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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

A N A C T

RELATING TO FOOD AND DRUGS -- ADULT USE OF CANNABIS PILOT PROGRAM

Introduced By: Representatives Slater, O'Brien, Blazejewski, Williams, and Solomon

Date Introduced: March 08, 2019

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 21 of the General Laws entitled "FOOD AND DRUGS" is hereby
2 amended by adding thereto the following chapters:

3 CHAPTER 28.10

4 ADULT USE OF CANNABIS PILOT PROGRAM

5 **21-28.10-1. Short title.**

6 This chapter shall be known and may be cited as the "Adult Use of Cannabis Pilot
7 Program."

8 **21-28.10-2. Legislative findings.**

9 The general assembly hereby finds and declares that:

10 (1) An adult use of cannabis pilot program shall be implemented, recognizing there are
11 legitimate concerns on implementing a widespread cannabis industry in the state, necessitating an
12 incremental rollout of newly licensed entities to best ensure public health and safety;

13 (2) The pilot program will utilize the existing expertise and infrastructure of approved
14 entities in the medical cannabis program for cultivation, processing, and retail operations, while
15 allowing for a thoughtful and deliberate expansion of access to cannabis for those over the age of
16 twenty-one (21), and

17 (3) On January 2, 2021, a special legislative commission shall be created to review the
18 pilot program and make recommendations to the general assembly on or before March 1, 2021,
19 and said commission shall expire on July 1, 2021.

1 **21-28.10-3. Definitions.**

2 For the purposes of this chapter:

3 (1) "Cannabis" means marijuana and all parts of the plant of the genus cannabis, whether
4 growing or not; the seeds thereof; the resin extracted from any part of the plant; and every
5 compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. It
6 does not include hemp, the mature stalks of the plant, fiber produced from the stalks, oil or cake
7 made from the seeds of the plant, or any other compound, manufacture, salt, derivative, mixture,
8 or preparation of the mature stalks (except the resin extracted from it), fiber, oil, or cake, or the
9 sterilized seed of the plant that is incapable of germination.

10 (2) "Cannabis cultivation facility" means an entity that is registered pursuant to chapter
11 28.11 of title 21, to be exempt from state penalties for manufacturing cannabis or cannabis
12 products, cultivating, preparing, packaging, and selling cannabis to a retailer, processor, or
13 another cannabis cultivation facility, but not for selling cannabis products or selling cannabis to
14 the general public.

15 (3) "Cannabis establishment" means a cannabis cultivation facility, processor, retailer, or
16 cannabis testing facility.

17 (4) "Cannabis paraphernalia" means equipment, products, and materials which are used
18 or intended for use in planting, propagating, cultivating, growing, harvesting, manufacturing,
19 compounding, converting, producing, processing, preparing, testing, analyzing, packaging,
20 repackaging, storing, containing, concealing, ingesting, inhaling, or otherwise introducing
21 cannabis into the human body.

22 (5) "Cannabis processor" means an entity registered pursuant to chapter 28.11 of title 21
23 to be exempt from state penalties for purchasing cannabis from cannabis cultivation facilities,
24 manufacturing cannabis products, and selling, giving, or transferring cannabis products to a
25 cannabis retailer or a cannabis testing facility.

26 (6) "Cannabis products" means concentrated cannabis and products that are comprised of
27 cannabis and other ingredients that are intended for use or consumption, including, but not limited
28 to, edible products, ointments, and tinctures.

29 (7) "Cannabis testing facility" means an entity that is registered pursuant to chapter 28.11
30 of title 21 to be exempt from state penalties for testing cannabis and cannabis products for
31 potency and contaminants.

32 (8) "Dwelling unit" means a room or group of rooms within a dwelling used or intended
33 for use by one family or household, or by no more than three (3) unrelated individuals, for living,
34 sleeping, cooking and eating.

1 (9) "Manufacture" and/or "manufacturing" the production, preparation, propagation,
2 compounding, conversion or processing of cannabis, either directly or indirectly, by means of
3 chemical synthesis, including any packaging or repackaging of the cannabis or cannabis products
4 or labelling or re-labeling its containers.

