate of analysis certifying the test results; and
- 10 (b) report the results to the seed-to-sale tracking system established pursuant to 16-12-105.
- 11 ~~(4)(7) An adult-use provider or adult-use marijuana-infused products provider~~ A licensee may request
- 12 that material that has failed to pass the required tests be retested in accordance with the rules adopted by the
- 13 state laboratory providing for retesting parameters and requirements.

14 ~~(5)(8) Marijuana or a marijuana-infused marijuana~~ marijuana or marijuana-infused marijuana product must include a label indicating that the

15 marijuana or marijuana-infused marijuana product has been tested."

17 **Section 57.** Section 16-12-210, MCA, is amended to read:

18 **"16-12-210. (Effective ~~October 1, 2024~~ January 1, 2022) Inspections -- procedures -- prohibition**

19 **on inspector affiliation with licensees.** (1) (A) The department shall conduct unannounced inspections of

20 ~~registered-licensed~~ premises.

21 (B) THE DEPARTMENT MAY NOT CONDUCT MORE THAN TWO UNANNOUNCED INSPECTIONS OF A LICENSED

22 PREMISES PER YEAR UNLESS A CITATION HAS BEEN ISSUED TO A LICENSEE AT THE PREMISES WITHIN THE LAST 2 YEARS

23 OR THERE IS OTHER JUST AND REASONABLE CAUSE.

- 24 (2) (a) The department shall inspect annually each ~~registered~~ premises operated by a licensee.
- 25 (b) The department may collect samples during the inspection of a ~~registered-licensed~~ premises and
- 26 submit the samples to ~~all registered testing laboratories~~ a testing laboratory or the state laboratory for testing as
- 27 provided by the department by rule.

- 28 (3) (a) Each ~~adult-use provider and adult-use marijuana-infused products provider~~ licensee shall

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1 keep a complete set of records necessary to show all transactions with consumers and registered cardholders.

2 The records must be open for inspection by the department or state laboratory, as appropriate, and state or
3 local law enforcement agencies ~~during normal business hours~~.

4 (b) Each testing laboratory shall keep:

5 (i) a complete set of records necessary to show all transactions with ~~adult-use providers and adult-~~
6 ~~use marijuana-infused products providers~~ a licensee; and

7 (ii) all data, including instrument raw data, pertaining to the testing of marijuana and ~~marijuana-infused~~
8 marijuana products.

9 (c) The records and data required under this subsection (3) must be open for inspection by the
10 department and state or local law enforcement agencies ~~during normal business hours~~.

11 (d) The department may require ~~an adult-use provider, adult-use marijuana-infused products provider,~~
12 ~~or testing laboratory~~ a licensee to furnish information that the department considers necessary for the proper
13 administration of this chapter.

14 (4) (a) ~~Registered~~ Each licensed premises, including any places of storage, where marijuana is
15 cultivated, manufactured, sold, stored, or tested are subject to entry by the department or state or local law
16 enforcement agencies for the purpose of inspection or investigation ~~during normal business hours~~.

17 (b) If any part of ~~the registered~~ a licensed premises consists of a locked area, the ~~provider or~~
18 ~~marijuana-infused products provider~~ licensee shall make the area available for inspection immediately upon
19 request of the department or state or local law enforcement officials.

20 ~~(5) If the department conducts an inspection because of a complaint against a licensee or registered~~
21 ~~licensed premises and does not find a violation of this chapter, the department shall give the licensee a copy of~~
22 ~~the complaint with the name of the complainant redacted.~~

23 ~~(6)(5)~~ The department may not hire or contract with a person to be an inspector if the person ~~has~~
24 ~~worked~~ during the previous 4 years, was or worked for a Montana business or facility operating under this
25 chapter or Title 50, chapter 46, part 3 a former medical marijuana licensee.

26 ~~(6)~~ In addition to any other penalties provided under this chapter, the department may revoke,
27 suspend for up to 1 year, or refuse to renew a license or endorsement issued under this chapter if, upon
28 inspection and subsequent notice to the licensee, the department finds that any of the following circumstances

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1 exist:

2 (a) a cause for which issuance of the license or endorsement could have been rejected had it been
3 known to the department at the time of issuance;

4 (b) a violation of an administrative rule adopted to carry out the provisions of this chapter; or

5 (c) noncompliance with any provision of this chapter.

6 ~~(6)(7)~~ The department may suspend or modify a license or endorsement without advance notice upon
7 a finding that presents an immediate threat to the health, safety, or welfare of consumers, employees of the
8 licensee, or members of the public. The department may establish by rule the applicable procedures for
9 securing or disposing of the inventory in such circumstances.

10 ~~(7)(8)~~ (a) Review of a department action imposing a suspension, revocation, or other modification
11 under this chapter must be conducted as a contested case hearing before the department's office of dispute
12 resolution under the provisions of the Montana Administrative Procedure Act.

13 (b) A person may appeal any decision of the department of revenue concerning the issuance,
14 rejection, suspension, or revocation of a license provided for by this chapter to the district court of the first
15 judicial district in the county in which the person operates or proposes to operate. If a person operates
16 or seeks to operate in more than one county, the person may seek judicial review in the district court
17 with jurisdiction over actions arising in any of the counties where it operates or seeks to operate.

18 (c) An appeal pursuant to subsection ~~(9)(b)~~ (8)(B) shall be made by filing a complaint setting forth the
19 grounds for relief and the nature of relief demanded with the district court within 30 days following receipt of
20 notice of the department's final decision.

21 ~~(40)(9)~~ The department shall establish a training protocol to ensure uniform application and
22 enforcement of the requirements of this chapter.

23 ~~(44)(10)~~ The department shall report biennially to the ~~revenue-economic affairs~~ interim committee
24 concerning the results of inspections conducted under this section. The report must include the information
25 required under 16-12-110."

26

27 **Section 58.** Section 16-12-211, MCA, is amended to read:

28 **"16-12-211. (Effective ~~October 1, 2021~~ January 1, 2022) Advertising prohibited.** (1) Persons with

1 licenses may not advertise marijuana or ~~marijuana-related~~ marijuana products in any medium, including
2 electronic media.

3 (2) A listing in a directory of businesses authorized under this chapter is not advertising for the
4 purposes of this section.

5 (3) A licensee may have a website but may not:

6 (a) include prices on the website; or

7 (b) actively solicit consumers or out-of-state consumers through the website.

8 (4) The department shall adopt rules to clearly identify the activities that constitute advertising that are
9 prohibited under this section."

10

11 **Section 59.** Section 16-12-301, MCA, is amended to read:

12 **"16-12-301. ~~(Effective October 1, 2021)~~ Local government authority to regulate -- opt-in**

13 **requirement in certain counties -- exemption for existing licensees.** (1) (a) Except as provided in
14 subsection (1)(b), a marijuana business may not operate in a county in which the majority of voters voted
15 against approval of Initiative Measure No. 190 in the November 3, 2020, general election until:

16 (i) the category or categories of license that the marijuana business seeks has or have been
17 approved by the local jurisdiction where the marijuana BUSINESS intends to operate as provided in subsection
18 (3) or (4); and

19 (ii) the business is licensed by the department pursuant to this chapter.

20 (b) A former medical marijuana licensee that does not apply for licensure as an adult-use dispensary
21 may operate in its existing premises in compliance with rules adopted by the department pursuant to 16-12-
22 201(2) notwithstanding a local jurisdiction's failure to take action pursuant to subsections (3) ~~or (4)~~through (6).

23 (c) A former medical marijuana licensee that intends to apply for licensure as a cultivator,
24 manufacturer, adult-use dispensary, or testing laboratory may operate in compliance with rules adopted by the
25 department pursuant to 16-12-201(2) notwithstanding a local jurisdiction's failure to take action pursuant to
26 subsections (3) through (6), provided that the former marijuana licensee has remained in good standing with
27 the department of public health and human services and the department.

28 ~~(e)~~(d) For the purpose of this section, the marijuana business categories that must be approved by a

1 local jurisdiction under subsections (3) ~~or (4)~~ through (6) in a county in which the majority of voters voted
2 against approval of Initiative Measure No. 190 in the November 3, 2020, general election before a business
3 may operate are:

4 (i) cultivator;

5 (ii) manufacturer;

6 (iii) medical marijuana dispensary, except as provided in subsection (1)(b);

7 (iv) adult-use dispensary;

8 (v) combined-use marijuana licensee;

9 (vi) testing laboratory; and

10 (vii) marijuana transporter facility.

11 (d) Marijuana businesses located in counties in which the majority of voters voted to approve Initiative
12 Measure No. 190 in the November 3, 2020, general election are not subject to the local government approval
13 process under subsections (3) through (6).

14 (2) (a) To protect the public health, safety, or welfare, a local government may by ordinance or
15 resolution otherwise regulate an adult-use provider or adult-use marijuana-infused products provider a
16 marijuana business that operates within the local government's jurisdictional area. The regulations may include
17 but are not limited to inspections of registered-licensed premises, including but not limited to indoor cultivation
18 facilities, dispensaries, manufacturing facilities, and testing laboratories in order to ensure compliance with any
19 public health, safety, and welfare requirements established by the department or the local government.

20 (b) A local government may not adopt ordinances or regulations that are unduly burdensome.

21 (b) Each license renewal period, an applicant for renewal shall obtain a certificate of good standing,
22 on a form provided by the department, from the locality and submit the certificate to the department.

23 (e)(b) A former medical marijuana licensee that does not apply for licensure as an adult-use
24 dispensary is exempt from complying with any local governmental regulations that are adopted under this
25 subsection after [the effective date of this section] until its first license renewal date occurring after January 1,
26 2022, or the expiration of any grace period granted by the locality, whichever is later.

27 (3) (a) A county by ordinance or resolution may approve any or all of the marijuana business
28 categories listed in subsection (1)(c) to operate within its jurisdiction.

~~(b) If a county has approved a category of marijuana business to operate within its borders by ordinance or resolution, the qualified voters of a municipality within that county may conduct an election as provided in subsection (4) to prohibit that type of marijuana business from operating within the municipality.~~

~~(c) If a county has not acted to approve or prohibit a category of marijuana business to operate within the county, the qualified voters of a municipality within that county may conduct an election as provided in subsection (4) to approve the operation of that business type to occur in its jurisdiction.~~

~~(d) A municipality may not approve the operation of a type of marijuana business to take place within its corporate boundaries if the county has, by resolution, ordinance, or election chosen not to approve that business type to operate within the county.~~

~~(2) The qualified electors of an incorporated municipality, county, or consolidated city-county may request an election on whether to prohibit by ordinance adult-use dispensaries from being located within the jurisdiction of the local government by filing a petition in accordance with 7-5-131 through 7-5-135 and 7-5-137.~~

~~(4)(3) An election regarding whether to approve any or all of the marijuana business categories listed in subsection (1)(c) to be located within a local jurisdiction may be requested by filing a petition in accordance with 7-5-131 through 7-5-135 and 7-5-137 by:~~

~~(a) the qualified electors of a county; or~~

~~(b) the qualified electors of a municipality in accordance with subsection (3).~~

~~(3)(5)(4) (a) An election held pursuant to this section must be called, conducted, counted, and canvassed in accordance with Title 13, chapter 1, part 4.~~

~~(b) Except as provided in subsection (3)(c), an election held pursuant to this section may not be held within 70 days before or after a primary, general, or regular local election.~~

~~(e)(b) An election pursuant to this section may be held in conjunction with a regular election of the governing body, general election, or a regular local or special election.~~

~~(4)(6)(5) If the qualified electors of an incorporated municipality, county, or consolidated city-county vote to prohibit adult-use dispensaries from being a county vote to approve a type of marijuana business to be located in the jurisdiction, the governing body shall enter the prohibition approval into the records of the local government and notify the department of the election results.~~

~~(5)(7)(6) (a) If an election is held pursuant to this section in a county that contains within its limits a~~

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1 municipality of more than 5,000 persons according to the most recent federal decennial census:

2 (i) it is not necessary for the registered qualified electors in the municipality to file a separate petition
3 asking for a separate or different vote on the question of whether to ~~prohibit adult-use dispensaries~~ PROHIBIT a
4 category of marijuana business from being located in the municipality; and

5 (ii) the county shall conduct the election in a manner that separates the votes in the municipality from
6 those in the remaining parts of the county.

7 (b) If a majority of the qualified electors in the county, including the qualified electors in the
8 municipality, vote to ~~prohibit adult-use dispensaries from being~~ approve a category of marijuana business to be
9 located in the county, the county may ~~not allow adult-use dispensaries~~ that category of marijuana business to
10 operate in the county.

11 (c) (i) If a majority of the qualified electors in the municipality vote to ~~prohibit adult-use dispensaries~~
12 from being approve a category of marijuana business to be located in the municipality, the municipality may ~~not~~
13 allow ~~adult-use dispensaries~~ that type of marijuana business to operate in the municipality.

14 (ii) If a majority of the qualified electors in the municipality vote to prohibit a category of marijuana
15 business from being located in the municipality, the municipality may not allow that type of marijuana business
16 to operate in the municipality.

17 (d) Nothing contained in this subsection ~~(5)~~ ~~(7)~~ ~~(6)~~ prevents any municipality from having a separate
18 election under the terms of this section.

19 ~~(6)~~ ~~(8)~~ ~~(7)~~ (a) ~~An incorporated municipality, county, or consolidated city-county~~ A county or municipality
20 that has voted to ~~prohibit adult-use dispensaries from being~~ approve a category of marijuana business to be
21 located in the jurisdiction or a county in which the majority of voters voted to approve Initiative Measure No. 190
22 in the November 3, 2020, general election may vote to ~~discontinue the prohibition and to allow the~~ prohibit the
23 previously ~~prohibited~~ approved or allowed operations within the ~~incorporated municipality, county, or~~
24 ~~consolidated city-county~~ jurisdiction.

25 (b) A vote overturning a ~~prohibition on operation of adult-use dispensaries~~ the approval of a category
26 of marijuana business or prohibiting the previously permitted operation of marijuana businesses is effective on
27 the 90th day after the local election is held.

28 (7) ~~A local government may temporarily prohibit retail sales regulated under this chapter from being~~

1 ~~located within its jurisdiction through local ordinance until an election can be held pursuant to this section.~~

2 ~~(8)(9)(8)~~ A local government may not prohibit the transportation of marijuana within or through its
3 jurisdiction on public roads by any person licensed to do so by the department or as otherwise allowed by this
4 chapter."

5

6 **Section 60.** Section 16-12-302, MCA, is amended to read:

7 **"16-12-302. (Effective ~~October 1, 2024~~ January 1, 2022) Fraudulent representation -- penalties.**

8 (1) In addition to any other penalties provided by law, an individual who fraudulently represents to a law
9 enforcement official that the individual is ~~an adult-use provider or an adult-use marijuana-infused products~~
10 ~~provider~~ a cultivator, manufacturer, adult-use dispensary, medical marijuana dispensary, testing laboratory,
11 marijuana transporter, or has a marijuana worker permit is guilty of a civil fine not to exceed \$1,000.

12 (2) An individual convicted under this section may not be licensed under this chapter ~~as an adult-use~~
13 ~~provider or adult-use marijuana-infused products provider under 16-12-203."~~

14

15 **Section 62.** Section 17-6-606, MCA, is amended to read:

16 **~~"17-6-606. Tobacco settlement and healing and ending addiction through recovery and~~**
17 **~~treatment (HEART) accounts -- purpose -- uses.~~** (1) The purpose of this section is to dedicate a portion of
18 ~~the tobacco settlement proceeds and the taxes collected under Title 15, chapter 64, part 1, and Title 15,~~
19 ~~chapter 12, part 4, to fund statewide programs to improve the continuum of care for;~~

20 ~~(a) tobacco disease cessation and prevention;~~

21 ~~(b) substance use disorder prevention;~~

22 ~~(c) mental health promotion; and~~

23 ~~(d) crisis, treatment, and recovery services for substance use and mental health disorders.~~

24 ~~(2) The services must be designed to:~~

25 ~~(a) discourage children from starting use of tobacco;~~

26 ~~(b) assist adults in quitting use of tobacco; and~~

27 ~~(c) provide funds for the children's health insurance program;~~

28 ~~(d) increase the number of individuals choosing treatment over incarceration;~~

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1 ~~(e) improve access to, utilization of, and engagement and retention in prevention, treatment, and~~
2 ~~recovery support services;~~

3 ~~(f) expand the availability of community-based services that reflect best practices or are evidence-~~
4 ~~based;~~

5 ~~(g) leverage additional federal funds when available for the healthy Montana kids plan provided for in~~
6 ~~Title 53, chapter 4, part 11, and the medicaid program provided for in Title 53, chapter 6, for the purposes of~~
7 ~~this section;~~

8 ~~(h) provide funding for programs and services that are described in subsections (2)(d) through (2)(f)~~
9 ~~and provided on an Indian reservation located in this state; and~~

10 ~~(i) provide funding for grants and services to tribes for use in accordance with this section.~~

11 ~~(2)(3) (a) An The healing and ending addiction through recovery and treatment (HEART) account~~
12 ~~consists of:~~

13 ~~(i) an amount equal to 32% of the total yearly tobacco settlement proceeds received after June 30,~~
14 ~~2003, must be deposited in a state special revenue account; and~~

15 ~~(ii) money transferred into the account as provided in 16-12-111.~~

16 ~~(b) Subject to subsection (5), the funds referred to in Money in the account provided for in this~~
17 ~~subsection (3) may be used only for funding statewide programs for tobacco disease prevention designed to~~
18 ~~prevent children from starting tobacco use and to help adults who want to quit tobacco use in accordance with~~
19 ~~subsections (2)(a), (2)(b), (2)(d), (2)(e), (2)(f), (2)(g), (2)(h), and (2)(i).~~

20 ~~(c) An amount not to exceed \$500,000, including eligible federal matching sources when applicable,~~
21 ~~must be used to provide funding for grants and services to tribes for tobacco prevention and cessation,~~
22 ~~substance use disorder prevention, mental health promotion, and substance use disorder and mental health~~
23 ~~crisis, treatment, and recovery services.~~

24 ~~(d) The department of public health and human services shall manage the tobacco disease~~
25 ~~prevention programs funded by the special revenue account and shall adopt rules to implement the programs.~~
26 ~~In adopting rules for tobacco prevention programs, the department shall consider the standards contained in~~
27 ~~Best Practices for Comprehensive Tobacco Control Programs--August 1999-2014 or its successor document,~~
28 ~~published by the U.S. department of health and human services, centers for disease control and prevention.~~

1 ~~(3)(4)~~—An amount equal to 17% of the total yearly tobacco settlement proceeds received after June
 2 30, 2003, must be deposited in a state special revenue account. Subject to subsection (5), the funds referred to
 3 in this subsection may be used only for matching funds to secure the maximum amount of federal funds for the
 4 Children's Health Insurance Program Act provided for in Title 53, chapter 4, part 10.

