

HOUSE BILL NO. 669

INTRODUCED BY B. MERCER

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING ALLOCATIONS OF MARIJUANA TAX REVENUE;
ESTABLISHING REPORTING REQUIREMENTS ON THE HEALING AND ENDING ADDICTION THROUGH
RECOVERY AND TREATMENT ACCOUNT; PROVIDING APPROPRIATIONS; AMENDING SECTIONS 10-2-
108, 16-12-101, 16-12-111, 23-1-105, 23-2-108, AND 87-5-121, MCA; AMENDING SECTION 117, CHAPTER
576, LAWS OF 2021; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 10-2-108, MCA, is amended to read:

"10-2-108. Veterans and surviving spouses state special revenue account. (1) There is a veterans and surviving spouses account in the state special revenue fund to be administered by the veterans' affairs division of the department of military affairs. ~~The account consists of revenue deposited pursuant to 16-12-111.~~

(2) The account must be used to provide services and assistance for all Montana veterans and surviving spouses and dependents."

Section 2. Section 16-12-101, MCA, is amended to read:

"16-12-101. Short title -- purpose. (1) This chapter may be cited as the "Montana Marijuana Regulation and Taxation Act".

(2) The purpose of this chapter is to:

- (a) provide for legal possession and use of limited amounts of marijuana legal for adults 21 years of age or older;
- (b) provide for the licensure and regulation of the cultivation, manufacture, production, distribution, transportation, and sale of marijuana and marijuana products;
- (c) eliminate the illicit market for marijuana and marijuana products;

- 1 (d) prevent the distribution of marijuana sold under this chapter to persons under 21 years of age;
- 2 (e) ensure the safety of marijuana and marijuana products;
- 3 (f) ensure the security of licensed premises;
- 4 (g) establish reporting requirements for licensees;
- 5 (h) establish inspection requirements for licensees, including data collection on energy use,
- 6 chemical use, water use, and packaging waste to ensure a clean and healthy environment;
- 7 (i) provide for the testing of marijuana and marijuana products by licensed testing laboratories;
- 8 (j) give local governments authority to allow for the operation of marijuana businesses in their
- 9 community and establishing standards for the cultivation, manufacture, and sale of marijuana that protect the
- 10 public health, safety, and welfare of residents within their jurisdictions;
- 11 (k) tax the sale of marijuana and marijuana products ~~to provide compensation for the economic~~
- 12 ~~and social costs of marijuana;~~
- 13 (l) authorize courts to resentence persons who are currently serving sentences for acts that are
- 14 permitted under this chapter or for which the penalty is reduced by this chapter and to redesignate or expunge
- 15 those offenses from the criminal records of persons who have completed their sentences as set forth in this
- 16 chapter; and
- 17 (m) preserve and protect Montana's well-established hemp industry by drawing a clear distinction
- 18 between those participants and programs and the participants and programs associated with the marijuana
- 19 industry.
- 20 (3) Marijuana and marijuana products are not agricultural products, and the cultivation, processing,
- 21 manufacturing or selling of marijuana or marijuana products is not considered agriculture subject to regulation
- 22 by the department of agriculture unless expressly provided."

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24 **Section 3.** Section 16-12-111, MCA, is amended to read:

25 **"16-12-111. Marijuana state special revenue account -- operating reserve -- transfer of excess**

26 **funds.** (1) There is a dedicated marijuana state special revenue account within the state special revenue fund

27 established in 17-2-102, to be administered by the department.

28 (2) The account consists of:

- 1 (a) money deposited into the account pursuant to this chapter;
- 2 (b) the taxes collected pursuant to Title 15, chapter 64, part 1;
- 3 (c) license and registered cardholder fees deposited into the account pursuant to this chapter;
- 4 (d) taxes deposited into the account pursuant to 16-12-310; and
- 5 (e) civil penalties collected under this chapter.