5 (10) "Public place" means any street, alley, park, sidewalk, public building other than
6 individual dwellings, or any place of business or assembly open to or frequented by the public,
7 and any other place to which the public has access.

8 (11) "Retailer" means an entity that is registered pursuant to chapter 28.11 of title 21 to
9 be exempt from state penalties for purchasing cannabis from cannabis cultivation facilities, and
10 selling cannabis, cannabis products, and cannabis paraphernalia to customers who are twenty-one
11 (21) years of age or older.

12 (12) "Smoke" means to heat to at least the point of combustion, causing plant material to
13 burn. It does not include vaporizing, which means heating below the point of combustion and
14 resulting in a vapor or mist.

15 (13) "State prosecution" means prosecution initiated or maintained by the state of Rhode
16 Island or an agency or political subdivision of the state of Rhode Island.

17 **21-28.10-4. Exempt activities.**

18 Except as otherwise provided in this chapter:

19 (1) A person who is twenty-one (21) years of age or older is exempt from arrest, civil or
20 criminal penalty, seizure or forfeiture of assets, discipline by any state or local licensing board
21 and state prosecution for the following acts:

22 (i) Actually or constructively using, obtaining, purchasing, transporting, or possessing
23 one ounce (1 oz.) or less of cannabis, not including cannabis products;

24 (ii) Actually or constructively using, obtaining, purchasing, transporting, or possessing
25 cannabis products containing no more than three hundred milligrams (300mg) of delta-9-
26 tetrahydrocannabinol;

27 (iii) Possessing five ounces (5 oz.) or less of cannabis in the person's primary residence;

28 (iv) Controlling any premises or vehicle where persons who are twenty-one (21) years of
29 age or older possess, process, or store amounts of cannabis and cannabis products that are legal
30 under state law under subsections (1)(i) and (1)(ii) of this section;

31 (v) Using, obtaining, manufacturing, producing, purchasing, transporting, or possessing,
32 actually or constructively, cannabis paraphernalia;

33 (vi) Giving away, without consideration, cannabis seeds to a cannabis establishment or to
34 a person who is twenty-one (21) years of age or older;

- 1 (vii) Selling, delivering, or transferring cannabis paraphernalia to cannabis establishments
2 or persons who are twenty-one (21) years of age or older;
- 3 (viii) Giving away, without consideration, the amounts of cannabis and cannabis products
4 that are legal under state law under subsections (1)(i) and (1)(ii) of this section if the recipient is a
5 person who is twenty-one (21) years of age or older;
- 6 (ix) Transferring or delivering cannabis products or up to one ounce (1oz.) of cannabis to
7 a cannabis testing facility;
- 8 (x) Aiding and abetting another person who is twenty-one (21) years of age or older in
9 the actions allowed under this chapter;
- 10 (xi) Cultivating, possessing, growing, processing, or transporting no more than two (2)
11 cannabis plants, which are accompanied by valid cannabis tags issued by the department of
12 business regulation, with one or fewer being a mature, flowering plant;
- 13 (xii) Controlling any premises where other persons twenty-one (21) years of age or older
14 cultivate cannabis plants, which are accompanied by valid cannabis tags issued by the department
15 of business regulation, with the total number of mature, flowering plants not exceeding three (3)
16 in any dwelling unit unless a greater number is allowed pursuant to chapter 28.6 of title 21;
- 17 (xiii) Assisting with the cultivation of cannabis plants, which are accompanied by valid
18 cannabis tags issued by the department of business regulation, that are cultivated at the same
19 location for persons twenty-one (21) years of age or older, with the total number of mature,
20 flowering plants not exceeding three (3) in any dwelling unit; and
- 21 (xiv) Any combination of the acts described within subsections (1)(i) through (1)(xiii) of
22 this section, inclusive.
- 23 (2) Except as provided in this chapter and chapter 28.11 of title 21, a retailer or any
24 person who is twenty-one (21) years of age or older and acting in their capacity as an owner,
25 principal officer, partner, board member, employee, or agent of a retailer is exempt from arrest,
26 civil or criminal penalty, seizure or forfeiture of assets, discipline by any state or local licensing
27 board, and state prosecution for the following acts:
- 28 (i) Actually or constructively transporting or possessing cannabis, including seedlings or
29 cuttings, that was purchased from a cannabis cultivation facility or a retailer;
- 30 (ii) Actually or constructively transporting or possessing cannabis products that were
31 purchased from a processor or a retailer;
- 32 (iii) Obtaining or purchasing cannabis from a cannabis cultivation facility or cannabis and
33 cannabis products from a processor or a retailer;
- 34 (iv) Selling, delivering, or transferring cannabis or cannabis products to another retailer;