5 ~~(4)(5)~~—Funds ~~Except for one-time settlements and transfers, including transfers from the special~~
 6 ~~revenue account provided for in 16-12-111, tobacco settlement funds~~ deposited in a state special revenue
 7 account, as provided in subsection (2) or (3), ~~under this section~~ that are not appropriated within 2 years after
 8 the date of deposit must be transferred to the trust fund.

9 ~~(5)(6)~~—The legislature shall appropriate money from the state special revenue accounts provided for in
 10 this section for programs for tobacco disease prevention, for:

11 ~~(a)~~—the programs referred to in the subsection establishing the ~~each~~ account; and

12 ~~(b)~~—for funding the ~~activities of the~~ tobacco prevention advisory board.

13 ~~(6)(7)~~—Programs funded under this section that are private in nature may be funded through
 14 contracted services."

15

16 **Section 63.** Section 17-6-610, MCA, is amended to read:

17 ~~"17-6-610. Tobacco prevention advisory board. (1) There is a tobacco prevention advisory board.~~

18 The board consists of 15 members appointed by the director of the department of public health and human
 19 services. Except for the initial appointments, each board member shall serve a 3-year term and is subject to

20 reappointment for one succeeding term. The director shall appoint members to staggered terms, with five
 21 members serving an initial term of 1, 2, or 3 years. The initial members appointed shall draw lots to determine

22 their term of office. The board shall terminate when tobacco settlement funds are no longer received by the
 23 state. The board shall meet at least one time each year, with the date and frequency of meetings to be

24 determined by its presiding officer. Health care professionals and individuals are eligible to serve on the board.
 25 A board member may not have been paid by the tobacco products industry during the 10-year period preceding

26 appointment.

27 ~~(2)~~—Members of the board are not entitled to compensation for their services, but are entitled to a
 28 mileage allowance, as provided in 2-18-503, and expenses as provided in 2-18-501 and 2-18-502.

1 ~~(3) (a) The Except as provided in subsection (3)(b), the board shall furnish advice, gather~~
 2 ~~information, and perform other activities regarding the state special revenue accounts established pursuant to~~
 3 ~~17-6-606. The board may make recommendations for the use of appropriations from the state special revenue~~
 4 ~~accounts.~~

5 ~~(b) The board's activities under this subsection (3) do not extend to activities associated with the~~
 6 ~~services funded by money transferred in accordance with 16-12-111 into the special revenue account provided~~
 7 ~~for in 17-6-606(3).~~

8 ~~(4) The board is attached to the department of public health and human services for administrative~~
 9 ~~purposes, and the department shall provide staff support to the board."~~

10

11 **Section 61.** Section 18-7-101, MCA, is amended to read:

12 **"18-7-101. Power to contract for printing -- exceptions.** (1) Except as provided in 1-11-301 ~~and 50-~~
 13 ~~46-303, 16-12-104, and [section 46 11],~~ the department has exclusive power, subject to the approval of the
 14 governor, to contract for all printing for any purpose used by the state in any state office (elective or appointive),
 15 agency, or institution.

16 (2) The department shall supervise and attend to all public printing of the state as provided in this
 17 chapter and shall prevent duplication and unnecessary printing.

18 (3) Unless otherwise provided by law, the department, in letting contracts as provided in this chapter,
 19 for the printing, binding, and publishing of all laws, journals, and reports of the state agencies and institutions
 20 may determine the quantity, quality, style, and grade of all such printing, binding, and publishing.

21 (4) The provisions of this chapter do not apply to the state compensation insurance fund for purposes
 22 of external marketing or educational materials."

23

24 **Section 62.** Section 37-1-136, MCA, is amended to read:

25 **"37-1-136. Disciplinary authority of boards -- injunctions.** (1) Subject to 37-1-138, each licensing
 26 board allocated to the department has the authority, in addition to any other penalty or disciplinary action
 27 provided by law, to adopt rules specifying grounds for disciplinary action and rules providing for:

28 (a) revocation of a license;

- 1 (b) suspension of its judgment of revocation on terms and conditions determined by the board;
- 2 (c) suspension of the right to practice for a period not exceeding 1 year;
- 3 (d) placing a licensee on probation;
- 4 (e) reprimand or censure of a licensee; or
- 5 (f) taking any other action in relation to disciplining a licensee as the board in its discretion considers
- 6 proper.

7 (2) Any disciplinary action by a board shall be conducted as a contested case hearing under the
8 provisions of the Montana Administrative Procedure Act.

9 (3) Notwithstanding any other provision of law, a board may maintain an action to enjoin a person
10 from engaging in the practice of the occupation or profession regulated by the board until a license to practice is
11 procured. A person who has been enjoined and who violates the injunction is punishable for contempt of court.

12 (4) An action may not be taken against a person who is in compliance with ~~Title 50, chapter 46~~
13 [sections 14 through 28 9 THROUGH 23].

14 (5) Rules adopted under subsection (1) must provide for the provision of public notice as required by
15 37-1-311."

16
17 **Section 63.** Section 37-1-316, MCA, is amended to read:

18 **"37-1-316. Unprofessional conduct.** The following is unprofessional conduct for a licensee or
19 license applicant governed by this part:

20 (1) conviction, including conviction following a plea of nolo contendere, of a crime relating to or
21 committed during the course of the person's practice or involving violence, use or sale of drugs, fraud, deceit, or
22 theft, whether or not an appeal is pending;

23 (2) permitting, aiding, abetting, or conspiring with a person to violate or circumvent a law relating to
24 licensure or certification;

25 (3) fraud, misrepresentation, deception, or concealment of a material fact in applying for or assisting
26 in securing a license or license renewal or in taking an examination required for licensure;

27 (4) signing or issuing, in the licensee's professional capacity, a document or statement that the
28 licensee knows or reasonably ought to know contains a false or misleading statement;

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1 (5) a misleading, deceptive, false, or fraudulent advertisement or other representation in the conduct
2 of the profession or occupation;

3 (6) offering, giving, or promising anything of value or benefit to a federal, state, or local government
4 employee or official for the purpose of influencing the employee or official to circumvent a federal, state, or local
5 law, rule, or ordinance governing the licensee's profession or occupation;

6 (7) denial, suspension, revocation, probation, fine, or other license restriction or discipline against a
7 licensee by a state, province, territory, or Indian tribal government or the federal government if the action is not
8 on appeal, under judicial review, or has been satisfied;

9 (8) failure to comply with a term, condition, or limitation of a license by final order of a board;

10 (9) revealing confidential information obtained as the result of a professional relationship without the
11 prior consent of the recipient of services, except as authorized or required by law;

12 (10) use of alcohol, a habit-forming drug, or a controlled substance as defined in Title 50, chapter 32,
13 to the extent that the use impairs the user physically or mentally in the performance of licensed professional
14 duties;

15 (11) having a physical or mental disability that renders the licensee or license applicant unable to
16 practice the profession or occupation with reasonable skill and safety;

17 (12) engaging in conduct in the course of one's practice while suffering from a contagious or infectious
18 disease involving serious risk to public health or without taking adequate precautions, including but not limited
19 to informed consent, protective gear, or cessation of practice;

20 (13) misappropriating property or funds from a client or workplace or failing to comply with a board rule
21 regarding the accounting and distribution of a client's property or funds;

22 (14) interference with an investigation or disciplinary proceeding by willful misrepresentation of facts,
23 by the use of threats or harassment against or inducement to a client or witness to prevent them from providing
24 evidence in a disciplinary proceeding or other legal action, or by use of threats or harassment against or
25 inducement to a person to prevent or attempt to prevent a disciplinary proceeding or other legal action from
26 being filed, prosecuted, or completed;

27 (15) assisting in the unlicensed practice of a profession or occupation or allowing another person or
28 organization to practice or offer to practice by use of the licensee's license;

1 (16) failing to report the institution of or final action on a malpractice action, including a final decision
2 on appeal, against the licensee or of an action against the licensee by a:

3 (a) peer review committee;

4 (b) professional association; or

5 (c) local, state, federal, territorial, provincial, or Indian tribal government;

6 (17) failure of a health care provider, as defined in 27-6-103, to comply with a policy or practice
7 implementing 28-10-103(3)(a);

8 (18) conduct that does not meet the generally accepted standards of practice. A certified copy of a
9 malpractice judgment against the licensee or license applicant or of a tort judgment in an action involving an act
10 or omission occurring during the scope and course of the practice is conclusive evidence of but is not needed to
11 prove conduct that does not meet generally accepted standards.

12 (19) the sole use of any electronic means, including teleconferencing, to obtain the information
13 required for the written certification and accompanying statements used to apply for a registry identification card
14 pursuant to ~~Title 50, chapter 46, part 3~~ sections 14 through 28 9 THROUGH 23."

15

16 **Section 64.** Section 37-3-203, MCA, is amended to read:

17 **"37-3-203. Powers and duties -- rulemaking authority.** (1) The board may:

18 (a) adopt rules necessary or proper to carry out the requirements in Title 37, chapter 3, parts 1
19 through 4, and of chapters covering podiatry, acupuncture, physician assistants, nutritionists, and emergency
20 care providers as set forth in Title 37, chapters 6, 13, 20, and 25, and 50-6-203, respectively. Rules adopted for
21 emergency care providers with an endorsement to provide community-integrated health care must address the
22 scope of practice, competency requirements, and educational requirements.

23 (b) hold hearings and take evidence in matters relating to the exercise and performance of the powers
24 and duties vested in the board;

25 (c) aid the county attorneys of this state in the enforcement of parts 1 through 4 and 8 of this chapter
26 as well as Title 37, chapters 6, 13, 20, and 25, and Title 50, chapter 6, regarding emergency care providers
27 licensed by the board. The board also may assist the county attorneys of this state in the prosecution of
28 persons, firms, associations, or corporations charged with violations of the provisions listed in this subsection

1 (1)(c).

2 (d) review certifications of disability and determinations of eligibility for a permit to hunt from a vehicle
3 as provided in 87-2-803(11); and

4 (e) fund additional staff, hired by the department, to administer the provisions of this chapter, by
5 increasing license fees as necessary.

6 (2) (a) The board shall establish a medical assistance program to assist and rehabilitate licensees
7 who are subject to the jurisdiction of the board and who are found to be physically or mentally impaired by
8 habitual intemperance or the excessive use of addictive drugs, alcohol, or any other drug or substance or by
9 mental illness or chronic physical illness.

10 (b) The board shall ensure that a licensee who is required or volunteers to participate in the medical
11 assistance program as a condition of continued licensure or reinstatement of licensure must be allowed to
12 enroll in a qualified medical assistance program within this state and may not require a licensee to enroll in a
13 qualified treatment program outside the state unless the board finds that there is no qualified treatment program
14 in this state.

15 (3) (a) The board shall report annually on the number and types of complaints it has received
16 involving physician practices in providing written certification, as defined in ~~50-46-302~~ [section 15 10], for the
17 use of marijuana for a debilitating medical condition provided for in ~~Title 50, chapter 46 [sections 14 through 28~~
18 9 THROUGH 23]. The report must contain:

19 (i) the number of complaints received by the board pursuant to 37-1-308;

20 (ii) the number of complaints for which a reasonable cause determination was made pursuant to 37-1-
21 307;

22 (iii) the general nature of the complaints;

23 (iv) the number of investigations conducted into physician practices in providing written certification;

24 and

25 (v) the number of physicians disciplined by the board for their practices in providing written
26 certification for the use of marijuana for a debilitating medical condition.

27 (b) Except as provided in subsection (3)(c), the report may not contain individual identifying
28 information regarding the physicians about whom the board received complaints.

1 (c) For each physician against whom the board takes disciplinary action related to the physician's
2 practices in providing written certification for the use of marijuana for a debilitating medical condition, the report
3 must include:

- 4 (i) the name of the physician;
- 5 (ii) the general results of the investigation of the physician's practices; and
- 6 (iii) the disciplinary action taken against the physician.

7 (d) The board shall provide the report to the ~~children, families, health, and human services~~ economic
8 affairs interim committee by August 1 of each year and shall make a copy of the report available on the board's
9 website.

10 (4) The board may enter into agreements with other states for the purposes of mutual recognition of
11 licensing standards and licensing of physicians and emergency care providers from other states under the
12 terms of a mutual recognition agreement."
13

14 **Section 65.** Section 39-2-210, MCA, is amended to read:

15 **"39-2-210. Limitation on adverse action.** Except as provided in ~~50-46-320~~ 16-12-108, no adverse
16 action, including followup testing, may be taken by the employer if the employee presents a reasonable
17 explanation or medical opinion indicating that the original test results were not caused by illegal use of
18 controlled substances or by alcohol consumption. If the employee presents a reasonable explanation or
19 medical opinion, the test results must be removed from the employee's record and destroyed."
20

21 **Section 66.** Section 39-2-313, MCA, is amended to read:

22 **"39-2-313. Discrimination prohibited for use of lawful product during nonworking hours --**
23 **exceptions.** (1) For purposes of this section, "lawful product" means a product that is legally consumed, used,
24 or enjoyed and includes food, beverages, ~~and tobacco,~~ and marijuana.

25 (2) Except as provided in subsections (3) and (4), an employer may not refuse to employ or license
26 and may not discriminate against an individual with respect to compensation, promotion, or the terms,
27 conditions, or privileges of employment because the individual legally uses a lawful product off the employer's
28 premises during nonworking hours.

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1 (3) Subsection (2) does not apply to:

2 (a) use of a lawful product, ~~including the use of marijuana for a debilitating medical condition as~~
3 ~~defined in 50-46-302~~, that:

4 (i) affects in any manner an individual's ability to perform job-related employment responsibilities or
5 the safety of other employees; or

6 (ii) conflicts with a bona fide occupational qualification that is reasonably related to the individual's
7 employment;

8 (b) an individual who, on a personal basis, has a professional service contract with an employer and
9 the unique nature of the services provided authorizes the employer, as part of the service contract, to limit the
10 use of certain products; or

11 (c) an employer that is a nonprofit organization that, as one of its primary purposes or objectives,
12 discourages the use of one or more lawful products by the general public.

13 (4) An employer does not violate this section if the employer takes action based on the belief that the
14 employer's actions are permissible under an established substance abuse or alcohol program or policy,
15 professional contract, or collective bargaining agreement.

16 (5) An employer may offer, impose, or have in effect a health, disability, or life insurance policy that
17 makes distinctions between employees for the type or price of coverage based on the employees' use of a
18 product if:

19 (a) differential rates assessed against employees reflect actuarially justified differences in providing
20 employee benefits;

21 (b) the employer provides an employee with written notice delineating the differential rates used by
22 the employer's insurance carriers; and

23 (c) the distinctions in the type or price of coverage are not used to expand, limit, or curtail the rights or
24 liabilities of a party in a civil cause of action."

25

26 **Section 67.** Section 39-71-407, MCA, is amended to read:

27 **"39-71-407. (Temporary) Liability of insurers -- limitations.** (1) For workers' compensation
28 injuries, each insurer is liable for the payment of compensation, in the manner and to the extent provided in this

1 section, to an employee of an employer covered under plan No. 1, plan No. 2, and the state fund under plan
2 No. 3 that it insures who receives an injury arising out of and in the course of employment or, in the case of
3 death from the injury, to the employee's beneficiaries, if any.

4 (2) An injury does not arise out of and in the course of employment when the employee is:

5 (a) on a paid or unpaid break, is not at a worksite of the employer, and is not performing any specific
6 tasks for the employer during the break; or

7 (b) engaged in a social or recreational activity, regardless of whether the employer pays for any
8 portion of the activity. The exclusion from coverage of this subsection (2)(b) does not apply to an employee
9 who, at the time of injury, is on paid time while participating in a social or recreational activity or whose
10 presence at the activity is required or requested by the employer. For the purposes of this subsection (2)(b),
11 "requested" means the employer asked the employee to assume duties for the activity so that the employee's
12 presence is not completely voluntary and optional and the injury occurred in the performance of those duties.

13 (3) (a) Subject to subsection (3)(c), an insurer is liable for an injury, as defined in 39-71-119, only if
14 the injury is established by objective medical findings and if the claimant establishes that it is more probable
15 than not that:

16 (i) a claimed injury has occurred; or

17 (ii) a claimed injury has occurred and aggravated a preexisting condition.

18 (b) Proof that it was medically possible that a claimed injury occurred or that the claimed injury
19 aggravated a preexisting condition is not sufficient to establish liability.

20 (c) Objective medical findings are sufficient for a presumptive occupational disease as defined in 39-
21 71-1401 but may be overcome by a preponderance of the evidence.

22 (4) (a) An employee who suffers an injury or dies while traveling is not covered by this chapter
23 unless:

24 (i) the employer furnishes the transportation or the employee receives reimbursement from the
25 employer for costs of travel, gas, oil, or lodging as a part of the employee's benefits or employment agreement
26 and the travel is necessitated by and on behalf of the employer as an integral part or condition of the
27 employment; or

28 (ii) the travel is required by the employer as part of the employee's job duties.

1 (b) A payment made to an employee under a collective bargaining agreement, personnel policy
2 manual, or employee handbook or any other document provided to the employee that is not wages but is
3 designated as an incentive to work at a particular jobsite is not a reimbursement for the costs of travel, gas, oil,
4 or lodging, and the employee is not covered under this chapter while traveling.