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

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

11 ~~(a) an amount not to exceed \$6 million must be transferred to the healing and ending addiction~~
12 ~~through recovery and treatment (HEART) account established in 16-12-122;~~

13 ~~(b) the net balance remaining after distribution to the HEART account must be distributed as follows:~~

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

16 ~~(ii) 4% to the state park account established in 23-1-105(1);~~

17 ~~(iii) 4% to the trails and recreational facilities account established in 23-2-108;~~

18 ~~(iv) 4% to the nongame wildlife account established in 87-5-121;~~

19 ~~(v) 3% or \$200,000, whichever is less, to the veterans and surviving spouses state special revenue~~
20 ~~account provided for in 10-2-108;~~

21 ~~(vi) for the biennium beginning July 1, 2021, \$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, and the remainder must be transferred to the general fund. (Subsection (4)(b)(vi)~~
28 ~~terminates June 30, 2025--sec. 117(2), Ch. 576, L. 2021.)"~~

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Section 4. Section 23-1-105, MCA, is amended to read:

"23-1-105. Fees and charges -- use of motor vehicle registration fee. (1) (a) The department may levy and collect reasonable fees or other charges for the use of privileges and conveniences that may be provided and to grant concessions that it considers advisable, except as provided in subsections (2) and (6).

(b) There must be deposited into a state special revenue fund in the state treasury to the credit of the department:

- (i) ~~all money derived from the activities of the department, except as provided in subsection (5); and~~
- (ii) ~~money from marijuana taxes deposited under 16-12-111.~~

(2) Overnight camping fees established by the department under subsection (1) must be discounted 50% for a campsite rented by a person who is a resident of Montana, as defined in 87-2-102, and is:

- (a) 62 years of age or older;
- (b) certified as disabled in accordance with rules adopted by the department; or
- (c) a veteran of the armed forces. While camping at a discounted rate, the veteran shall carry proof of the person's veteran status, such as a DD form 214, U.S. department of veterans affairs identification card, or a driver's license indicating the person's veteran status.

(3) For a violation of any fee collection rule involving a vehicle, the registered owner of the vehicle at the time of the violation is personally responsible if an adult is not in the vehicle at the time the violation is discovered by an authorized officer. A defense that the vehicle was driven into the fee area by another person is not allowable unless it is shown that at that time, the vehicle was being used without the consent of the registered owner.

(4) Money received from the collection of fees and charges is subject to the deposit requirements of 17-6-105(6) unless the department has submitted and received approval for a modified deposit schedule pursuant to 17-6-105(8).

(5) There is a fund of the enterprise fund type, as defined in 17-2-102(2)(a), for the purpose of managing state park visitor services revenue. The fund is to be used by the department to serve the recreating public by providing for the obtaining of inventory through purchase, production, or donation and for the sale of educational, commemorative, and interpretive merchandise and other related goods and services at

1 department sites and facilities. The fund consists of money from the sale of educational, commemorative, and
2 interpretive merchandise and other related goods and services and from donations. Gross revenue from the
3 sale of educational, commemorative, and interpretive merchandise and other related goods and services must
4 be deposited in the fund. All interest and earnings on money deposited in the fund must be credited to the fund
5 for use as provided in this subsection.

6 (6) In recognition of the fact that individuals support state parks through the payment of certain
7 motor vehicle registration fees, persons who pay the fee provided for in 61-3-321(19)(a) may not be required to
8 pay a day-use fee for access to state parks. Other fees for the use of state parks and fishing access sites, such
9 as overnight camping fees, are still chargeable and may be collected by the department.

10 (7) Any increase in the motor vehicle registration fee collected pursuant to 61-3-321(19)(a) on or
11 after January 1, 2012, that is dedicated to state parks must be used by the department for maintenance and
12 operation of state parks."

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14 **Section 5.** Section 23-2-108, MCA, is amended to read:

15 **"23-2-108. Trails and recreational facilities account.** (1) There is a trails and recreational facilities
16 account in the state special revenue fund established in 17-2-102.

17 (2) There must be paid into the account:

18 ~~(a) money collected pursuant to 61-3-321(19)(a)(iii); and~~

19 ~~(b) money from marijuana taxes deposited under 16-12-111.~~

20 (3) Money in the account may only be used by the department to provide trails and recreational
21 facilities grants pursuant to 23-2-109.

22 (4) Interest and income earned on the account and any unspent or unencumbered money in the
23 account at the end of a fiscal year must remain in the account."

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25 **Section 6.** Section 87-5-121, MCA, is amended to read:

26 **"87-5-121. Nongame wildlife account.** (1) There is a nongame wildlife account in the state special
27 revenue fund provided for in 17-2-102.