1 (v) Selling, transferring, or delivering cannabis, including seedlings or cuttings, cannabis
2 products, or cannabis paraphernalia to any person who is twenty-one (21) years of age or older;
3 (vi) Transferring or delivering cannabis or cannabis products to a cannabis testing
4 facility;
5 (vii) Controlling any premises or vehicle where cannabis, cannabis products, and
6 cannabis paraphernalia are possessed, sold, or deposited in a manner that is not in conflict with
7 this chapter or the regulations pursuant thereto; and
8 (viii) Any combination of the acts described within subsections (2)(i) through (2)(vii) of
9 this section, inclusive.
10 (3) Except as provided in this chapter and chapter 28.11 of title 21, a cannabis cultivation
11 facility or any person who is twenty-one (21) years of age or older and acting in their capacity as
12 an owner, principal officer, partner, board member, employee, or agent of a cannabis cultivation
13 facility is exempt from arrest, civil or criminal penalty, seizure or forfeiture of assets, discipline
14 by any state or local licensing board, and state prosecution for the following acts:
15 (i) Cultivating, packing, processing, transporting, or manufacturing cannabis, but not
16 cannabis products;
17 (ii) Transporting or possessing cannabis that was produced by the cannabis cultivation
18 facility or another cannabis cultivation facility;
19 (iii) Transporting or possessing cannabis seeds;
20 (iv) Possessing, transporting, or producing cannabis paraphernalia;
21 (v) Selling, delivering, or transferring cannabis to a retailer, cannabis processor, or a
22 cannabis cultivation facility;
23 (vi) Purchasing cannabis from a cannabis cultivation facility;
24 (vii) Receiving cannabis seeds from a person who is twenty-one (21) years of age or
25 older;
26 (viii) Delivering or transferring cannabis to a cannabis testing facility;
27 (ix) Controlling any premises or vehicle where cannabis and cannabis paraphernalia are
28 possessed, manufactured, sold, or deposited; and
29 (x) Any combination of the acts described within subsections (3)(i) through (3)(ix) of this
30 section, inclusive.
31 (4) Except as provided in this chapter and chapter 28.11 of title 21, a cannabis processor
32 facility or any person who is twenty-one (21) years of age or older and acting in their capacity as
33 an owner, principal officer, partner, board member, employee, or agent of a cannabis processor
34 facility is exempt from arrest, civil or criminal penalty, seizure or forfeiture of assets, discipline

1 by any state or local licensing board, and state prosecution for the following acts:

2 (i) Producing, manufacturing, packing, processing, or transporting cannabis products;

3 (ii) Packing, processing, possessing, or transporting cannabis or cannabis seeds that were

4 produced by a cannabis cultivation center;

5 (iii) Possessing, transporting, or producing cannabis paraphernalia;

6 (iv) Manufacturing, possessing, or producing cannabis products;

7 (v) Selling, delivering, or transferring cannabis products to a cannabis retailer or another

8 cannabis processor;

9 (vi) Purchasing cannabis from a cannabis cultivation facility or another cannabis

10 processor;

11 (vii) Delivering or transferring cannabis or cannabis products to a cannabis testing

12 facility;

13 (viii) Controlling any premises or vehicle where cannabis products and cannabis

14 paraphernalia are possessed, manufactured, sold, or deposited;

15 (ix) Controlling any premises or vehicle where cannabis is possessed, packaged, or

16 deposited; and

17 (x) Any combination of the acts described within subsections (4)(i) through (4)(ix) of this

18 section, inclusive.