5 (5) Except as provided in subsection (6), an employee is not eligible for benefits otherwise payable
6 under this chapter if the employee's use of alcohol or drugs not prescribed by a physician is the major
7 contributing cause of the accident.

8 (6) (a) An employee who has received written certification, as defined in ~~50-46-302~~ [section 45 10],
9 from a physician for the use of marijuana for a debilitating medical condition and who is otherwise eligible for
10 benefits payable under this chapter is subject to the limitations of subsections (6)(b) through (6)(d).

11 (b) An employee is not eligible for benefits otherwise payable under this chapter if the employee's use
12 of marijuana for a debilitating medical condition, as defined in ~~50-46-302~~ [section 15 SECTION 35 16-12-102], is
13 the major contributing cause of the injury or occupational disease.

14 (c) Nothing in this chapter may be construed to require an insurer to reimburse any person for costs
15 associated with the use of marijuana for a debilitating medical condition, as defined in ~~50-46-302~~ [section 15
16 SECTION 35 16-12-102].

17 (d) In an accepted liability claim, the benefits payable under this chapter may not be increased or
18 enhanced due to a worker's use of marijuana for a debilitating medical condition, as defined in ~~50-46-302~~
19 [section 15 SECTION 35-16-12-102]. An insurer remains liable for those benefits that the worker would qualify for
20 absent the worker's use of marijuana for a debilitating medical condition.

21 (7) The provisions of subsection (5) do not apply if the employer had knowledge of and failed to
22 attempt to stop the employee's use of alcohol or drugs not prescribed by a physician. This subsection (7) does
23 not apply to the use of marijuana for a debilitating medical condition because marijuana is not a prescribed
24 drug.

25 (8) If there is no dispute that an insurer is liable for an injury but there is a liability dispute between two
26 or more insurers, the insurer for the most recently filed claim shall pay benefits until that insurer proves that
27 another insurer is responsible for paying benefits or until another insurer agrees to pay benefits. If it is later
28 proven that the insurer for the most recently filed claim is not responsible for paying benefits, that insurer must

1 receive reimbursement for benefits paid to the claimant from the insurer proven to be responsible.

2 (9) If a claimant who has reached maximum healing suffers a subsequent nonwork-related injury to
3 the same part of the body, the workers' compensation insurer is not liable for any compensation or medical
4 benefits caused by the subsequent nonwork-related injury.

5 (10) Except for cases of presumptive occupational disease as provided in 39-71-1401 and 39-71-1402,
6 an employee is not eligible for benefits payable under this chapter unless the entitlement to benefits is
7 established by objective medical findings that contain sufficient factual and historical information concerning the
8 relationship of the worker's condition to the original injury.

9 (11) (a) For occupational diseases, every employer enrolled under plan No. 1, every insurer under
10 plan No. 2, or the state fund under plan No. 3 is liable for the payment of compensation, in the manner and to
11 the extent provided in this chapter, to an employee of an employer covered under plan No. 1, plan No. 2, or the
12 state fund under plan No. 3 if the employee is diagnosed with a compensable occupational disease.

13 (b) The provisions of subsection (11)(a) apply to presumptive occupational disease if the employee is
14 diagnosed and meets the conditions of 39-71-1401 and 39-71-1402.

15 (12) An insurer is liable for an occupational disease only if the occupational disease:

16 (a) is established by objective medical findings; and

17 (b) arises out of or is contracted in the course and scope of employment. An occupational disease is
18 considered to arise out of or be contracted in the course and scope of employment if the events occurring on
19 more than a single day or work shift are the major contributing cause of the occupational disease in relation to
20 other factors contributing to the occupational disease. For the purposes of this subsection (12), an occupational
21 disease is not the same as a presumptive occupational disease.

22 (13) When compensation is payable for an occupational disease or a presumptive occupational
23 disease, the only employer liable is the employer in whose employment the employee was last injuriously
24 exposed to the hazard of the disease.

25 (14) When there is more than one insurer and only one employer at the time that the employee was
26 injuriously exposed to the hazard of the disease, the liability rests with the insurer providing coverage at the
27 earlier of:

28 (a) the time that the occupational disease or presumptive occupational disease was first diagnosed by

1 a health care provider; or

2 (b) the time that the employee knew or should have known that the condition was the result of an
3 occupational disease or a presumptive occupational disease.

4 (15) In the case of pneumoconiosis, any coal mine operator who has acquired a mine in the state or
5 substantially all of the assets of a mine from a person who was an operator of the mine on or after December
6 30, 1969, is liable for and shall secure the payment of all benefits that would have been payable by that person
7 with respect to miners previously employed in the mine if acquisition had not occurred and that person had
8 continued to operate the mine, and the prior operator of the mine is not relieved of any liability under this
9 section.

10 (16) As used in this section, "major contributing cause" means a cause that is the leading cause
11 contributing to the result when compared to all other contributing causes. (Void on occurrence of contingency--
12 sec. 7, Ch. 158, L. 2019.)

13 **39-71-407. (Effective on occurrence of contingency) Liability of insurers -- limitations.** (1) For
14 workers' compensation injuries, each insurer is liable for the payment of compensation, in the manner and to
15 the extent provided in this section, to an employee of an employer covered under plan No. 1, plan No. 2, and
16 the state fund under plan No. 3 that it insures who receives an injury arising out of and in the course of
17 employment or, in the case of death from the injury, to the employee's beneficiaries, if any.

18 (2) An injury does not arise out of and in the course of employment when the employee is:

19 (a) on a paid or unpaid break, is not at a worksite of the employer, and is not performing any specific
20 tasks for the employer during the break; or

21 (b) engaged in a social or recreational activity, regardless of whether the employer pays for any
22 portion of the activity. The exclusion from coverage of this subsection (2)(b) does not apply to an employee
23 who, at the time of injury, is on paid time while participating in a social or recreational activity or whose
24 presence at the activity is required or requested by the employer. For the purposes of this subsection (2)(b),
25 "requested" means the employer asked the employee to assume duties for the activity so that the employee's
26 presence is not completely voluntary and optional and the injury occurred in the performance of those duties.

27 (3) (a) An insurer is liable for an injury, as defined in 39-71-119, only if the injury is established by
28 objective medical findings and if the claimant establishes that it is more probable than not that:

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1 (i) a claimed injury has occurred; or

2 (ii) a claimed injury has occurred and aggravated a preexisting condition.

3 (b) Proof that it was medically possible that a claimed injury occurred or that the claimed injury
4 aggravated a preexisting condition is not sufficient to establish liability.

5 (4) (a) An employee who suffers an injury or dies while traveling is not covered by this chapter
6 unless:

7 (i) the employer furnishes the transportation or the employee receives reimbursement from the
8 employer for costs of travel, gas, oil, or lodging as a part of the employee's benefits or employment agreement
9 and the travel is necessitated by and on behalf of the employer as an integral part or condition of the
10 employment; or

11 (ii) the travel is required by the employer as part of the employee's job duties.

12 (b) A payment made to an employee under a collective bargaining agreement, personnel policy
13 manual, or employee handbook or any other document provided to the employee that is not wages but is
14 designated as an incentive to work at a particular jobsite is not a reimbursement for the costs of travel, gas, oil,
15 or lodging, and the employee is not covered under this chapter while traveling.

16 (5) Except as provided in subsection (6), an employee is not eligible for benefits otherwise payable
17 under this chapter if the employee's use of alcohol or drugs not prescribed by a physician is the major
18 contributing cause of the accident.

19 (6) (a) An employee who has received written certification, as defined in ~~50-46-302~~ [section 15 10],
20 from a physician for the use of marijuana for a debilitating medical condition and who is otherwise eligible for
21 benefits payable under this chapter is subject to the limitations of subsections (6)(b) through (6)(d).

22 (b) An employee is not eligible for benefits otherwise payable under this chapter if the employee's use
23 of marijuana for a debilitating medical condition, as defined in ~~50-46-302~~ [section 15 SECTION 35 16-12-102], is
24 the major contributing cause of the injury or occupational disease.

25 (c) Nothing in this chapter may be construed to require an insurer to reimburse any person for costs
26 associated with the use of marijuana for a debilitating medical condition, as defined in ~~50-46-302~~ [section 15
27 SECTION 35 16-12-102].

28 (d) In an accepted liability claim, the benefits payable under this chapter may not be increased or

1 enhanced due to a worker's use of marijuana for a debilitating medical condition, as defined in ~~50-46-302~~
2 ~~[section 15-SECTION 35-16-12-102]~~. An insurer remains liable for those benefits that the worker would qualify for
3 absent the worker's use of marijuana for a debilitating medical condition.

4 (7) The provisions of subsection (5) do not apply if the employer had knowledge of and failed to
5 attempt to stop the employee's use of alcohol or drugs not prescribed by a physician. This subsection (7) does
6 not apply to the use of marijuana for a debilitating medical condition because marijuana is not a prescribed
7 drug.

8 (8) If there is no dispute that an insurer is liable for an injury but there is a liability dispute between two
9 or more insurers, the insurer for the most recently filed claim shall pay benefits until that insurer proves that
10 another insurer is responsible for paying benefits or until another insurer agrees to pay benefits. If it is later
11 proven that the insurer for the most recently filed claim is not responsible for paying benefits, that insurer must
12 receive reimbursement for benefits paid to the claimant from the insurer proven to be responsible.

13 (9) If a claimant who has reached maximum healing suffers a subsequent nonwork-related injury to
14 the same part of the body, the workers' compensation insurer is not liable for any compensation or medical
15 benefits caused by the subsequent nonwork-related injury.

16 (10) An employee is not eligible for benefits payable under this chapter unless the entitlement to
17 benefits is established by objective medical findings that contain sufficient factual and historical information
18 concerning the relationship of the worker's condition to the original injury.

19 (11) For occupational diseases, every employer enrolled under plan No. 1, every insurer under plan
20 No. 2, or the state fund under plan No. 3 is liable for the payment of compensation, in the manner and to the
21 extent provided in this chapter, to an employee of an employer covered under plan No. 1, plan No. 2, or the
22 state fund under plan No. 3 if the employee is diagnosed with a compensable occupational disease.

23 (12) An insurer is liable for an occupational disease only if the occupational disease:

24 (a) is established by objective medical findings; and

25 (b) arises out of or is contracted in the course and scope of employment. An occupational disease is
26 considered to arise out of or be contracted in the course and scope of employment if the events occurring on
27 more than a single day or work shift are the major contributing cause of the occupational disease in relation to
28 other factors contributing to the occupational disease.

1 (13) When compensation is payable for an occupational disease, the only employer liable is the
2 employer in whose employment the employee was last injuriously exposed to the hazard of the disease.

3 (14) When there is more than one insurer and only one employer at the time that the employee was
4 injuriously exposed to the hazard of the disease, the liability rests with the insurer providing coverage at the
5 earlier of:

6 (a) the time that the occupational disease was first diagnosed by a health care provider; or

7 (b) the time that the employee knew or should have known that the condition was the result of an
8 occupational disease.

9 (15) In the case of pneumoconiosis, any coal mine operator who has acquired a mine in the state or
10 substantially all of the assets of a mine from a person who was an operator of the mine on or after December
11 30, 1969, is liable for and shall secure the payment of all benefits that would have been payable by that person
12 with respect to miners previously employed in the mine if acquisition had not occurred and that person had
13 continued to operate the mine, and the prior operator of the mine is not relieved of any liability under this
14 section.

15 (16) As used in this section, "major contributing cause" means a cause that is the leading cause
16 contributing to the result when compared to all other contributing causes."
17

18 **Section 68.** Section 41-5-216, MCA, is amended to read:

19 **"41-5-216. Disposition of youth court, law enforcement, and department records -- sharing and**
20 **access to records.** (1) Formal and informal youth court records, law enforcement records, and department
21 records that are not exempt from sealing under subsections (4) and (6) and that pertain to a youth covered by
22 this chapter must be physically sealed on the youth's 18th birthday. In those cases in which jurisdiction of the
23 court or any agency is extended beyond the youth's 18th birthday, the records must be physically sealed upon
24 termination of the extended jurisdiction.

25 (2) Except as provided in subsection (6), when the records pertaining to a youth pursuant to this
26 section are sealed, an agency, other than the department, that has in its possession copies of the sealed
27 records shall destroy the copies of the records. Anyone violating the provisions of this subsection is subject to
28 contempt of court.

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1 (3) Except as provided in subsection (6), this section does not prohibit the destruction of records with
2 the consent of the youth court judge or county attorney after 10 years from the date of sealing.

3 (4) The requirements for sealed records in this section do not apply to medical records, fingerprints,
4 DNA records, photographs, youth traffic records, records in any case in which the youth did not fulfill all
5 requirements of the court's judgment or disposition, records referred to in 42-3-203, or the information referred
6 to in 46-23-508, in any instance in which the youth was required to register as a sexual offender pursuant to
7 Title 46, chapter 23, part 5.

8 (5) After formal and informal youth court records, law enforcement records, and department records
9 are sealed, they are not open to inspection except, upon order of the youth court, for good cause to:

10 (a) those persons and agencies listed in 41-5-215(2); and

11 (b) adult probation and parole staff preparing a presentence report on an adult with an existing sealed
12 youth court record.

13 (6) (a) When formal youth court records, law enforcement records, and department records are
14 sealed under subsection (1), the electronic records of the management information system maintained by the
15 office of court administrator and by the department relating to the youth whose records are being sealed must
16 be preserved for the express purpose of research and program evaluation.

17 (b) The department of public health and human services, the office of court administrator, and the
18 department shall disassociate the offense and disposition information from the name of the youth in the
19 respective management information system. The offense and disposition information must be maintained
20 separately and may be used only:

21 (i) for research and program evaluation authorized by the office of court administrator or by the
22 department and subject to any applicable laws; and

23 (ii) as provided in Title 5, chapter 13.

24 (7) (a) Informal youth court records for a youth for whom formal proceedings have been filed must be
25 physically sealed on the youth's 18th birthday or, in those cases in which jurisdiction of the court or any agency
26 is extended beyond the youth's 18th birthday, upon termination of the extended jurisdiction and may be
27 inspected only pursuant to subsection (5).

28 (b) The informal youth court records are confidential and may be shared only with those persons and

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1 agencies listed in 41-5-215(2).

2 (c) Except as provided in subsection (7)(a), when a youth becomes 18 years of age or when extended
3 supervision ends and the youth was involved only in informal proceedings, informal youth court records that are
4 in hard-copy form must be destroyed and any electronic records in the youth court management information
5 system must disassociate the offense and disposition information from the name of the youth and may be used
6 only for the following purposes:

7 (i) for research and program evaluation authorized by the office of the court administrator and subject
8 to any applicable laws; and

9 (ii) as provided in Title 5, chapter 13.

10 (8) Nothing in this section prohibits the sharing of formal or informal youth court records within the
11 juvenile probation management information system to a person or agency listed in 41-5-215(2).

12 (9) This section does not prohibit the sharing of formal or informal youth court records within the
13 department's youth management information system. Electronic records of the department's youth
14 management information system may not be shared except as provided in subsection (5). A person or agency
15 receiving the youth court record shall destroy the record after it has fulfilled its purpose.

16 (10) This section does not prohibit the sharing of formal or informal youth court records with a short-
17 term detention center, a youth care facility, a youth assessment center, or a youth detention facility upon
18 placement of a youth within the facility.

19 (11) This section does not prohibit access to formal or informal youth court records, including
20 electronic records, for purposes of conducting evaluations as required by 41-5-2003 and studies conducted
21 between individuals and agencies listed in 41-5-215(2).

22 (12) This section does not prohibit the office of court administrator, upon written request from the
23 department of ~~public health and human services~~ revenue, from confirming whether a person applying for a
24 registry identification card pursuant to ~~50-46-307~~ [section 16 11] or a license pursuant to ~~50-46-308~~ 16-12-203
25 is currently under youth court supervision."

26

27 ~~Section 66. Section 44-4-1205, MCA, is amended to read:~~

28 ~~"44-4-1205. Authority of court to order participation in sobriety and drug monitoring program --~~

1 ~~probationary license -- imposition of conditions.~~ (1) (a) Any court or agency utilizing the sobriety program
2 may stay any sanctions that it imposed against an offender while the offender is in compliance with the sobriety
3 program.