28 (2) There must be deposited into the account:

1 (a) ~~all~~ money collected under 15-30-2387 and all interest earned by the fund before being expended
2 under this section; ~~and~~

3 (b) ~~money from marijuana taxes deposited under 16-12-111.~~

4 (3) Money in the account must be used by the department, upon the approval of the commission
5 as determined under 87-5-122, to provide adequate funding for:

6 (a) research and education programs on nongame wildlife in Montana, as provided for in 87-5-104;
7 and

8 (b) any management programs for nongame wildlife approved by the legislature under 87-5-105 as
9 species or subspecies in need of management.

10 (4) The money is available to the department in the same manner as provided in 87-1-601, except
11 that money collected under 15-30-2387 may not be used:

12 (a) for the purchase of any real property; or

13 (b) in such a way as to interfere with the production on or management of private property."
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15 **NEW SECTION. SECTION 7. REPORTING ON USE OF HEALING AND ENDING ADDICTION THROUGH RECOVERY**
16 **AND TREATMENT ACCOUNT. THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES SHALL REPORT TO THE**
17 **CHILDREN, FAMILIES, HEALTH, AND HUMAN SERVICES INTERIM COMMITTEE, IN ACCORDANCE WITH 5-11-210, ON A**
18 **QUARTERLY BASIS. THE REPORT MUST IDENTIFY GRANTEES AND AMOUNTS OF GRANTS AWARDED BY THE DEPARTMENT**
19 **THAT ARE FUNDED BY THE FUNDS IN THE ACCOUNT PROVIDED FOR IN 16-12-122.**

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21 **Section 8.** Section 117, Chapter 576, Laws of 2021, is amended to read:

22 **"Section 117. Termination.** (1) [Section 38(15)(b)(ii)] terminates October 1, 2023. After October 1,
23 2023, a hoop house is not an indoor cultivation facility.

24 (2) [Section 46(4)(b)(vi)] terminates June 30, ~~2025~~ 2023."
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26 **NEW SECTION. SECTION 9. APPROPRIATION. THERE IS APPROPRIATED \$10,000 FROM THE GENERAL FUND**
27 **TO THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES FOR THE BIENNIUM BEGINNING JULY 1, 2023, TO**
28 **PROVIDE THE REPORTING REQUIRED IN [SECTION 7].**

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NEW SECTION. SECTION 10. APPROPRIATIONS. THERE IS APPROPRIATED FROM THE GENERAL FUND IN EACH YEAR OF THE BIENNIUM BEGINNING JULY 1, 2023:

(1) \$8.7 MILLION TO THE DEPARTMENT OF FISH, WILDLIFE, AND PARKS TO BE USED SOLELY AS FUNDING FOR WILDLIFE HABITAT IN THE SAME MANNER AS FUNDING GENERATED UNDER 87-1-242(3) AND USED PURSUANT TO 87-1-209;

(2) \$1.75 MILLION TO THE DEPARTMENT OF FISH, WILDLIFE, AND PARKS TO BE USED SOLELY FOR THE SAME PURPOSES AS THOSE OF THE STATE PARK ACCOUNT ESTABLISHED IN 23-1-105(1);

(3) \$1.75 MILLION TO THE DEPARTMENT OF FISH, WILDLIFE, AND PARKS TO BE USED SOLELY FOR THE SAME PURPOSES AS THOSE OF THE TRAILS AND RECREATIONAL FACILITIES ACCOUNT ESTABLISHED IN 23-2-108;

(4) \$1.75 MILLION TO THE DEPARTMENT OF FISH, WILDLIFE, AND PARKS TO BE USED SOLELY FOR THE SAME PURPOSES AS THOSE OF THE NONGAME WILDLIFE ACCOUNT ESTABLISHED IN 87-5-121;

(5) \$2.5 MILLION TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR CONSERVATION DISTRICTS; AND

(6) \$2.5 MILLION TO THE DEPARTMENT OF MILITARY AFFAIRS TO BE USED SOLELY FOR THE SAME PURPOSES AS THOSE OF THE VETERANS AND SURVIVING SPOUSES STATE SPECIAL REVENUE ACCOUNT PROVIDED FOR IN 10-2-108.

NEW SECTION. SECTION 11. CODIFICATION INSTRUCTION. [SECTION 7] IS INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 16, CHAPTER 12, PART 1, AND THE PROVISIONS OF TITLE 16, CHAPTER 12, PART 1, APPLY TO [SECTION 7].

NEW SECTION. Section 12. Effective date. [This act] is effective July 1, 2023.

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