19 (5) Except as provided in this chapter and chapter 28.11 of title 21, a cannabis testing

20 facility or any person who is twenty-one (21) years of age or older and acting in their capacity as

21 an owner, principal officer, owner, partner, board member, employee, or agent of a cannabis

22 testing facility shall not be subject to state prosecution; search, except by the department of

23 business regulation or department of health pursuant to § 21-28.11-7; seizure; or penalty in an

24 manner or be denied any right or privilege, including, but not limited to, civil penalty or

25 disciplinary action by a court or business licensing board or entity for the following acts:

26 (i) Acquiring, transporting, storing, or possessing cannabis or cannabis products;

27 (ii) Returning cannabis and cannabis products to cannabis cultivation facilities, cannabis

28 processor facilities, and retailers, or, if the quantity is no more than the amounts allowed under

29 the provisions of this section, to individuals twenty-one (21) years of age or older;

30 (iii) Receiving compensation for analytical testing, including for contaminants or

31 potency; and

32 (iv) Any combination of the acts described within subsections (5)(i) through (5)(iii) of

33 this section, inclusive.

34 (6) The acts set forth in subsections (1) through (5) of this section, when undertaken in

1 compliance with the provisions of this chapter, are lawful under Rhode Island law.

2 **21-28.10-5. Authorized activities.**

3 (a) Any person who is twenty-one (21) years of age or older is authorized to manufacture,
4 produce, use, obtain, purchase, transport, or possess, actually or constructively, cannabis
5 paraphernalia.

6 (b) Any person who is twenty-one (21) years of age or older is authorized to distribute or
7 sell cannabis paraphernalia to cannabis establishments or persons who are twenty-one (21) years
8 of age or older.

9 **21-28.10-6. Public or unsecured cultivation of cannabis - Penalty.**

10 (a) The manufacture or cultivation of two (2) or fewer cannabis plants by any person who
11 is twenty-one (21) years of age or older in a manner that is contrary to this subsection is a
12 misdemeanor punishable by a fine of up to one thousand dollars (\$1,000), up to ten (10) days in
13 jail, or both.

14 (b) Cultivation shall not occur in a location where the cannabis plants are subject to
15 public view, including from another private property, without the use of binoculars, aircraft, or
16 other optical aids.

17 (c) Cannabis must be cultivated in an enclosed, locked location.

18 (d) Cultivation may only occur on property lawfully in possession of the cultivator.

19 (e) If one or more persons under twenty-one (21) years of age live in or are guests at the
20 property where cannabis is cultivated, reasonable precautions must be taken to prevent their
21 access to cannabis plants. For purposes of illustration and not limitation, cultivating cannabis in a
22 locked closet, room, or fully enclosed area to which the person or persons under twenty-one (21)
23 years of age do not possess a key, constitutes reasonable precautions.

24 (f) Unless the cultivator is a cannabis cultivation facility, cannabis plants must be
25 accompanied by valid cannabis tags issued by the department of business regulation.

26 **21-28.10-7. Activities not exempt.**

27 The provisions of this chapter do not exempt any person from arrest, civil or criminal
28 penalty, seizure or forfeiture of assets, discipline by any state or local licensing board, and state
29 prosecution for, nor may they establish an affirmative defense based on this chapter to charges
30 arising from, any of the following acts:

31 (1) Driving, operating, or being in actual physical control of a vehicle or a vessel under
32 power or sail while impaired by cannabis or cannabis products;

33 (2) Possessing cannabis or cannabis products if the person is a prisoner;

34 (3) Possessing cannabis or cannabis products in any local detention facility, county jail,

1 state prison, reformatory, or other correctional facility, including, without limitation, any facility
2 for the detention of juvenile offenders; or

3 (4) Manufacturing of cannabis products with the use of prohibited solvents, in violation
4 of § 21- 28.10-12.