4 (b) ~~If an individual convicted of the offense of aggravated driving under the influence in violation of 61-~~
5 ~~8-465, a second or subsequent offense of driving under the influence in violation of 61-8-401 or 61-8-411, or a~~
6 ~~second or subsequent offense of driving with excessive alcohol concentration in violation of 61-8-406 has been~~
7 ~~required to participate in the sobriety program, the court may, upon the individual's obtaining proof of insurance~~
8 ~~pursuant to 61-6-301, notify the department that as a participant in the sobriety program, the individual is~~
9 ~~eligible for a restricted probationary driver's license pursuant to 61-2-302, notwithstanding the requirements of~~
10 ~~61-5-208 that an individual is required to complete a certain portion of a suspension period before a~~
11 ~~probationary license may be issued.~~

12 (c) ~~If the individual fails to comply with the requirements of the sobriety program, the court may notify~~
13 ~~the department of the individual's noncompliance and direct the department to withdraw the individual's~~
14 ~~probationary driver's license and reinstate the remainder of the suspension period provided in 61-5-208.~~

15 (2) ~~Upon an offender's participation in the sobriety program and payment of the fees required by 44-4-~~
16 ~~1204:~~

17 (a) ~~the court may condition any bond or pretrial release for an individual charged with a violation of~~
18 ~~61-8-465, a second or subsequent violation of 61-8-401, or 61-8-406, 61-8-411, or a second or subsequent~~
19 ~~violation of any other statute that imposes a jail penalty of 6 months or more if the abuse of alcohol or~~
20 ~~dangerous drugs was a contributing factor in the commission of the crime;~~

21 (b) ~~the court may condition the granting of a suspended execution of sentence or probation for an~~
22 ~~individual convicted of a violation of 61-8-465, a second or subsequent violation of 61-8-401 or 61-8-406, or a~~
23 ~~second or subsequent violation of any other statute that imposes a jail penalty of 6 months or more if the abuse~~
24 ~~of alcohol or dangerous drugs was a contributing factor in the commission of the crime;~~

25 (c) ~~the board of pardons and parole may condition parole for a violation of 61-8-465, a second or~~
26 ~~subsequent violation of 61-8-401, or 61-8-406, or 61-8-411, or a second or subsequent violation of any other~~
27 ~~statute that imposes a jail penalty of 6 months or more if the abuse of alcohol or dangerous drugs was a~~
28 ~~contributing factor in the commission of the crime; or~~

1 ~~(d) the department of corrections may establish conditions for conditional release for a violation of 61-~~
 2 ~~8-465, a second or subsequent violation of 61-8-401, or 61-8-406, or 61-8-411, or a second or subsequent~~
 3 ~~violation of any other statute that imposes a jail penalty of 6 months or more if the abuse of alcohol or~~
 4 ~~dangerous drugs was a contributing factor in the commission of the crime.~~

5 ~~(3) An entity referred to in subsections (2)(a) through (2)(d) may condition any bond or pretrial~~
 6 ~~release, suspended execution of sentence, probation, parole, or conditional release as provided in those~~
 7 ~~subsections for an individual charged with or convicted of a violation of any statute involving domestic abuse or~~
 8 ~~the abuse or neglect of a minor if the abuse of alcohol or dangerous drugs was a contributing factor in the~~
 9 ~~commission of the crime regardless of whether the charge or conviction was for a first, second, or subsequent~~
 10 ~~violation of the statute.~~

11 ~~(4) A person is eligible to participate in and a court may compel a person to participate in a sobriety~~
 12 ~~program if the person:~~

13 ~~(a) is charged with violating 61-8-465; or~~

14 ~~(b) (i) is charged with or has been convicted of violating 61-8-401, or 61-8-406, or 61-8-411; and~~

15 ~~(ii) at any time in the 10 years preceding the date of the current charge or conviction:~~

16 ~~(A) has been convicted in this state of a violation of 61-8-401, 61-8-406, 61-8-411, or 61-8-465;~~

17 ~~(B) has been convicted of a violation of a statute or regulation in another state or on a federally~~
 18 ~~recognized Indian reservation that is similar to 61-8-401, 61-8-406, or 61-8-465; or~~

19 ~~(C) has forfeited bail or collateral deposited to secure the defendant's appearance in court in this~~
 20 ~~state, in another state, or on a federally recognized Indian reservation for a charge of violating 61-8-401, 61-8-~~
 21 ~~406, 61-8-411, 61-8-465, or a similar statute or regulation and the forfeiture has not been vacated.~~

22 ~~(5) As used in this section, "conviction" has the meaning provided in 45-2-101."~~

24 **Section 69.** Section 45-9-101, MCA, is amended to read:

25 **"45-9-101. Criminal distribution of dangerous drugs.** (1) Except as provided in Title 16, chapter
 26 12, ~~or Title 50, chapter 46,~~ a person commits the offense of criminal distribution of dangerous drugs if the
 27 person sells, barter, exchanges, gives away, or offers to sell, barter, exchange, or give away any dangerous
 28 drug, as defined in 50-32-101.

1 (2) A person convicted of criminal distribution of dangerous drugs involving giving away or sharing
2 any dangerous drug, as defined in 50-32-101, shall be sentenced as provided in 45-9-102.

3 (3) A person convicted of criminal distribution of dangerous drugs not otherwise provided for in
4 subsection (1), (2), or (4) shall be imprisoned in the state prison for a term not to exceed 25 years or be fined
5 an amount of not more than \$50,000, or both.

6 (4) A person who was an adult at the time of distribution and who is convicted of criminal distribution
7 of dangerous drugs to a minor shall be sentenced as follows:

8 (a) For a first offense, the person shall be imprisoned in the state prison for a term not to exceed 40
9 years and may be fined not more than \$50,000.

10 (b) For a second or subsequent offense, the person shall be imprisoned in the state prison for a term
11 not to exceed life and may be fined not more than \$50,000.

12 (5) Practitioners, as defined in 50-32-101, and agents under their supervision acting in the course of a
13 professional practice are exempt from this section."
14

15 **Section 70.** Section 45-9-102, MCA, is amended to read:

16 **"45-9-102. Criminal possession of dangerous drugs.** (1) Except as provided in Title 16, chapter
17 12, ~~or 50-32-609, or Title 50, chapter 46,~~ a person commits the offense of criminal possession of dangerous
18 drugs if the person possesses any dangerous drug, as defined in 50-32-101, [in an amount] greater than
19 permitted or for which a penalty is not specified under Title 16, chapter 12.

20 (2) A person convicted of criminal possession of dangerous drugs shall be imprisoned in the state
21 prison for a term not to exceed 5 years or be fined an amount not to exceed \$5,000, or both.

22 (3) A person convicted of a first violation under this section is presumed to be entitled to a deferred
23 imposition of sentence of imprisonment.

24 (4) Ultimate users and practitioners, as defined in 50-32-101, and agents under their supervision
25 acting in the course of a professional practice are exempt from this section."
26

27 **Section 71.** Section 45-9-103, MCA, is amended to read:

28 **"45-9-103. Criminal possession with intent to distribute.** (1) Except as provided in Title 16,

1 chapter 12, ~~or Title 50, chapter 46~~, a person commits the offense of criminal possession with intent to distribute
2 if the person possesses with intent to distribute any dangerous drug as defined in 50-32-101 [in an amount]
3 greater than permitted or for which a penalty is not specified under Title 16, chapter 12.

4 (2) A person convicted of criminal possession with intent to distribute shall be imprisoned in the state
5 prison for a term of not more than 20 years or be fined an amount not to exceed \$50,000, or both.

6 (3) Practitioners, as defined in 50-32-101, and agents under their supervision acting in the course of a
7 professional practice are exempt from this section."

8

9 **Section 72.** Section 45-9-110, MCA, is amended to read:

10 **"45-9-110. Criminal production or manufacture of dangerous drugs.** (1) Except as provided in
11 Title 16, chapter 12, ~~or Title 50, chapter 46~~, a person commits the offense of criminal production or manufacture
12 of dangerous drugs if the person knowingly or purposely produces, manufactures, prepares, cultivates,
13 compounds, or processes a dangerous drug, as defined in 50-32-101.

14 (2) A person convicted of criminal production or manufacture of dangerous drugs, as defined in 50-
15 32-101, shall be imprisoned in the state prison for a term of not more than 25 years and may be fined an
16 amount not to exceed \$50,000.

17 (3) A person convicted of production of marijuana or tetrahydrocannabinol in an amount greater than
18 permitted or for which a penalty is not specified under Title 16, chapter 12, ~~or Title 50, chapter 46~~, or
19 manufacture without the appropriate license and endorsement pursuant to Title 16, chapter 12, ~~or Title 50,~~
20 ~~chapter 46~~, shall be imprisoned in the state prison for a term of not more than 5 years and may be fined an
21 amount not to exceed \$5,000, except that if the total weight is more than a pound or the number of plants is
22 more than 30, the person shall be imprisoned in the state prison for a term of not more than 25 years and may
23 be fined an amount not to exceed \$50,000. "Weight" means the weight of the dry plant and includes the leaves
24 and stem structure but does not include the root structure.

25 (4) Practitioners, as defined in 50-32-101, and agents under their supervision acting in the course of a
26 professional practice are exempt from this section."

27

28 **Section 73.** Section 45-9-127, MCA, is amended to read:

1 **"45-9-127. Carrying dangerous drugs on train -- penalty.** (1) Except as provided in Title 16,
2 chapter 12, ~~or Title 50, chapter 46~~, a person commits the offense of carrying dangerous drugs on a train in this
3 state if the person is knowingly or purposely in criminal possession of a dangerous drug and boards any train.

4 (2) A person convicted of carrying dangerous drugs on a train in this state is subject to the penalties
5 provided in 45-9-102."

6

7 **Section 74.** Section 45-9-203, MCA, is amended to read:

8 **"45-9-203. Surrender of license.** (1) If a court suspends or revokes a driver's license under 45-9-
9 202(2)(e), the defendant shall, at the time of sentencing, surrender the license to the court. The court shall
10 forward the license and a copy of the sentencing order to the department of justice. The defendant may apply to
11 the department for issuance of a probationary license under 61-2-302.

12 (2) If a person with a registry identification card or license issued pursuant to ~~50-46-307~~ section 16
13 11] or ~~50-46-308~~ 16-12-203 is convicted of an offense under this chapter, the court shall:

14 (a) at the time of sentencing, require the person to surrender the registry identification card; and

15 (b) notify the department of ~~public health and human services-revenue~~ of the conviction in order for
16 the department to carry out its duties under ~~50-46-330~~ section 23 18 or 16-12-109."

17

18 **Section 75.** Section 45-10-103, MCA, is amended to read:

19 **"45-10-103. Criminal possession of drug paraphernalia.** Except as provided in Title 16, chapter 12,
20 ~~or 50-32-609, or Title 50, chapter 46~~, it is unlawful for a person to use or to possess with intent to use drug
21 paraphernalia to plant, propagate, cultivate, grow, harvest, manufacture, compound, convert, produce, process,
22 prepare, test, analyze, pack, repack, store, contain, conceal, inject, ingest, inhale, or otherwise introduce into
23 the human body a dangerous drug. A person who violates this section is guilty of a misdemeanor and upon
24 conviction shall be imprisoned in the county jail for not more than 6 months, fined an amount of not more than
25 \$500, or both. A person convicted of a first violation of this section is presumed to be entitled to a deferred
26 imposition of sentence of imprisonment."

27

28 **Section 76.** Section 45-10-107, MCA, is amended to read:

1 **"45-10-107. Exemptions.** The provisions of this part do not apply to:

2 (1) practitioners, as defined in 50-32-101, and agents under their supervision acting in the course of a
3 professional practice;

4 ~~(2) persons acting in compliance with Title 50, chapter 46;~~

5 ~~(3)~~(2) persons acting in compliance with Title 16, chapter 12; or

6 ~~(4)~~(3) persons acting as employees or volunteers of an organization, including a nonprofit community-
7 based organization, local health department, or tribal health department, that provides needle and syringe
8 exchange services to prevent and reduce the transmission of communicable diseases."
9

10 **Section 77.** Section 46-18-202, MCA, is amended to read:

11 **"46-18-202. Additional restrictions on sentence.** (1) The sentencing judge may also impose any of
12 the following restrictions or conditions on the sentence provided for in 46-18-201 that the judge considers
13 necessary to obtain the objectives of rehabilitation and the protection of the victim and society:

14 (a) prohibition of the offender's holding public office;

15 (b) prohibition of the offender's owning or carrying a dangerous weapon;

16 (c) restrictions on the offender's freedom of association;

17 (d) restrictions on the offender's freedom of movement;

18 (e) a requirement that the defendant provide a biological sample for DNA testing for purposes of Title
19 44, chapter 6, part 1, if an agreement to do so is part of the plea bargain;

20 (f) a requirement that the offender surrender any registry identification card issued under [section 46
21 11] or license issued under ~~50-46-303~~ 16-12-203;

22 (g) any other limitation reasonably related to the objectives of rehabilitation and the protection of the
23 victim and society.

24 (2) Whenever the sentencing judge imposes a sentence of imprisonment in a state prison for a term
25 exceeding 1 year, the sentencing judge may also impose the restriction that the offender is ineligible for parole
26 and participation in the supervised release program while serving that term. If the restriction is to be imposed,
27 the sentencing judge shall state the reasons for it in writing. If the sentencing judge finds that the restriction is
28 necessary for the protection of society, the judge shall impose the restriction as part of the sentence and the

1 judgment must contain a statement of the reasons for the restriction.

2 (3) If a sentencing judge requires an offender to surrender a registry identification card issued under
3 [section 46 11] or license issued under ~~50-46-303~~ 16-12-203, the court shall return the card or license to the
4 department of ~~public health and human services-revenue~~ and provide the department with information on the
5 offender's sentence. The department shall revoke the card for the duration of the sentence and shall return the
6 card if the offender successfully completes the terms of the sentence before the expiration date listed on the
7 card."

8

9 **Section 78.** Section 50-46-302, MCA, is amended to read:

10 **"50-46-302. Definitions.** As used in this part, the following definitions apply:

11 (1) "Canopy" means the total amount of square footage dedicated to live plant production at a
12 registered premises consisting of the area of the floor, platform, or means of support or suspension of the plant.

13 (2) "Chemical manufacturing" means the production of marijuana concentrate.

14 (3) "Correctional facility or program" means a facility or program that is described in 53-1-202 and to
15 which an individual may be ordered by any court of competent jurisdiction.

16 (4) "Debilitating medical condition" means:

17 (a) cancer, glaucoma, positive status for human immunodeficiency virus, or acquired immune
18 deficiency syndrome when the condition or disease results in symptoms that seriously and adversely affect the
19 patient's health status;

20 (b) cachexia or wasting syndrome;

21 (c) severe chronic pain that is persistent pain of severe intensity that significantly interferes with daily
22 activities as documented by the patient's treating physician;

23 (d) intractable nausea or vomiting;

24 (e) epilepsy or an intractable seizure disorder;

25 (f) multiple sclerosis;

26 (g) Crohn's disease;

27 (h) painful peripheral neuropathy;

28 (i) a central nervous system disorder resulting in chronic, painful spasticity or muscle spasms;

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Drafter: Corina Hach, 406-444-4026

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- 1 (j) admittance into hospice care in accordance with rules adopted by the department; or
- 2 (k) posttraumatic stress disorder.
- 3 (5) "Department" means the department of ~~public health and human services~~ revenue provided for in
- 4 ~~2-15-2204~~ 2-15-1301.
- 5 (6) "Dispensary" means a registered premises from which a provider or marijuana-infused products
- 6 provider is approved by the department to dispense marijuana or marijuana-infused products to a registered
- 7 cardholder.
- 8 (7) (a) "Employee" means an individual employed to do something for the benefit of an employer.
- 9 (b) The term includes a manager, agent, or director of a partnership, association, company,
- 10 corporation, limited liability company, or organization.
- 11 (c) The term does not include a third party with whom a licensee has a contractual relationship.
- 12 (8) "Financial interest" means a legal or beneficial interest that entitles the holder, directly or indirectly
- 13 through a business, an investment, or a spouse, parent, or child relationship, to 1% or more of the net profits or
- 14 net worth of the entity in which the interest is held.
- 15 (9) "Local government" means a county, a consolidated government, or an incorporated city or town.
- 16 (10) "Marijuana" has the meaning provided in 50-32-101.
- 17 (11) "Marijuana concentrate" means any type of marijuana product consisting wholly or in part of the
- 18 resin extracted from any part of the marijuana plant.
- 19 (12) "Marijuana derivative" means any mixture or preparation of the dried leaves, flowers, resin, and
- 20 byproducts of the marijuana plant, including but not limited to marijuana concentrates and marijuana-infused
- 21 products.
- 22 (13) (a) "Marijuana-infused product" means a product that contains marijuana and is intended for use
- 23 by a registered cardholder by a means other than smoking.
- 24 (b) The term includes but is not limited to edible products, ointments, and tinctures.
- 25 (14) (a) "Marijuana-infused products provider" means a person licensed by the department to
- 26 manufacture and provide marijuana-infused products for a registered cardholder.
- 27 (b) The term does not include the cardholder's treating or referral physician.
- 28 (15) "Mature marijuana plant" means a harvestable female marijuana plant that is flowering.

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1 (16) "Paraphernalia" has the meaning provided in 45-10-101.

2 (17) "Person" means an individual, partnership, association, company, corporation, limited liability
3 company, or organization.

4 (18) (a) "Provider" means a person licensed by the department to assist a registered cardholder as
5 allowed under this part.

6 (b) The term does not include a cardholder's treating physician or referral physician.

7 (19) "Referral physician" means an individual who:

8 (a) is licensed under Title 37, chapter 3; and

9 (b) is the physician to whom a patient's treating physician has referred the patient for physical
10 examination and medical assessment.

11 (20) "Registered cardholder" or "cardholder" means a Montana resident with a debilitating medical
12 condition who has received and maintains a valid registry identification card.

13 (21) "Registered premises" means the location at which a provider or marijuana-infused products
14 provider:

15 (a) has indicated that marijuana will be cultivated, chemical manufacturing will occur, or marijuana-
16 infused products will be manufactured for registered cardholders; or

17 (b) has established a dispensary for sale of marijuana or marijuana-infused products to registered
18 cardholders.

19 (22) "Registry identification card" means a document issued by the department pursuant to 50-46-303
20 that identifies an individual as a registered cardholder.

21 (23) (a) "Resident" means an individual who meets the requirements of 1-1-215.

22 (b) An individual is not considered a resident for the purposes of this part if the individual:

23 (i) claims residence in another state or country for any purpose; or

24 (ii) is an absentee property owner paying property tax on property in Montana.

25 (24) "Second degree of kinship by blood or marriage" means a mother, father, brother, sister, son,
26 daughter, spouse, grandparent, grandchild, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-
27 law, daughter-in-law, grandparent-in-law, grandchild-in-law, stepfather, stepmother, stepbrother, stepsister,
28 stepson, stepdaughter, stepgrandparent, or stepgrandchild.

1 (25) "Seedling" means a marijuana plant that has no flowers and is less than 12 inches in height and
2 12 inches in diameter.

3 (26) "Standard of care" means, at a minimum, the following activities when undertaken in person or
4 through the use of telemedicine by a patient's treating physician or referral physician if the treating physician or
5 referral physician is providing written certification for a patient with a debilitating medical condition:

6 (a) obtaining the patient's medical history;

7 (b) performing a relevant and necessary physical examination;

8 (c) reviewing prior treatment and treatment response for the debilitating medical condition;

9 (d) obtaining and reviewing any relevant and necessary diagnostic test results related to the
10 debilitating medical condition;

11 (e) discussing with the patient and ensuring that the patient understands the advantages,
12 disadvantages, alternatives, potential adverse effects, and expected response to the recommended treatment;

13 (f) monitoring the response to treatment and possible adverse effects; and

14 (g) creating and maintaining patient records that remain with the physician.

15 (27) "State laboratory" means the laboratory operated by the department to conduct environmental
16 analyses.

17 (28) "Telemedicine" has the meaning provided in 33-22-138.

18 (29) "Testing laboratory" means a qualified person, licensed by the department, who meets the
19 requirements of 50-46-311 and:

20 (a) provides testing of representative samples of marijuana and marijuana-infused products; and

21 (b) provides information regarding the chemical composition, the potency of a sample, and the
22 presence of molds, pesticides, or other contaminants in a sample.

23 (30) "Treating physician" means an individual who:

24 (a) is licensed under Title 37, chapter 3; and

25 (b) has a bona fide professional relationship with the individual applying to be a registered cardholder.

26 (31) (a) "Usable marijuana" means the dried leaves and flowers of the marijuana plant and any
27 marijuana derivatives that are appropriate for the use of marijuana by an individual with a debilitating medical
28 condition.

1 (b) The term does not include the seeds, stalks, and roots of the plant.

2 (32) "Written certification" means a statement signed by a treating physician or referral physician that
3 meets the requirements of 50-46-310 and is provided in a manner that meets the standard of care."
4

5 **Section 79.** Section 50-46-303, MCA, is amended to read:

6 **"50-46-303. Medical marijuana registry -- department responsibilities -- issuance of cards and**
7 **licenses -- confidentiality.** (1) The department shall establish and maintain a registry of persons who receive
8 registry identification cards or licenses under this part. The department shall issue:

9 (a) registry identification cards to Montana residents who have debilitating medical conditions and
10 who submit applications meeting the requirements of this part;

11 (b) licenses:

12 (i) to persons who apply to operate as providers or marijuana-infused products providers and who
13 submit applications meeting the requirements of this part;

14 (ii) for dispensaries established by providers or marijuana-infused products providers; and

15 (iii) through the state laboratory, to testing laboratories that submit applications meeting the
16 requirements of this part; and

17 (c) endorsements for chemical manufacturing to a provider or a marijuana-infused products provider
18 who applies for a chemical manufacturing endorsement and meets requirements established by the department
19 by rule.

20 ~~(2) (a) An individual who obtains a registry identification card and indicates the individual will not use~~
21 ~~the system of licensed providers and marijuana-infused products providers to obtain marijuana or marijuana-~~
22 ~~infused products is authorized to cultivate, manufacture, possess, and transport marijuana as allowed by this~~
23 ~~part.~~

24 ~~(b) An individual who obtains a registry identification card and indicates the individual will use the~~
25 ~~system of licensed providers and marijuana-infused products providers to obtain marijuana or marijuana-~~
26 ~~infused products is authorized to possess marijuana as allowed by this part.~~

27 ~~(e)(a)~~ A person who obtains a provider, marijuana-infused products provider, or dispensary license or
28 an employee of a licensed provider or marijuana-infused products provider is authorized to cultivate,

1 manufacture, possess, sell, and transport marijuana as allowed by this part.

2 ~~(d)~~(b) A person who obtains a testing laboratory license or an employee of a licensed testing
3 laboratory is authorized to possess, test, and transport marijuana as allowed by this part.

4 (3) The department shall conduct criminal history background checks as required by 50-46-307 and
5 50-46-308 before issuing a license to a provider or marijuana-infused products provider.

6 (4) (a) Registry identification cards and licenses issued pursuant to this part must:

7 (i) be laminated and produced on a material capable of lasting for the duration of the time period for
8 which the card or license is valid;

9 (ii) state the name, address, and date of birth of the registered cardholder;

10 (iii) indicate whether the cardholder is obtaining marijuana and marijuana-infused products through the
11 system of licensed providers and marijuana-infused products providers;

12 (iv) indicate whether a provider or marijuana-infused products provider has an endorsement for
13 chemical manufacturing;

14 (v) state the date of issuance and the expiration date of the registry identification card or license;

15 (vi) contain a unique identification number; and

16 (vii) contain other information that the department may specify by rule.

17 (b) Except as provided in subsection (4)(c), in addition to complying with subsection (4)(a), registry
18 identification cards issued pursuant to this part must:

19 (i) include a picture of the registered cardholder; and

20 (ii) be capable of being used to track registered cardholder purchases.

21 (c) (i) The department shall issue temporary registry identification cards upon receipt of an
22 application. The cards are valid for 60 days and are exempt from the requirements of subsection (4)(b). Printing
23 of the temporary identification cards is exempt from the provisions of Title 18, chapter 7.

24 (ii) The cards may be issued before an applicant's payment of the fee has cleared. The department
25 shall cancel the temporary card after 60 days and may not issue a permanent card until the fee is paid.

26 (5) (a) The department or state laboratory, as applicable, shall review the information contained in an
27 application or renewal submitted pursuant to this part and shall approve or deny an application or renewal
28 within 30 days of receiving the application or renewal and all related application materials.

1 (b) If the department fails to act on a completed application within 30 days of receipt, the department
2 shall:

3 (i) refund the fee paid by an applicant for a registry identification card;

4 (ii) reduce the cost of the licensing fee for a new applicant for licensure or for a licensee seeking
5 renewal of a license by 5% each week that the application is pending; and

6 (iii) if a licensee is unable to operate because a license renewal application has not been acted on,
7 reimburse the licensee 50% of the ~~gross~~ sales the licensee reported in the most recent quarter for the purpose
8 of the tax provided for in 15-64-102.

9 (c) Applications that are not processed within 30 days of receipt remain active until the department
10 takes final action.

11 (d) An application for a license or renewal of a license is not considered complete until the department
12 has completed a satisfactory inspection as required by this part and related administrative rules.

13 (e) The department shall issue a registry identification card, license, or endorsement within 5 days of
14 approving an application or renewal.

15 (6) Review of a rejection of an application or renewal may be conducted as a contested case hearing
16 pursuant to the provisions of the Montana Administrative Procedure Act.

17 (7) (a) Registry identification cards expire 1 year after the date of issuance unless a physician has
18 provided a written certification stating that a card is valid for a shorter period of time.

19 (b) Licenses and endorsements issued to providers, marijuana-infused products providers, and
20 testing laboratories must be renewed annually.

21 (8) (a) A registered cardholder shall notify the department of any change in the cardholder's name,
22 address, or physician or change in the status of the cardholder's debilitating medical condition within 10 days of
23 the change.

24 ~~(b) A registered cardholder who possesses mature plants or seedlings under 50-46-319(1) shall notify~~
25 ~~the department of the location of the plants and seedlings or any change of location of plants or seedlings. The~~
26 ~~department shall provide the names and locations of cardholders who possess mature plants or seedlings to~~
27 ~~the local law enforcement agency having jurisdiction in the area in which the plants or seedlings are located.~~
28 ~~The law enforcement agency and its employees are subject to the confidentiality requirements of 50-46-332.~~

1 ~~(e)~~(b) If a change occurs and is not reported to the department, the registry identification card is void.

2 (9) The department shall maintain a confidential list of individuals to whom the department has issued
3 registry identification cards. Except as provided in ~~subsections (8)(b) and~~ subsection (10), individual names and
4 other identifying information on the list must be confidential and are not subject to disclosure, except to:

5 (a) authorized employees of the department as necessary to perform the official duties of the
6 department;

7 (b) authorized employees of state or local government agencies, including law enforcement agencies,
8 only as necessary to verify that an individual is a lawful possessor of a registry identification card;

9 (c) a judge, magistrate, or other authorized judicial officer in response to an order requiring disclosure;
10 and

11 (d) another person or entity when the information pertains to a cardholder who has given written
12 consent to the release and has specified:

13 (i) the type of information to be released; and

14 (ii) the person or entity to whom it may be released.

15 (10) The department shall provide the names and phone numbers of providers and marijuana-infused
16 products providers and the city, town, or county where registered premises and testing laboratories are located
17 to the public on the department's website. The department may not disclose the physical location or address of
18 a provider, marijuana-infused products provider, dispensary, or testing laboratory.

19 ~~(11) The department may share only information about providers, marijuana-infused products~~
20 ~~providers, dispensaries, and testing laboratories with the department of revenue for the purpose of investigation~~
21 ~~and prevention of noncompliance with tax laws, including but not limited to evasion, fraud, and abuse. The~~
22 ~~department of revenue and its employees are subject to the confidentiality requirements of 15-64-111(1)."~~

23

24 **Section 80.** Section 50-46-307, MCA, is amended to read:

25 **"50-46-307. Individuals with debilitating medical conditions -- requirements -- minors --**

26 **limitations.** (1) Except as provided in subsections (2) through (5), the department shall issue a registry
27 identification card to an individual with a debilitating medical condition who submits the following, in accordance
28 with department rules:

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- 1 (a) an application on a form prescribed by the department;
- 2 (b) an application fee or a renewal fee;
- 3 (c) the individual's name, street address, and date of birth;
- 4 (d) proof of Montana residency;
- 5 ~~(e) a statement that the individual will be cultivating marijuana and manufacturing marijuana-infused~~
- 6 ~~products for the individual's use or will be obtaining marijuana or marijuana-infused products through the~~
- 7 ~~system of licensed providers and marijuana-infused products providers;~~
- 8 ~~(f)~~(e) a statement, on a form prescribed by the department, that the individual will not divert to any
- 9 other individual the marijuana or marijuana-infused products that the individual ~~cultivates, manufactures, or~~
- 10 ~~obtains through the system of licensed providers and marijuana-infused products providers~~ for the individual's
- 11 debilitating medical condition;
- 12 ~~(g)~~(f) the name of the individual's treating physician or referral physician and the street address and
- 13 telephone number of the physician's office;
- 14 ~~(h)~~(g) the street address where the individual is cultivating marijuana or manufacturing marijuana-
- 15 infused products if the individual is cultivating marijuana or manufacturing marijuana-infused products for the
- 16 individual's own use; and
- 17 ~~(i)~~(h) the written certification and accompanying statements from the individual's treating physician or
- 18 referral physician as required pursuant to 50-46-310.
- 19 (2) The department shall issue a registry identification card to a minor if the materials required under
- 20 subsection (1) are submitted and the minor's custodial parent or legal guardian with responsibility for health
- 21 care decisions:
 - 22 (a) provides proof of legal guardianship and responsibility for health care decisions if the individual is
 - 23 submitting an application as the minor's legal guardian with responsibility for health care decisions; and
 - 24 (b) signs and submits a written statement that:
 - 25 (i) the minor's treating physician or referral physician has explained to the minor and to the minor's
 - 26 custodial parent or legal guardian with responsibility for health care decisions the potential risks and benefits of
 - 27 the use of marijuana;
 - 28 (ii) indicates whether the parent or legal guardian will be obtaining marijuana or marijuana-infused

1 products for the minor through the system of licensed providers and marijuana-infused products providers; and

2 (iii) the minor's custodial parent or legal guardian with responsibility for health care decisions:

3 (A) consents to the use of marijuana by the minor;

4 (B) agrees to control the acquisition of marijuana and the dosage and frequency of the use of
5 marijuana by the minor;

6 (C) agrees that the minor will use only marijuana-infused products and will not smoke marijuana;

7 (c) if the parent or guardian will be serving as the minor's provider, undergoes background checks in
8 accordance with subsection (3). The parent or legal guardian shall pay the costs of the background check and
9 may not obtain a license as a marijuana-infused products provider if the parent or legal guardian does not meet
10 the requirements of 50-46-308.

11 (d) pledges, on a form prescribed by the department, not to divert to any individual any marijuana
12 cultivated or obtained for the minor's use in a marijuana-infused product.

13 (3) A parent serving as a minor's provider shall submit fingerprints to facilitate a fingerprint and
14 background check by the department of justice and federal bureau of investigation upon the minor's initial
15 application for a registry identification card and every ~~3~~ 5 years after that. The department shall conduct a
16 name-based background check in years when a fingerprint background check is not required.

17 (4) An application for a registry identification card for a minor must be accompanied by the written
18 certification and accompanying statements required pursuant to 50-46-310 from a second physician in addition
19 to the minor's treating physician or referral physician.

20 (5) An individual may not be a registered cardholder if the individual is in the custody of or under the
21 supervision of the department of corrections or a youth court.

22 ~~(6) A registered cardholder who elects to obtain marijuana or marijuana-infused products through the~~
23 ~~system of licensed providers and marijuana-infused products providers may not cultivate marijuana or~~
24 ~~manufacture marijuana-infused products for the cardholder's use unless the registered cardholder is a licensed~~
25 ~~provider or marijuana-infused products provider.~~

26 ~~(7) A registered cardholder may cultivate marijuana and manufacture marijuana-infused products as~~
27 ~~allowed under 50-46-319 only:~~

28 ~~(a) at a property that is owned by the cardholder; or~~

1 ~~(b) with written permission of the property owner, at a property that is rented or leased by the~~
2 ~~cardholder.~~

3 ~~(8) No portion of the property used for cultivation of marijuana and manufacture of marijuana-infused~~
4 ~~products for use by the registered cardholder may be shared with or rented or leased to a provider, a~~
5 ~~marijuana-infused products provider, or a registered cardholder unless the property is owned, rented, or leased~~
6 ~~by cardholders who are related to each other by the second degree of kinship by blood or marriage."~~

7

8 **Section 81.** Section 50-46-319, MCA, is amended to read:

9 "**50-46-319. Legal protections -- allowable amounts.** (1) (a) A registered cardholder ~~who has~~
10 ~~elected to obtain marijuana and marijuana-infused products through the system of licensed providers and~~
11 ~~marijuana-infused products providers may:~~

12 (i) possess up to 1 ounce of usable marijuana; and

13 (ii) purchase a maximum of 5 ounces of usable marijuana a month and no more than 1 ounce of
14 usable marijuana a day.

15 ~~(b) (i) A registered cardholder who has elected not to use the system of licensed providers and~~
16 ~~marijuana-infused products providers may possess up to 4 mature plants, 4 seedlings, and the amount of~~
17 ~~usable marijuana allowed by the department by rule.~~

18 ~~(ii) If two or more registered cardholders share a residence and have elected not to use the system of~~
19 ~~licensed providers and marijuana-infused products providers, the cardholders may have a maximum of 8~~
20 ~~mature plants, 8 seedlings, and the amount of usable marijuana allowed by the department by rule. The limits in~~
21 ~~this subsection (1)(b)(ii) apply regardless of the location of the plants and seedlings.~~

22 ~~(iii) A registered cardholder who possesses mature plants or seedlings shall notify the department of~~
23 ~~the location of the plants and seedlings pursuant to 50-46-303(8)(b).~~

24 ~~(e)(b)~~ A provider or marijuana-infused products provider may have the canopy allowed by the
25 department for the provider or marijuana-infused products provider. The canopy allotment is a cumulative total
26 for all of the provider's or marijuana-infused products provider's registered premises and may not be interpreted
27 as an allotment for each premises.

28 ~~(d)(c)~~ (i) A registered cardholder may petition the department for an exception to the monthly limit on

1 purchases. The request must be accompanied by a confirmation from the physician who signed the
2 cardholder's written certification that the cardholder's debilitating medical condition warrants purchase of an
3 amount exceeding the monthly limit.

4 (ii) If the department approves an exception to the cap, the approval must establish the monthly
5 amount of usable marijuana that the cardholder may purchase and the limit must be entered into the seed-to-
6 sale tracking system.

7 (2) Except as provided in 50-46-320 and subject to the provisions of subsection (7) of this section, an
8 individual who possesses a registry identification card or license issued pursuant to this part may not be
9 arrested, prosecuted, or penalized in any manner or be denied any right or privilege, including but not limited to
10 civil penalty or disciplinary action by a professional licensing board or the department of labor and industry,
11 solely because:

12 (a) the person cultivates, manufactures, possesses, or transports marijuana in the amounts allowed
13 under this section; or

14 (b) the registered cardholder acquires or uses marijuana.

15 (3) A physician may not be arrested, prosecuted, or penalized in any manner or be denied any right or
16 privilege, including but not limited to civil penalty or disciplinary action by the board of medical examiners or the
17 department of labor and industry, solely for providing written certification for a patient with a debilitating medical
18 condition.

19 (4) Nothing in this section prevents the imposition of a civil penalty or a disciplinary action by a
20 professional licensing board or the department of labor and industry if:

21 (a) a registered cardholder's use of marijuana impairs the cardholder's job-related performance; or

22 (b) a physician violates the standard of care or other requirements of this part.

23 (5) (a) An individual may not be arrested or prosecuted for constructive possession, conspiracy as
24 provided in 45-4-102, or other provisions of law or any other offense solely for being in the presence or vicinity
25 of the use of marijuana and marijuana-infused products as permitted under this part.

26 (b) This subsection (5) does not prevent the arrest or prosecution of an individual who is in the vicinity
27 of a registered cardholder's use of marijuana if the individual is in possession of or is using marijuana and is not
28 a registered cardholder.

1 (6) Except as provided in 50-46-329, possession of or application for a license or registry identification
2 card does not alone constitute probable cause to search the person or individual or the property of the person
3 or individual or otherwise subject the person or individual or property of the person or individual possessing or
4 applying for the license or card to inspection by any governmental agency, including a law enforcement agency.

5 (7) The provisions of this section relating to protection from arrest or prosecution do not apply to an
6 individual unless the individual has obtained a license or registry identification card prior to an arrest or the filing
7 of a criminal charge. It is not a defense to a criminal charge that an individual obtains a license or registry
8 identification card after an arrest or the filing of a criminal charge.

9 (8) (a) A registered cardholder, a provider, or a marijuana-infused products provider is presumed to
10 be engaged in the use of marijuana as allowed by this part if the person:

11 (i) is in possession of a valid registry identification card or license; and

12 (ii) is in possession of an amount of marijuana that does not exceed the amount permitted under this
13 part.

14 (b) The presumption may be rebutted by evidence that the possession of marijuana was not for the
15 purpose of alleviating the symptoms or effects of a registered cardholder's debilitating medical condition."
16

17 **Section 82.** Section 50-46-345, MCA, is amended to read:

18 **"50-46-345. Medical marijuana state special revenue account -- operating reserve -- transfer of**
19 **excess funds.** (1) There is a medical marijuana state special revenue account within the state special revenue
20 fund established in 17-2-102.

21 (2) The account consists of:

22 (a) money deposited into the account pursuant to 50-46-344 and 50-46-347;

23 (b) the tax collected pursuant to Title 15, chapter 64, part 1; and

24 (c) civil penalties collected under this part.