5 **21-28.10-8. Smoking cannabis shall be prohibited in all public places.**

6 (a) A person who smokes cannabis in a public place shall be liable for a civil penalty of
7 one hundred fifty dollars (\$150).

8 (b) Municipalities may impose additional fines for the public consumption of cannabis
9 that are equivalent to state fines for the consumption of alcohol in a public place.

10 **21-28.10-9. Places of employment.**

11 The provisions of this chapter do not require employers to accommodate the use or
12 possession of cannabis, or being under the influence of cannabis, in a place of employment.

13 **21-28.10-10. Private property.**

14 (a) Except as provided in this section, the provisions of this chapter do not require any
15 person, corporation, or any other entity that occupies, owns, or controls a property to allow the
16 consumption, cultivation, display, or transfer of cannabis on or in that property.

17 (b) Except as provided in this section, in the case of the rental of a residential dwelling
18 unit governed by chapter 18 of title 34, a landlord may not prohibit the consumption of cannabis
19 by non-smoked means, the display of cannabis, or the transfer without compensation of cannabis,
20 if it is done within a dwelling unit and is not visible from outside of the individual residential
21 dwelling unit. A landlord may prohibit the consumption, display, and transfer of cannabis by a
22 roomer as defined in § 34-18-11.

23 **21-28.10-11. False age representation.**

24 (a) Any person who falsely represents themselves to be twenty-one (21) years of age or
25 older in order to obtain any cannabis, cannabis products, or cannabis paraphernalia pursuant to
26 this chapter is guilty of a violation.

27 (b) Any person who violates this section shall be punished for the first offense by a
28 mandatory fine of not less than one hundred dollars (\$100) nor more than five hundred dollars
29 (\$500) and shall be further punished by thirty (30) hours of community service and by a
30 suspension of their motor vehicle operator's license or driving privileges for a period of thirty (30)
31 days; for the second offense by a mandatory fine of not less than five hundred dollars (\$500) nor
32 more than seven hundred fifty dollars (\$750) and shall be further punished by forty (40) hours of
33 community service and by a suspension of their motor vehicle operator's license or driving
34 privileges for a period of three (3) months; and for a third and subsequent offenses by a

1 mandatory fine for each offense of not less than seven hundred fifty dollars (\$750) nor more than
2 one thousand dollars (\$1,000) and shall be further punished by fifty (50) hours of community
3 service and by a suspension of their motor vehicle operator's license or driving privileges for a
4 period of one year.

5 **21-28.10-12. Unlawful cannabis extraction, penalties.**

6 (a) No person, other than a processor complying with this chapter and accompanying
7 regulations or an agent of a processor acting in that capacity, may extract compounds from
8 cannabis using solvents other than water, glycerin, propylene glycol, vegetable oil, or food grade
9 ethanol (ethyl alcohol). No person may extract compounds from cannabis using ethanol in the
10 presence or vicinity of open flame.

11 (b) A person who violates this section is guilty of a felony punishable by up to three (3)
12 years in prison and a fine of up to five thousand dollars (\$5,000).

13 (c) This section shall not apply to registered compassion centers under chapter 28.6 of
14 title 21.

15 CHAPTER 28.11

16 CANNABIS REGULATION, CONTROL, AND TAXATION ACT

17 **21-28.11-1. Short title.**

18 This chapter shall be known and may be cited as the "Cannabis Regulation, Control, and
19 Taxation Act."

20 **21-28.11-2. Definitions.**

21 For purposes of this chapter:

22 (1) "Cannabis" means marijuana and all parts of the plant of the genus cannabis, whether
23 growing or not; the seeds thereof; the resin extracted from any part of the plant; and every
24 compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. It
25 does not include hemp, the mature stalks of the plant, fiber produced from the stalks, oil or cake
26 made from the seeds of the plant, or any other compound, manufacture, salt, derivative, mixture,
27 or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the
28 sterilized seed of the plant that is incapable of germination.

29 (2) "Cannabis cultivation facility" means an entity that is registered pursuant to this
30 chapter, to be exempt from state penalties for manufacturing cannabis or cannabis products,
31 cultivating, preparing, packaging, and selling cannabis to a retailer, a cannabis processor, or
32 another cannabis cultivation facility, but not for selling cannabis products or selling cannabis to
33 the general public.