25 (3) Except as provided in subsection (4), money in the account must be used by the department for
26 the purpose of administering the Montana Medical Marijuana Act and tracking system development.

27 ~~(4) (a) At the end of each fiscal year, the department shall transfer funds in excess of a \$250,000~~
28 ~~operating reserve as provided in this subsection (4).~~

1 ~~(b) At the end of fiscal year 2019:~~

2 ~~(i) the first \$2.5 million in excess funds must be transferred to the mental health services special~~
3 ~~revenue account provided for in 53-21-1207; and~~

4 ~~(ii) any remaining excess funds must be transferred to the pain management education and treatment~~
5 ~~special revenue account provided for in 50-46-346.~~

6 ~~(c) At the end of fiscal year 2020 and subsequent fiscal years, any excess funds must be transferred~~
7 ~~to the pain management education and treatment special revenue account provided for in 50-46-346.~~

8 (4) The account's balance shall be transferred to the marijuana state special revenue account
9 provided for in 16-12-111:

10 (a) on July 1, 2021; and

11 (b) on December 31, 2021."

12
13 **Section 83.** Section 50-46-346, MCA, is amended to read:

14 **"50-46-346. Pain management education and treatment special revenue account.** (1) There is a
15 pain management education and treatment account in the state special revenue fund provided for in 17-2-102
16 to the credit of the department.

17 (2) The account consists of money transferred into the account as provided in 50-46-345.

18 (3) Money in the account must be used by the department for:

19 (a) efforts to educate the public about using pain management techniques and treatments that do not
20 involve the use of opioid drugs; and

21 (b) a block grant program to pay the costs of the following alternative pain management treatments
22 for individuals who have no other payment source for the treatments:

23 (i) acupuncture;

24 (ii) chiropractic;

25 (iii) physical therapy; and

26 (iv) naturopathic physician services.

27 (4) The block grant program must be operated in accordance with criteria established by the
28 department as allowed under 53-24-204.

1 (5) On July 1, 2021, the account's balance shall be transferred to the marijuana state special revenue
2 account provided for in 16-12-111."

3

4 **Section 84.** Section 50-46-347, MCA, is amended to read:

5 **"50-46-347. Provider licensing fees.** (1) Unless reduced as allowed under 50-46-303(5)(b), annual
6 license fees for providers and marijuana-infused products providers are based on the volume of the provider's
7 production of marijuana.

8 (2) Annual fees for providers and marijuana-infused products providers are:

9 (a) \$500 for a provider with a micro tier canopy license;

10 (b) \$1,000 for a provider with a tier 1 canopy license;

11 (c) \$2,500 for a provider with a tier 2 canopy license;

12 (d) \$5,000 for a provider with a tier 3 canopy license;

13 (e) \$7,500 for a provider with a tier 4 canopy license;

14 (f) \$10,000 for a provider with a tier 5 canopy license;

15 (g) \$13,000 for a provider with a tier 6 canopy license;

16 (h) \$15,000 for a provider with a tier 7 canopy license;

17 (i) \$17,500 for a provider with a tier 8 canopy license; and

18 (j) \$20,000 for a provider with a tier 9 canopy license.

19 (3) A provider of both marijuana and marijuana-infused products is required to have only one canopy
20 license.

21 (4) The fee required under this part may be imposed based only on the tier of licensure and may not
22 be applied separately to each registered premises used for cultivation under the licensure level.

23 (5) The department shall charge an annual dispensary license fee in addition to the canopy license
24 fee provided for in subsection (2). The dispensary license fee is based on the total number of registered
25 premises used as dispensaries as follows:

26 (a) one registered premises, \$500;

27 (b) two or three registered premises, \$5,000

28 (c) four or five registered premises, \$25,000; and

1 (d) six or more registered premises, \$100,000.

2 (6) Money collected from license fees paid pursuant to this section must be deposited in the special
3 revenue account provided for in ~~50-46-345~~ 16-12-111."

4

5 **Section 85.** Section 53-6-1201, MCA, is amended to read:

6 **"53-6-1201. (Subsection (2)(c) effective October 1, 2021) Special revenue fund -- health and**
7 **medicaid initiatives.** (1) There is a health and medicaid initiatives account in the state special revenue fund
8 established by 17-2-102. This account is to be administered by the department of public health and human
9 services.

10 (2) There must be deposited in the account:

11 (a) money from cigarette taxes deposited under 16-11-119(2)(c);

12 (b) money from taxes on tobacco products other than cigarettes deposited under 16-11-119(4)(b);

13 and

14 ~~(c) money from marijuana taxes deposited under 16-12-111; and~~

15 ~~(d)(c)~~ any interest and income earned on the account.

16 (3) This account may be used only to provide funding for:

17 (a) the state funds necessary to take full advantage of available federal matching funds in order to
18 administer the plan and maximize enrollment of eligible children under the healthy Montana kids plan, provided
19 for under Title 53, chapter 4, part 11, and to provide outreach to the eligible children;

20 (b) a new need-based prescription drug program established by the legislature for children, seniors,
21 chronically ill, and disabled persons that does not supplant similar services provided under any existing
22 program;

23 ~~(c) increased medicaid services and medicaid provider rates. The increased revenue is intended to~~
24 ~~increase medicaid services and medicaid provider rates and not to supplant the general fund in the trended~~
25 ~~traditional level of appropriation for medicaid services and medicaid provider rates.~~

26 (c) increased medicaid services and medicaid provider rates. The increased revenue is intended to
27 increase medicaid services and medicaid provider rates and not to supplant the general fund in the trended
28 traditional level of appropriation for medicaid services and medicaid provider rates.

1 ~~(d)(e)(d)~~ an offset to loss of revenue to the general fund as a result of new tax credits; and
 2 ~~(e)(b)(e)~~ grants to schools for suicide prevention activities, for the biennium beginning July 1, 2017.
 3 (4) (a) On or before July 1, the budget director shall calculate a balance required to sustain each
 4 program in subsection (3) for each fiscal year of the biennium. If the budget director certifies that the reserve
 5 balance will be sufficient, then the agencies may expend the revenue for the programs as appropriated. If the
 6 budget director determines that the reserve balance of the revenue will not support the level of appropriation,
 7 the budget director shall notify each agency. Upon receipt of the notification, the agency shall adjust the
 8 operating budget for the program to reflect the available revenue as determined by the budget director.

9 (b) Until the programs or credits described in subsections (3)(b) and ~~(3)(d)~~ ~~(3)(e)~~ ~~(3)(d)~~ are
 10 established, the funding must be used exclusively for the purposes described in ~~subsections~~ SUBSECTION
 11 subsections (3)(a) and (3)(c) and (3)(c).

12 ~~(5) The phrase "trended traditional level of appropriation", as used in subsection (3)(c), means the~~
 13 ~~appropriation amounts, including supplemental appropriations, as those amounts were set based on eligibility~~
 14 ~~standards, services authorized, and payment amount during the past five biennial budgets.~~

15 (5) The phrase "trended traditional level of appropriation", as used in subsection (3)(c), means the
 16 appropriation amounts, including supplemental appropriations, as those amounts were set based on eligibility
 17 standards, services authorized, and payment amount during the past five biennial budgets.

18 ~~(6)(5)(6)~~ The department of public health and human services may adopt rules to implement this
 19 section."

21 **Section 86.** Section 53-21-1207, MCA, is amended to read:

22 **"53-21-1207. Mental health services special revenue account.** (1) There is a mental health
 23 services special revenue account within the state special revenue fund established in 17-2-102.

24 (2) The account consists of:

25 (a) money transferred into the account ~~as provided in 50-46-345;~~ and

26 (b) money appropriated by the legislature.

27 (3) Money in the account must be used by the department to pay for services provided by behavioral
 28 health peer support specialists pursuant to 53-6-101."

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Section 87. Section 61-8-402, MCA, is amended to read:

"61-8-402. Implied consent -- blood or breath tests for alcohol, blood or oral fluid for drugs, or testing for both alcohol and drugs using recognized methods for each -- refusal to submit to test -- administrative license suspension. (1) A person who operates or is in actual physical control of a vehicle upon ways of this state open to the public is considered to have given consent to a test or tests of the person's blood or breath for the purpose of determining any measured amount or detected presence of alcohol, or blood or oral fluid for the purpose of determining any measured amount or detected presence of drugs in the person's body.

(2) (a) The test or tests must be administered at the direction of a peace officer when:

(i) the officer has reasonable grounds to believe that the person has been driving or has been in actual physical control of a vehicle upon ways of this state open to the public while under the influence of alcohol, drugs, or a combination of the two and the person has been placed under arrest for a violation of 61-8-401, ~~61-8-411~~, or 61-8-465;

(ii) the person is under the age of 21 and has been placed under arrest for a violation of 61-8-410; or

(iii) the officer has probable cause to believe that the person was driving or in actual physical control of a vehicle:

(A) in violation of 61-8-401 and the person has been involved in a motor vehicle accident or collision resulting in property damage;

(B) involved in a motor vehicle accident or collision resulting in serious bodily injury, as defined in 45-2-101, or death; or

(C) in violation of 61-8-465.

(b) The arresting or investigating officer may designate which test or tests are administered.

(3) A person who is unconscious or who is otherwise in a condition rendering the person incapable of refusal is considered not to have withdrawn the consent provided by subsection (1).

(4) If an arrested person refuses to submit to one or more tests requested and designated by the officer as provided in subsection (2), the refused test or tests may not be given except as provided in subsection (5), but the officer shall, on behalf of the department, immediately seize the person's driver's license.

1 The peace officer shall immediately forward the license to the department, along with a report certified under
2 penalty of law stating which of the conditions set forth in subsection (2)(a) provides the basis for the testing
3 request and confirming that the person refused to submit to one or more tests requested and designated by the
4 peace officer. Upon receipt of the report, the department shall suspend the license for the period provided in
5 subsection (8).

6 (5) If the arrested person has refused to provide a breath, blood, ~~or urine,~~ or oral fluid sample under
7 61-8-409 or this section in a prior investigation in this state or under a substantially similar statute in another
8 jurisdiction or the arrested person has a prior conviction or pending offense for a violation of 45-5-104, 45-5-
9 106, 45-5-205, 61-8-401, 61-8-406, or 61-8-411 or a similar statute in another jurisdiction, the officer may apply
10 for a search warrant to be issued pursuant to 46-5-224 to collect a sample of the person's blood for testing.

11 (6) (a) An arrested person who refuses to submit to one or more tests as provided in subsection (4)
12 shall pay the department an administrative fee of \$300, which must be deposited in the state special revenue
13 account established pursuant to subsection (6)(b).

14 (b) There is a blood-draw search warrant processing account in the state special revenue fund
15 established pursuant to 17-2-102(1)(b). Money provided to the department of justice pursuant to this subsection
16 (6) must be deposited in the account and may be used only for the purpose of providing forensic analysis of a
17 driver's blood to determine the presence of alcohol or drugs.

18 (c) The department shall adopt rules establishing procedures for the collection, distribution, and strict
19 accountability of any funds received pursuant to this section.

20 (7) Upon seizure of a driver's license, the peace officer shall issue, on behalf of the department, a
21 temporary driving permit, which is effective 12 hours after issuance and is valid for 5 days following the date of
22 issuance, and shall provide the driver with written notice of the license suspension and the right to a hearing
23 provided in 61-8-403.

24 (8) (a) Except as provided in subsection (8)(b), the following suspension periods are applicable upon
25 refusal to submit to one or more tests:

26 (i) upon a first refusal, a suspension of 6 months with no provision for a restricted probationary
27 license;

28 (ii) upon a second or subsequent refusal within 5 years of a previous refusal, as determined from the

1 records of the department, a suspension of 1 year with no provision for a restricted probationary license.

2 (b) If a person who refuses to submit to one or more tests under this section is the holder of a
3 commercial driver's license, in addition to any action taken against the driver's noncommercial driving
4 privileges, the department shall:

5 (i) upon a first refusal, suspend the person's commercial driver's license for a 1-year period; and

6 (ii) upon a second or subsequent refusal, suspend the person's commercial driver's license for life,
7 subject to department rules adopted to implement federal rules allowing for license reinstatement, if the person
8 is otherwise eligible, upon completion of a minimum suspension period of 10 years. If the person has a prior
9 conviction of a major offense listed in 61-8-802(2) arising from a separate incident, the conviction has the same
10 effect as a previous testing refusal for purposes of this subsection (8)(b).

11 (9) A nonresident driver's license seized under this section must be sent by the department to the
12 licensing authority of the nonresident's home state with a report of the nonresident's refusal to submit to one or
13 more tests.

14 (10) The department may recognize the seizure of a license of a tribal member by a peace officer
15 acting under the authority of a tribal government or an order issued by a tribal court suspending, revoking, or
16 reinstating a license or adjudicating a license seizure if the actions are conducted pursuant to tribal law or
17 regulation requiring alcohol or drug testing of motor vehicle operators and the conduct giving rise to the actions
18 occurred within the exterior boundaries of a federally recognized Indian reservation in this state. Action by the
19 department under this subsection is not reviewable under 61-8-403.

20 (11) A suspension under this section is subject to review as provided in this part.

21 (12) This section does not apply to tests, samples, and analyses of blood, ~~or~~ breath, or urine used for
22 purposes of medical treatment or care of an injured motorist, related to a lawful seizure for a suspected
23 violation of an offense not in this part, or performed pursuant to a search warrant.

24 (13) This section does not prohibit the release of information obtained from tests, samples, and
25 analyses of blood or breath for law enforcement purposes as provided in 46-4-301 and 61-8-405(6)."

26

27 **Section 88.** Section 61-8-404, MCA, is amended to read:

28 **"61-8-404. Evidence admissible -- conditions of admissibility.** (1) Upon the trial of a criminal

1 action or other proceeding arising out of acts alleged to have been committed by a person in violation of 61-8-
2 401, 61-8-406, 61-8-410, 61-8-411, 61-8-465, or 61-8-805:

3 (a) evidence of any measured amount or detected presence of alcohol, drugs, or a combination of
4 alcohol and drugs in the person at the time of a test, as shown by an analysis of the person's blood, ~~or~~ breath,
5 or oral fluid, is admissible. A positive test result does not, in itself, prove that the person was under the influence
6 of a drug or drugs at the time the person was in control of a motor vehicle. A person may not be convicted of a
7 violation of 61-8-401 based upon the presence of a drug or drugs in the person unless some other competent
8 evidence exists that tends to establish that the person was under the influence of a drug or drugs while driving
9 or in actual physical control of a motor vehicle within this state.

10 (b) a report of the facts and results of one or more tests of a person's blood, ~~or~~ breath, or oral fluid is
11 admissible in evidence if:

12 (i) a breath test, oral fluid screening test, or preliminary alcohol screening test was performed by a
13 person certified by the forensic sciences division of the department to administer the test;

14 (ii) a blood sample was analyzed in a laboratory operated or certified by the department or in a
15 laboratory exempt from certification under the rules of the department and the blood was withdrawn from the
16 person by a person competent to do so under 61-8-405(1);

17 (c) a report of the facts and results of a physical, psychomotor, or physiological assessment of a
18 person is admissible in evidence if it was made by a person trained by the department or by a person who has
19 received training recognized by the department.

20 (2) If the person under arrest refused to submit to one or more tests under 61-8-402, whether or not a
21 sample was subsequently collected for any purpose, proof of refusal is admissible in any criminal action or
22 proceeding arising out of acts alleged to have been committed while the person was driving or in actual
23 physical control of a vehicle upon the ways of this state open to the public, while under the influence of alcohol,
24 drugs, or a combination of alcohol and drugs. The trier of fact may infer from the refusal that the person was
25 under the influence. The inference is rebuttable.

26 (3) The provisions of this part do not limit the introduction of any other competent evidence bearing on
27 the question of whether the person was under the influence of alcohol, drugs, or a combination of alcohol and
28 drugs."

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Section 89. Section 61-8-405, MCA, is amended to read:

"61-8-405. Administration of tests. (1) Only a physician, registered nurse, or other qualified person acting under the supervision and direction of a physician or registered nurse may, at the request of a peace officer, withdraw blood for the purpose of determining any measured amount or detected presence of alcohol, drugs, or any combination of alcohol and drugs in the person. This limitation does not apply to the sampling of breath.

(2) In addition to any test administered at the direction of a peace officer, a person may request that an independent blood sample be drawn by a physician or registered nurse for the purpose of determining any measured amount or detected presence of alcohol, drugs, or any combination of alcohol and drugs in the person. The peace officer may not unreasonably impede the person's right to obtain an independent blood test. The officer may but has no duty to transport the person to a medical facility or otherwise assist the person in obtaining the test. The cost of an independent blood test is the sole responsibility of the person requesting the test. The failure or inability to obtain an independent test by a person does not preclude the admissibility in evidence of any test given at the direction of a peace officer.

(3) Upon the request of the person tested, full information concerning any test given at the direction of the peace officer must be made available to the person or the person's attorney.

(4) A physician, registered nurse, or other qualified person acting under the supervision and direction of a physician or registered nurse does not incur any civil or criminal liability as a result of the proper administering of a blood test when requested in writing by a peace officer to administer a test.

(5) The department in cooperation with any appropriate agency shall adopt uniform rules for the giving of tests and may require certification of training to administer the tests as considered necessary.

(6) If a peace officer has probable cause to believe that a person has violated 61-8-401, 61-8-406, 61-8-410, 61-8-411, 61-8-465, or 61-8-805 and a sample of blood, breath, urine, oral fluid, or other bodily substance is taken from that person for any reason, a portion of that sample sufficient for analysis must be provided to a peace officer if requested for law enforcement purposes and upon issuance of a subpoena as provided in 46-4-301."

1 **Section 90.** Section 61-8-409, MCA, is amended to read:

2 **"61-8-409. Preliminary alcohol or drug screening test.** (1) A person who operates or is in actual
3 physical control of a vehicle upon ways of this state open to the public is considered to have given consent to a
4 preliminary alcohol screening test of the person's breath, for the purpose of estimating the person's alcohol
5 concentration, or a preliminary drug screening test of a person's oral fluid for the purpose of estimating the
6 person's drug concentration(s), upon the request of a peace officer who has a particularized suspicion that the
7 person was driving or in actual physical control of a vehicle upon ways of this state open to the public while
8 under the influence of alcohol, drugs, or a combination of alcohol and drugs or in violation of 61-8-410 or 61-8-
9 465.

10 (2) The person's obligation to submit to a test under 61-8-402 is not satisfied by the person submitting
11 to a preliminary alcohol screening test, preliminary drug screening test, or both pursuant to this section.

12 (3) The peace officer shall inform the person of the right to refuse the test and that the refusal to
13 submit to the preliminary alcohol screening test, preliminary drug screening test, or both will result in the
14 suspension for up to 1 year of that person's driver's license.

15 (4) If the person refuses to submit to a test under this section, a test will not be given except as
16 provided in 61-8-402(5). However, the refusal is sufficient cause to suspend the person's driver's license as
17 provided in 61-8-402.

18 (5) A hearing as provided for in 61-8-403 must be available. The issues in the hearing must be limited
19 to determining whether a peace officer had a particularized suspicion that the person was driving or in actual
20 physical control of a vehicle upon ways of this state open to the public while under the influence of alcohol or in
21 violation of 61-8-410 and whether the person refused to submit to the alcohol test.

22 (6) The provisions of 61-8-402(3) through (10) that do not conflict with this section are applicable to
23 refusals under this section. If a person refuses a test requested under 61-8-402 and this section for the same
24 incident, the department may not consider each a separate refusal for purposes of suspension under 61-8-402.

25 (7) A test may not be conducted or requested under this section unless both the peace officer and the
26 instrument used to conduct the preliminary alcohol screening test or preliminary drug screening test have been
27 certified by the department pursuant to rules adopted under the authority of 61-8-405(5)."
28

1 **Section 91.** Section 61-8-442, MCA, is amended to read:

2 **"61-8-442. Driving under influence of alcohol or drugs -- driving with excessive alcohol**
3 **concentration -- ignition interlock device -- 24/7 sobriety and drug monitoring program -- forfeiture of**
4 **vehicle.** (1) In addition to the punishments provided in 61-8-714, 61-8-722, and 61-8-465, regardless of
5 disposition and if a probationary license is recommended by the court, the court may, for a person convicted of
6 a first offense under 61-8-401, 61-8-406, 61-8-411, or 61-8-465:

7 (a) restrict the person to driving only a motor vehicle equipped with a functioning ignition interlock
8 device during the probationary period and require the person to pay the reasonable cost of leasing, installing,
9 and maintaining the device; or

10 (b) require the person to participate in a court-approved alcohol or drug detection testing program and
11 pay the fees associated with the testing program.

12 (2) If a person is convicted of a second or subsequent violation of 61-8-401, 61-8-406, 61-8-411, or
13 61-8-465, in addition to the punishments provided in 61-8-714, 61-8-722, and 61-8-465, regardless of
14 disposition, the court shall:

15 (a) if recommending that a probationary license be issued to the person, restrict the person to driving
16 only a motor vehicle equipped with a functioning ignition interlock device during the probationary period and
17 require the person to pay the reasonable cost of leasing, installing, and maintaining the device;

18 (b) require the person to participate in the 24/7 sobriety and drug monitoring program provided for in
19 44-4-1203 and pay the fees associated with the program or require the person to participate in a court-
20 approved alcohol or drug detection testing program and pay the fees associated with the testing program; or

21 (c) order that each motor vehicle owned by the person at the time of the offense be seized and
22 subjected to the forfeiture procedure provided under 61-8-421.

23 (3) Any restriction or requirement imposed under this section must be included in a report of the
24 conviction made by the court to the department in accordance with 61-11-101 and placed upon the person's
25 driving record maintained by the department in accordance with 61-11-102.

26 (4) The duration of a restriction imposed under this section must be monitored by the department.

27 (5) All court-approved alcohol or drug detection testing programs allowed under this section are
28 required to use the state's data management system pursuant to 44-4-1203."

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Section 92. Section 61-11-101, MCA, is amended to read:

"61-11-101. Report of convictions and suspension or revocation of driver's licenses -- surrender of licenses. (1) If a person is convicted of an offense for which chapter 5 or chapter 8, part 8, makes mandatory the suspension or revocation of the driver's license or commercial driver's license of the person by the department, the court in which the conviction occurs shall require the surrender to it of all driver's licenses then held by the convicted person. The court shall, within 5 days after the conviction, forward the license and a record of the conviction to the department. If the person does not possess a driver's license, the court shall indicate that fact in its report to the department.

(2) A court having jurisdiction over offenses committed under a statute of this state or a municipal ordinance regulating the operation of motor vehicles on highways, except for standing or parking statutes or ordinances, shall forward a record of the conviction, as defined in 61-5-213, to the department within 5 days after the conviction. The court may recommend that the department issue a restricted probationary license on the condition that the individual comply with the requirement that the person attend and complete a chemical dependency education course, treatment, or both, as ordered by the court under 61-8-732.

(3) A court or other agency of this state or of a subdivision of the state that has jurisdiction to take any action suspending, revoking, or otherwise limiting a license to drive shall report an action and the adjudication upon which it is based to the department within 5 days on forms furnished by the department.

(4) (a) On a conviction referred to in subsection (1) of a person who holds a commercial driver's license or who is required to hold a commercial driver's license, a court may not take any action, including deferring imposition of judgment, that would prevent a conviction for any violation of a state or local traffic control law or ordinance, except a parking law or ordinance, in any type of motor vehicle, from appearing on the person's driving record. The provisions of this subsection (4)(a) apply only to the conviction of a person who holds a commercial driver's license or who is required to hold a commercial driver's license and do not apply to the conviction of a person who holds any other type of driver's license.

(b) For purposes of this subsection (4), "who is required to hold a commercial driver's license" refers to a person who did not have a commercial driver's license but who was operating a commercial motor vehicle at the time of a violation of a state or local traffic control law or ordinance resulting in a conviction referred to in

1 subsection (1).

2 (5) (a) If a person who holds a valid registry identification card or license issued pursuant to ~~50-46-~~
3 ~~307~~ [section ~~17 12~~] or ~~50-46-308~~ 16-12-203 is convicted of or pleads guilty to any offense related to driving
4 under the influence of alcohol or drugs when the initial offense with which the person was charged was a
5 violation of 61-8-401, 61-8-406, 61-8-410, or 61-8-411, the court in which the conviction occurs shall require the
6 person to surrender the registry identification card or license.

7 (b) Within 5 days after the conviction, the court shall forward the registry identification card and a copy
8 of the conviction to the ~~department of public health and human services~~ department of revenue."

9

10 **NEW SECTION. Section 93. Veterans and surviving spouses state special revenue account.** (1)

11 There is a veterans and surviving spouses account in the state special revenue fund to be administered by the
12 veterans' affairs division of the department of military affairs. The account consists of revenue deposited
13 pursuant to 16-12-111.

14 (2) The account must be used to provide services and assistance for all Montana veterans and
15 surviving spouses and dependents.

16

17 **NEW SECTION. Section 94. Local government taxing authority -- specific delegation.** As

18 required by 7-1-112, [sections 94 through 98] specifically delegate to the qualified electors of a county the
19 power to authorize their county to impose a local-option marijuana excise tax within the corporate boundary of
20 the county.

21

22 **NEW SECTION. Section 95. Limit on local-option marijuana excise tax rate -- goods subject to**

23 **tax.** (1) The rate of the local-option marijuana excise tax must be established by the election petition or
24 resolution provided for in [section 96], and the rate may not exceed 3%.

25 (2) The local-option marijuana excise tax is a tax on the retail value of all marijuana and marijuana
26 products sold at an adult-use dispensary or medical marijuana dispensary within a county.

27 (3) If a county imposes a local-option marijuana excise tax:

28 (a) 50% of the resulting tax revenue must be retained by the county;

1 (b) 45% of the resulting tax revenue must be apportioned to the municipalities on the basis of the ratio
2 of the population of the city or town to the total county population; and

3 (c) the remaining 5% of the resulting tax revenue must be retained by the department to defray costs
4 associated with administering [sections 94 through 98]. The funds retained by the department under this
5 subsection (3)(c) must be deposited into the marijuana state special revenue account established under 16-12-
6 111.

7 (4) For the purposes of this section, "tax revenue" means the combined taxes collected under any
8 local-option marijuana excise tax collected on retail sales within the county.

9

10 **NEW SECTION. Section 96. Local government excise tax-- election required -- procedure --**

11 **notice.** (1) A county that has permitted an adult-use dispensary or medical marijuana dispensary to operate
12 within its borders pursuant to 16-12-301 or a county in which the majority of voters voted to approve Initiative
13 Measure No. 190 in the November 3, 2020, general election, may not impose or, except as provided in this
14 section, amend or repeal a local-option marijuana excise tax unless the local-option marijuana excise tax
15 question has been approved by a majority of the qualified electors voting on the question.

16 (2) The local-option marijuana excise tax question may be presented to the qualified electors of a
17 county by a petition of the electors as provided in 7-5-131, 7-5-132, 7-5-134, 7-5-135, and 7-5-137 or by a
18 resolution of the governing body of the county.

19 (3) The petition or resolution referring the taxing question must state:

20 (a) the rate of the tax, which may not exceed 3% of the retail value of all marijuana and marijuana
21 products sold at an adult-use dispensary or medical marijuana dispensary;

22 (b) the date when the tax becomes effective, which may not be earlier than 90 days after the election;

23 and

24 (c) the purposes that may be funded by the tax revenue.

25 (4) On receipt of an adequate petition, the county's governing body shall hold an election in
26 accordance with Title 13, chapter 1, part 5.

27 (5) (a) Before the local-option marijuana excise tax question is submitted to the electorate, the county
28 shall provide notice of the goods subject to the local-option marijuana excise tax by a method described in 13-

1 1-108.

2 (b) The notice must be given two times, with at least 6 days separating the notices. The first notice
3 must be given not more than 45 days prior to the election, and the last notice must be given not less than 30
4 days prior to the election.

5 (6) Notice of the election must be given as provided in 13-1-108 and include the information listed in
6 subsection (3) of this section.

7 (7) The question of the imposition of a local-option marijuana excise tax may not be placed before the
8 qualified electors more than once in any fiscal year.

9

10 **NEW SECTION. Section 97. Tax administration.** (1) Not less than 90 days prior to the date that the
11 local-option marijuana excise tax becomes effective, the county shall notify the department of the results of the
12 election and coordinate with the department to facilitate the administration and collection of the local-option
13 marijuana excise taxes.

14 (2) The department shall establish by rule:

15 (a) the times that taxes collected by businesses are to be remitted to the department;

16 (b) the office or employee of the department responsible for receiving and accounting for the local-
17 option marijuana excise tax receipts;

18 (c) the office or employee of the department responsible for enforcing the collection of local-option
19 marijuana excise taxes and the methods and procedures to be used in enforcing the collection of local-option
20 marijuana excise taxes due; and

21 (d) the penalties for failure to report taxes due, failure to remit taxes due, and violations of the
22 administrative ordinance. The penalties may include:

23 (i) criminal penalties not to exceed a fine of \$1,000 or 6 months' imprisonment, or both;

24 (ii) civil penalties if the department prevails in a suit for the collection of local-option marijuana excise
25 taxes, not to exceed 50% of the local-option marijuana excise taxes found due plus the costs and attorney fees
26 incurred by the department in the action;

27 (iii) revocation of an adult-use dispensary license or medical marijuana dispensary license held by the
28 offender; and

- 1 (iv) any other penalties that may be applicable for violation of an ordinance.
- 2 (3) The department's rules may also include:
- 3 (a) further clarification and specificity in the categories of goods that are subject to the local-option
- 4 marijuana excise tax;
- 5 (b) authorization for business administration and prepayment discounts. The discount authorization
- 6 may allow each vendor and commercial establishment to withhold up to 5% of the local-option marijuana excise
- 7 taxes collected to defray their costs for the administration of the tax collection.
- 8 (c) other administrative details necessary for the efficient and effective administration of the tax.
- 9 (4) A county and the department may exchange information collected under the provisions of this
- 10 chapter that is necessary to implement and administer a local-option marijuana excise tax or the tax collected
- 11 under Title 15, chapter 64, part 1.

12

13 **NEW SECTION. Section 98. Use of local-option marijuana excise tax revenue.** Unless otherwise

14 restricted, a county or municipality may appropriate and expend revenue derived from a local-option marijuana

15 excise tax for any activity, undertaking, or administrative service that the municipality is authorized by law to

16 perform, including costs resulting from the imposition of the tax or due to administrative burdens imposed on

17 the municipality as a result of licensing or regulatory requirements imposed in this chapter.

18

19 **Section 99.** Section 80-1-104, MCA, is amended to read:

20 **"80-1-104. (Bracketed language effective October 1, 2021) Analytical laboratory services --**

21 **rulemaking authority -- deposit of fees.** (1) The department is authorized to provide analytical laboratory

22 services for:

- 23 (a) programs it operates under this title;
- 24 (b) other state or federal agencies;
- 25 ~~(c) providers and marijuana-infused products providers as those terms are defined in 50-46-302;~~
- 26 ~~[(d) adult-use marijuana providers and adult-use marijuana-infused products providers as those terms~~
- 27 ~~are defined in 16-12-102;]~~
- 28 ~~(e)(c)~~ the department of ~~public health and human services~~ revenue for the purposes of ~~[Title~~ Title 16,

1 chapter 12, and] Title 50, chapter 46, part 3, as allowed by federal law; and

2 (~~f~~)(d) private parties.

3 (2) The department may enter into a contract or a memorandum of understanding for the space and
4 equipment necessary for operation of the analytical laboratory.

5 (3) (a) The department may adopt rules establishing fees for testing services required under this title
6 or provided to another state agency, a federal agency, or a private party.

7 (b) Money collected from the fees must be deposited in the appropriate related account in the state
8 special revenue fund to the credit of the department to pay costs related to analytical laboratory services
9 provided pursuant to this section."

10

11

NEW SECTION. SECTION 100. HEALING AND ENDING ADDICTION THROUGH RECOVERY AND TREATMENT

12

ACCOUNT. (1) THERE IS A HEALING AND ENDING ADDICTION THROUGH RECOVERY AND TREATMENT ACCOUNT IN THE

13

STATE SPECIAL REVENUE FUND. THE ACCOUNT CONSISTS OF MONEY TRANSFERRED TO THE ACCOUNT PURSUANT TO 16-

14

12-111.

15

(2) REVENUE IN THE ACCOUNT MUST BE USED TO PROVIDE STATEWIDE PROGRAMS FOR:

16

(A) SUBSTANCE USE DISORDER PREVENTION;

17

(B) MENTAL HEALTH PROMOTION; AND

18

(C) CRISIS, TREATMENT, AND RECOVERY SERVICES FOR SUBSTANCE USE AND MENTAL HEALTH DISORDERS.

19

(3) THE PROGRAMS MUST BE DESIGNED TO:

20

(A) INCREASE THE NUMBER OF INDIVIDUALS CHOOSING TREATMENT OVER INCARCERATION;

21

(B) IMPROVE ACCESS TO, UTILIZATION OF, AND ENGAGEMENT AND RETENTION IN PREVENTION, TREATMENT,

22

AND RECOVERY SUPPORT SERVICES;

23

(C) EXPAND THE AVAILABILITY OF COMMUNITY-BASED SERVICES THAT REFLECT BEST PRACTICES OR ARE

24

EVIDENCE-BASED;

25

(D) LEVERAGE ADDITIONAL FEDERAL FUNDS WHEN AVAILABLE FOR THE HEALTHY MONTANA KIDS PLAN

26

PROVIDED FOR IN TITLE 53, CHAPTER 4, PART 11, AND THE MEDICAID PROGRAM PROVIDED FOR IN TITLE 53, CHAPTER 6,

27

FOR THE PURPOSES OF THIS SECTION;

28

(E) PROVIDE FUNDING FOR PROGRAMS AND SERVICES THAT ARE DESCRIBED IN SUBSECTIONS (2)(A) THROUGH

1 (2)(C) AND PROVIDED ON AN INDIAN RESERVATION LOCATED IN THIS STATE; ~~AND OR~~

2 (F) PROVIDE FUNDING FOR GRANTS AND SERVICES TO TRIBES FOR USE IN ACCORDANCE WITH THIS SECTION.

3 (4) (A) AN AMOUNT NOT TO EXCEED \$500,000, INCLUDING ELIGIBLE FEDERAL MATCHING SOURCES WHEN

4 APPLICABLE, MUST BE USED TO PROVIDE FUNDING FOR GRANTS AND SERVICES TO TRIBES FOR TOBACCO PREVENTION

5 AND CESSATION, SUBSTANCE USE DISORDER PREVENTION, MENTAL HEALTH PROMOTION, AND SUBSTANCE USE

6 DISORDER AND MENTAL HEALTH CRISIS, TREATMENT, AND RECOVERY SERVICES.

7 (B) THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES SHALL MANAGE THE PROGRAMS FUNDED BY

8 THE SPECIAL REVENUE ACCOUNT AND SHALL ADOPT RULES TO IMPLEMENT THE PROGRAMS.

9 (5) THE LEGISLATURE SHALL APPROPRIATE MONEY FROM THE STATE SPECIAL REVENUE ACCOUNT PROVIDED

10 FOR IN THIS SECTION FOR THE PROGRAMS REFERRED TO IN THIS SECTION.

11 (6) PROGRAMS FUNDED UNDER THIS SECTION ~~THAT ARE PRIVATE IN NATURE MAY~~ must BE FUNDED THROUGH

12 CONTRACTED SERVICES with service providers.

13
14 NEW SECTION. Section 101. Definitions. As used in [sections 101 through 103], unless the context
15 clearly indicates otherwise, the following definitions apply:

16 (1) "Expungement or resentencing of marijuana conviction court" means the court that is responsible
17 for determining petitions for expungement and resentencing as provided in 16-12-113.

18 (2) "Petition for expungement or resentencing" means a petition filed pursuant to 16-12-113 seeking
19 expungement or resentencing of a marijuana conviction.