34 (3) "Cannabis establishment" means a cannabis cultivation facility, processor, retailer, or

1 cannabis testing facility.

2 (4) "Cannabis processor" means an entity registered pursuant to this chapter, to be
3 exempt from state penalties for purchasing cannabis from cannabis cultivation facilities,
4 manufacturing cannabis products, and selling, giving, or transferring cannabis products to a
5 cannabis retailer or a cannabis testing facility.

6 (5) "Cannabis products" means concentrated cannabis and products that are comprised of
7 cannabis and other ingredients and are intended for use or consumption, including, but not limited
8 to, edible products, ointments, and tinctures.

9 (6) "Cannabis testing facility" means an entity that is registered pursuant to this chapter,
10 to be exempt from state penalties for testing cannabis for potency and contaminants.

11 (7) "Manufacture" and/or "manufacturing" means the production, preparation,
12 propagation, compounding, conversion or processing of cannabis, either directly or indirectly, by
13 means of chemical synthesis, including any packaging or repackaging of the cannabis or cannabis
14 products or labelling or re-labeling its containers.

15 (8) "Person" means and includes co-partnerships and bodies corporate and politic.

16 (9) "Retailer" means an entity that is registered pursuant to this chapter, to be exempt
17 from state penalties for purchasing cannabis from cannabis cultivation facilities, and selling
18 cannabis, cannabis products, and cannabis paraphernalia to customers who are twenty-one (21)
19 years of age or older.

20 (10) "State prosecution" means prosecution initiated or maintained by the state of Rhode
21 Island or an agency or political subdivision of the state of Rhode Island.

22 **21-28.11-3. Office of Cannabis Coordination.**

23 (a) To implement the pilot program established in chapter 28.10 of title 21, there is
24 hereby created within the office of the governor the office of cannabis coordination, the head of
25 which is the director of the office of cannabis coordination. Subject to available appropriations,
26 the director of the office shall be assisted by a deputy director and a staff to fulfill the office's
27 mission.

28 (b) The office of cannabis coordination shall coordinate the executive branch response to
29 the regulation of cannabis as directed by the governor. The coordination of the executive branch
30 response includes, but is not limited to, strategic planning, coordination and approval of
31 regulations, educational content, planning and implementation, community engagement, budget
32 coordination, data collection and analysis functions, and any other duties deemed necessary and
33 appropriate by the director of the office of cannabis coordination or the governor to carry out the
34 provisions of this chapter.

1 (c) In furtherance of coordinating the oversight of the adult use cannabis pilot program
2 and adult use medical cannabis across state agencies, the office of cannabis coordination shall:

3 (1) Coordinate with the directors and staff of each state agency regarding the agency's
4 promulgation and implementation of rules on adult use and medical cannabis with the objective
5 of producing positive economic, public safety, and health outcomes for the state and its citizens;

6 (2) Offer guidance to and communicate with municipal officials regarding the
7 implementation and enforcement of this chapter;

8 (3) Align all policy suggestions and the promulgation of rules across state agencies to
9 increase efficiency and eliminate unintended negative impacts on the state and its citizens;

10 (4) Communicate with regulatory officials from other states that allow cannabis for adult
11 use to learn from the experiences of those states;

12 (5) Anticipate, prioritize, and respond to emerging issues with the regulation of cannabis;

13 (d) The office of cannabis coordination shall have final approval authority for all
14 guidelines, rules, and regulations pertaining to the implementation and enforcement of this
15 chapter.

16 **21-28.11-4. Registration of cannabis establishments.**

17 Except as otherwise provided in this chapter:

18 (1) A person or an entity may apply, in accordance with the provisions of this chapter and
19 the regulations adopted pursuant thereto, for the issuance of a registration for operating as a
20 retailer or cannabis testing facility pursuant to the provisions of this chapter.