20
21 NEW SECTION. Section 102. Appointment of judge. (1) A petition for expungement or
22 resentencing of a marijuana conviction filed as provided in 16-12-113 may be determined by a judge pro
23 tempore or special master, who must be a member of the bar of the state, agreed on in writing by the petitioner
24 and the county attorney, appointed by the supreme court as provided in 3-5-115, and sworn to determine
25 whether the petitioner meets the criteria for expungement or resentencing as provided in 16-12-113. On
26 appointment, the individual must be designated as the decriminalized marijuana conviction expungement judge.

27 (2) A judge appointed under subsection (1) has the authority and power of an elected district court
28 judge in the civil action involving petitions filed as provided in 16-12-113. All proceedings must be conducted in

1 accordance with the rules of evidence and procedure governing district courts.

2 (3) Any determination rendered in a petition by the judge has the same force and effect as if
3 determined by the district court with the regular judge presiding.

4 (4) A party stipulating to have a petition determined by the judge appointed under subsection (1) may
5 not file a motion for substitution of the judge pursuant to 3-1-804.

6 (5) All filings relating to a petition filed as provided in 16-12-113 must be filed with the clerk of court in
7 the judicial district in which the marijuana conviction took place. The applicant and the county attorney shall
8 provide a copy of each filing to the judge appointed as provided in subsection (1).

9

10 **NEW SECTION. Section 103. Petition for expungement -- venue.** When the applicant requests a
11 hearing, as provided in 16-12-113, the judge appointed as provided in [section 102] may hear the petition in any
12 venue stipulated by the petitioner and the county attorney, as provided in 25-2-202, or in any venue otherwise
13 determined by the judge in accordance with a stipulation of the petitioner and the county attorney. In stipulating
14 venue, the petitioner and the county attorney shall take into consideration the availability of courtroom facilities.
15 The judge may prepare a list of available courtroom facilities for consideration.

16

17 **NEW SECTION. Section 104. Repealer.** The following sections of the Montana Code Annotated are
18 repealed:

19 16-12-205. (Effective October 1, 2021) Contracted services.

20 16-12-401. (Effective October 1, 2021) Tax on marijuana sales.

21 16-12-402. (Effective October 1, 2021) Returns -- payment -- recordkeeping -- authority of department.

22 16-12-403. (Effective October 1, 2021) Deficient assessment -- penalty and interest -- statute of limitations.

23 16-12-404. (Effective October 1, 2021) Procedure to compute tax in absence of statement -- estimation of
24 tax -- failure to file -- penalty and interest.

25 16-12-405. (Effective October 1, 2021) Authority to collect delinquent taxes.

26 16-12-406. (Effective October 1, 2021) Refunds -- interest -- limitations.

27 16-12-407. (Effective October 1, 2021) Information -- confidentiality -- agreements with another state.

28 16-12-408. (Effective October 1, 2021) Department to make rules.

Amendment - 3rd Reading - Requested by: Jason Ellsworth

67th Legislature

Drafter: Corina Hach, 406-444-4026

HB 701.2.34

- 1 50-46-301. Short title -- purpose.
- 2 50-46-302. Definitions.
- 3 50-46-304. Department responsibility to monitor and assess medical marijuana production, testing, and
- 4 sales -- license revocation.
- 5 50-46-303. Medical marijuana registry -- department responsibilities -- issuance of cards and licenses —
- 6 confidentiality.
- 7 50-46-305. Canopy tiers -- requirements.
- 8 50-46-307. Individuals with debilitating medical conditions -- requirements -- minors -- limitations.
- 9 50-46-308. Provider types -- requirements -- limitations -- activities.
- 10 50-46-309. Marijuana-infused products provider -- requirements -- allowable activities.
- 11 50-46-310. Written certification -- accompanying statements.
- 12 50-46-311. Testing laboratories -- licensing inspections.
- 13 50-46-312. License as privilege -- criteria.
- 14 50-46-317. Registry card or license to be exhibited on demand -- photo identification required.
- 15 50-46-318. Health care facility procedures for patients with marijuana for use.
- 16 50-46-319. Legal protections -- allowable amounts.
- 17 50-46-320. Limitations of act.
- 18 50-46-326. Testing of marijuana and marijuana-infused products.
- 19 50-46-327. Prohibitions on physician affiliation with providers and marijuana-infused products providers --
- 20 sanctions.
- 21 50-46-328. Local government authority to regulate.
- 22 50-46-329. Inspections -- procedures -- prohibition on inspector affiliation with licensees.
- 23 50-46-330. Unlawful conduct by cardholders or licensees -- penalties.
- 24 50-46-331. Fraudulent representation -- penalties.
- 25 50-46-332. Confidentiality of registry information -- penalty.
- 26 50-46-339. Law enforcement authority.
- 27 50-46-340. Forfeiture.
- 28 50-46-341. Advertising prohibited.

Amendment - 3rd Reading - Requested by: Jason Ellsworth

- 1 50-46-342. Hotline.
- 2 50-46-343. Legislative monitoring.
- 3 50-46-344. Rulemaking authority -- fees.
- 4 50-46-345. Medical marijuana state special revenue account -- operating reserve -- transfer of excess
- 5 funds.
- 6 50-46-346. Pain management education and treatment special revenue account.
- 7 50-46-347. Provider licensing fees.

8

9 **NEW SECTION. Section 105. Transfer of funds.** On July 1, 2021, the department of public health

10 and human services is authorized to transfer the fund balances in 50-46-345 and 50-46-346 to the marijuana

11 state special revenue account provided for under 16-12-111.

12

13 **NEW SECTION. Section 106. Repealer.** Sections 37 and 52, Initiative Measure No. 190, approved

14 November 3, 2020, are repealed.

15

16 **Section 107.** Section 56, Initiative Measure No. 190, approved November 3, 2020, is amended to read:

17 **"Section 56. Effective dates.** (1) [Sections 8, 16, 23, 36, and 40 through 49] are effective January 1,

18 2021.

19 (2) Except as provided in ~~subsection~~ subsections (1) and (3), [this act] is effective ~~on October 1, 2021~~

20 January 1, 2022.

21 (3) [Sections 18 and 35] are effective July 1, 2021."

22

23 **NEW SECTION. Section 108. Appropriation.** (1) There is appropriated from the marijuana state

24 special revenue account provided for in 16-12-111 to the department of revenue:

25 (a) ~~\$6,176,726~~ \$4,114,000 \$6,930,492 for fiscal year 2022, which comprises ~~54~~ 34 total FTE. 22 of

26 the ~~54-34~~ FTE represent positions transferred from the department of public health and human services to the

27 department of revenue.

28 (b) ~~\$7,715,437~~ \$4,114,000 \$4,136,011 for fiscal year 2023 and which comprises ~~68~~ 34 total FTE. 22

Amendment - 3rd Reading - Requested by: Jason Ellsworth

1 of the ~~68~~ 34 FTE represent positions transferred from the department of public health and human services to
2 the department of revenue.

3 (c) The appropriations described in subsections (1)(a) and (1)(b) must be used by the department of
4 revenue for the operating costs it incurs when administering the provisions of [this act].

5 (d) The appropriation provided for in this subsection (1) must be considered a part of the base budget
6 for the 2025 biennium.

7 (2) ~~(a) (i)~~ The following amounts are appropriated ~~are~~ THERE IS appropriated \$6 MILLION IN STATE SPECIAL REVENUE
8 FUNDS. The following amounts are appropriated for each year of the 2023 biennium to the department of public
9 health and human services for eligible services and programs in accordance with the HEART fund that is set
10 forth in ~~17-6-606~~: [SECTION 92 100]:

11 (A) \$6 million in state special revenue funds; and

12 (B) \$19 million in federal special revenue funds.

13 ~~(a) (A)~~ \$6 million in state special revenue funds to the department of public health and human
14 services; and

15 ~~(b) (B)~~ \$19 million in federal special revenue funds to the department of public health and human
16 services.

17 ~~(c) (ii)~~ (e) (ii) It is the intent of the legislature that these appropriation amounts be included as part of the
18 base budget for the department of public health and human services for the biennium beginning July 1, 2023.

19 ~~(c) (b)~~ FOR THE 2023 BIENNIUM, \$300,000 IS APPROPRIATED TO THE DEPARTMENT OF JUSTICE FOR THE
20 PURPOSES DESCRIBED IN ~~[SECTION 44(4)(C)]~~ 16-12-111.

21 ~~(c) (c) (i)~~ (e) (c) (i) FOR EACH YEAR OF THE ~~2023~~ 2023 BIENNIUM, \$150,000 IS APPROPRIATED TO THE BOARD OF
22 CRIME CONTROL FOR THE PURPOSES DESCRIBED IN 44-7-110.

23 (ii) IT IS THE INTENT OF THE LEGISLATURE THAT THIS APPROPRIATION AMOUNT BE INCLUDED AS PART OF THE
24 BASE BUDGET FOR THE BOARD OF CRIME CONTROL FOR THE BIENNIUM BEGINNING JULY 1, 2023.

25 (3) ~~(a) If the funds are available, the~~ The following amounts are appropriated for ~~each year of the~~
26 ~~2023 biennium from the marijuana state special revenue account as provided for in 16-12-111~~ fiscal year 2022:

27 (i) \$2,114,000 from the marijuana state special revenue account provided for in 16-12-111 to the
28 department of fish, wildlife, and parks to be used solely as funding for wildlife habitat in the same manner as

1 funding generated under 87-1-242(3) and used pursuant to 87-1-209;

2 ~~(a)(ii) —Up to \$650,000 to \$423,000 to the department of fish, wildlife, and parks from~~ the state park
3 account established in 23-1-105(1);

4 ~~(b)(iii) —Up to \$650,000 to \$423,000 to the department of fish, wildlife, and parks from~~ the trails and
5 recreational facilities account established in 23-2-108; and

6 ~~(c)(iv) —Up to \$650,000 to \$423,000 to the department of fish, wildlife, and parks from~~ the nongame
7 wildlife account established in 87-5-121.

8 (b) The following amounts are appropriated for fiscal year 2023:

9 (i) \$5,412,000 from the marijuana state special revenue account provided for in 16-12-111 to the
10 department of fish, wildlife, and parks to be used solely as funding for wildlife habitat in the same manner as
11 funding generated under 87-1-242(3) and used pursuant to 87-1-209;

12 (ii) \$1,082,000 to the department of fish, wildlife, and parks from the state park account established in
13 23-1-105(1);

14 (iii) \$1,082,000 to the department of fish, wildlife, and parks from the trails and recreational facilities
15 account established in 23-2-108; and

16 (iv) \$1,082,000 to the department of fish, wildlife, and parks from the nongame wildlife account
17 established in 87-5-121.

18
19 **NEW SECTION. SECTION 109. REQUIRED WARNING LABELS. A PERSON MAY NOT MANUFACTURE**
20 **PACKAGE, SELL, OR TRANSFER ANY MARIJUANA OR MARIJUANA PRODUCT UNLESS THE PACKAGE CONTAINING THE**
21 **MARIJUANA OR MARIJUANA PRODUCT BEARS THE FOLLOWING STATEMENTS IN A FORM REQUIRED BY THE DEPARTMENT:**

22 (1) "WARNING: CONSUMPTION OF MARIJUANA MAY CAUSE ANXIETY, AGITATION, PARANOIA, PSYCHOSIS, AND
23 CANNABINOID HYPEREMESIS."

24 (2) "WARNING: CONSUMPTION OF MARIJUANA BY PREGNANT WOMEN MAY RESULT IN FETAL INJURY AND LOW
25 BIRTH WEIGHT."

26 (3) "WARNING: CONSUMPTION OF MARIJUANA BY NURSING MOTHERS MAY RESULT IN INFANT HYPERACTIVITY
27 AND POOR COGNITIVE FUNCTION."

28

1 **NEW SECTION. Section 110. Notification to tribal governments.** The secretary of state shall send
2 a copy of [this act] to each federally recognized tribal government in Montana.

3
4 **NEW SECTION. Section 111. Direction to department of revenue, department of public health**
5 **and human services, and local governments -- notification to legislature -- transition.** (1) The legislature
6 directs the department of revenue to adopt rules to implement the Marijuana Regulation and Taxation Act.

7 (2) The legislature directs the department of public health and human services to assist the
8 department of revenue with the transfer of FTE, information, materials, and any other marijuana-related asset
9 that the department of revenue considers necessary to implement the regulation and taxation of marijuana in
10 the state and exercise authority over the regulation of all types of marijuana licenses and the medical marijuana
11 registry in the state.

12 (3) On or after July 1, 2021, the department of public health and human services is authorized to
13 transfer the fund balances in 50-46-345 and 50-46-346 to the marijuana state special revenue account provided
14 for under 16-12-111.

15 (4) In fiscal years 2021 and 2022, the department of revenue is not required to seek competitive
16 solicitations or requests for proposals when procuring the products and services associated with the taxation
17 and regulation of marijuana in the state. The department of administration shall allow the department to award a
18 contract to a vendor relating to the development and implementation of an integrated marijuana licensing and
19 taxation system pursuant to the sole source procurement process provided for under 18-4-306.

20 ~~(4)(5)~~ (a) On July 1, 2021, the department of health and human services shall transfer to the
21 department of revenue the existing license and applicable endorsements for any provider or marijuana-infused
22 products provider that was licensed or had applied for a license with the department of public health and human
23 services on November 3, 2020, and is in good standing with the department of public health and human
24 services as of the date of the transfer.

25 (b) Existing licenses transferred pursuant to subsection ~~(4)(a)(5)(a)~~ shall be accepted and
26 administered by the department of revenue in accordance with 16-12-201(2) and rules adopted by the
27 department of revenue for the time periods set forth in 16-12-201(2).

28 (c) The intent of the legislature with this subsection ~~(4)(5)~~ and the provisions of 16-12-201(2) is that a

1 provider or marijuana-infused products provider that was licensed or had applied for a license with the
2 department of public health and human services on November 3, 2020, will be able to continue providing
3 marijuana and marijuana products to registered cardholders without disruption while also obtaining the
4 appropriate licensure under this Act in an expedient manner.

5 (5) Local governments are encouraged to begin the process to approve any or all marijuana business
6 categories in accordance with ~~[section 60 SECTION 55-16-12-301], if required,~~ implement the local excise tax in
7 accordance with ~~[sections 8 through 12],~~ or both implement the local-option excise tax in accordance with
8 [sections 94 through 98], or both beginning on July 1, 2021, in anticipation of the department of revenue
9 beginning to accept applications for licensure on January 1, 2022.

11 NEW SECTION. Section 112. Codification instruction. (1) ~~[Sections 1, through 2, and 101~~
12 through 103] are intended to be codified as an integral part of Title 16, chapter 12, part 1, and the provisions of
13 Title 16, chapter 12, part 1, apply to ~~[sections 1, through 2, and 101 through 103].~~

14 (2) ~~[Sections 3 through 7 AND 98 109]~~ are intended to be codified as an integral part of Title 16,
15 chapter 12, part 2, and the provisions of Title 16, chapter 12, part 2, apply to ~~[sections 3 through 7 AND 98 109].~~

16 (3) ~~[Sections 8 through 12]~~ are intended to be codified as an integral part of Title 16, chapter 12, part
17 3, and the provisions of Title 16, chapter 12, part 3, apply to ~~[sections 8 through 12].~~

18 (4)(3) ~~[Section 43 8]~~ is intended to be codified as an integral part of Title 61, chapter 8, part 4, and the
19 provisions of Title 61, chapter 8, part 4, apply to ~~[section 43 8].~~

20 (5)(4) ~~[Sections 44 through 28 9 THROUGH 23 AND 96 100]~~ are intended to be codified as a new part in
21 Title 16, chapter 12, and the provisions of Title 16, chapter 12, apply to ~~[sections 44 through 28 9 THROUGH 23~~
22 AND 96 100].

23 (5) [Section 93] is intended to be codified as an integral part of Title 10, chapter 2, and the provisions
24 of Title 10, chapter 2, apply to [section 93].

25 (6) [Sections 94 through 98] are intended to be codified as an integral part of Title 16, chapter 12, part
26 3, and the provisions of Title 16, chapter 12, part apply to [sections 94 through 98].

28 NEW SECTION. Section 113. {standard} Severability. If a part of [this act] is invalid, all valid parts

1 that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its
2 applications, the part remains in effect in all valid applications that are severable from the invalid applications.

3
4 COORDINATION SECTION. Section 114. Coordination instruction. (1) If both Senate Bill No. 156
5 and [this act] are passed and approved, then [section 3 of Senate Bill No. 156], amending 16-12-104, is void.
6 (2) If both House Bill No. 640 and [this act] are passed and approved, then House Bill No. 640 is void.
7 (3) If both House Bill No. 663 and [this act] are passed and approved, then House Bill No. 663 is void.

8
9 NEW SECTION. Section 115. Contingent voidness. If the Montana supreme court determines that
10 Initiative Measure No. 190, approved November 3, 2020, was in violation of the Montana constitution or
11 otherwise invalid, then both Initiative Measure No. 190 and [this act] are void.

12
13 NEW SECTION. Section 116. Effective dates. (1) Except as provided in subsections (2) and (3),
14 [this act] is effective January 1, 2022.

15 (2) [Sections ~~39 41~~(1)(a), (1)(b), ~~(1)(c)~~, (8) through (12); ~~77 79~~(2) and (8)(b); ~~78, 79, 96, 100, 80, 81,~~
16 ~~107, 111, 114,~~ and this section] are effective on passage and approval.

17 (3) [Sections ~~44, 56, 76, 77(11), 80 through 82, 94, 95, and 97 46, 59, 78, 79(11), 82 through 84, 101~~
18 ~~through 103, 105, 106, and 108~~] are effective July 1, 2021.

19
20 NEW SECTION. Section 117. Termination. (1) [~~Section 40(14)(b)(ii)~~ SECTION 35 38(15)(B)(II)]
21 terminates October 1, 2023. After October 1, 2023, a hoop house is not an indoor cultivation facility.

22 (2) [SECTION 44(4)(c) 46(4)(b)(vi)] TERMINATES JUNE 30, 2025.

23 - END -