21 (2) As directed by the office of cannabis coordination, the department of business
22 regulation shall have authority to issue registrations to cannabis cultivators, cannabis retailers,
23 and cannabis processors consistent with the provisions set forth in this chapter.

24 (3) As directed by the office of cannabis coordination, the department of health shall have
25 authority to issue registrations to cannabis testing facilities.

26 (4) Subject to the provisions set forth in this chapter, in order to determine which entities
27 are to be issued registrations for cannabis establishments, the office of cannabis coordination, in
28 coordination with the department of business regulation and the department of health, shall:

29 (i) Set forth the procedures for entities to submit applications to become registered
30 cannabis establishments, including the content and form for applications;

31 (ii) Require remittance of an application fee, which may not exceed five thousand dollars
32 (\$5,000);

33 (iii) Establish minimum qualifications for registration that are directly and demonstrably
34 related to the operation of retailers, and cannabis testing facilities;

1 (iv) Set forth procedures to issue registrations to applicants that meet the minimum
2 qualifications specified by the office of cannabis coordination.

3 (5) The department of business regulation may not issue a cannabis cultivation facility,
4 cannabis processor, or retailer registration to any entity that operates or exercises ownership,
5 management, or other control over a cannabis testing facility.

6 (6) If any person has had an application approved by the department of business
7 regulation on or before January 2, 2019 to be licensed as a cultivator pursuant to § 21-28.6-16,
8 that person shall be:

9 (i) Deemed a registered cannabis cultivation facility under the adult use cannabis pilot
10 program; and

11 (ii) Deemed a registered cannabis processor under the adult use cannabis pilot program.

12 (7) Any person deemed a registered cannabis cultivation facility or a registered cannabis
13 processor pursuant to subsections (6)(i) and (6)(ii) of this section is required to register with the
14 department of business regulation and must adhere to all provisions pursuant to chapter 28.6 of
15 title 21 and all regulations related to medical marijuana adopted by the office of cannabis
16 coordination, the department of business regulation, or the department of health, including, but
17 not limited to, the regulations promulgated by the department of business regulation pursuant to §
18 21-28.6-16(d) regarding how many marijuana plants, how many marijuana seedlings, how much
19 wet marijuana, and how much usable marijuana a licensed cultivator may possess. This chapter
20 shall not affect the licensure status of a cultivator pursuant to § 21-28.6-16.

21 (8) Any operation of a registered cannabis cultivation facility or a registered cannabis
22 processor pursuant to subsections (6)(i) and (6)(ii) of this section shall be located at the single
23 location within the approved square footage that is registered with the department of business
24 regulation and the department of public safety pursuant to § 21-28.6-16(i).

25 (9) The members of the board of directors or controlling interest owners for compassion
26 centers registered pursuant to § 21-28.6-12 shall create a separate and distinct for-profit entity or
27 entities for the registration and operation of any cannabis cultivation facility, cannabis processor,
28 and retailer. Such entities created pursuant to this subsection shall be:

29 (i) Deemed a registered cannabis cultivation facility under the adult use cannabis pilot
30 program;

31 (ii) Deemed a registered cannabis processor under the adult use cannabis pilot program;
32 and

33 (iii) Deemed a registered retailer under the adult use cannabis pilot program.

34 (10) Any person that is deemed a registered cannabis cultivation facility, a registered

1 cannabis processor and/or a registered retailer pursuant to subsections (9)(i), (9)(ii) and (9)(iii) of
2 this section is required to register with the department of business regulation and adhere to all
3 provisions pursuant to chapter 28.6 of title 21 and all regulations related to medical cannabis
4 adopted by the office of cannabis coordination, the department of business regulation, or the
5 department of health.

6 (11) Any person that is deemed a registered cannabis cultivation facility and/or a
7 registered cannabis processor pursuant to subsections (9)(i) and (9)(ii) of this section is permitted
8 to operate as a cannabis cultivation facility and as a cannabis processor at its current location and
9 at one additional location under those registrations. This section shall not affect the cultivation
10 and/or processing of medical marijuana pursuant to § 21-28.6-12 at the compassion center's
11 physical address registered with the department of business regulation on or before January 2,
12 2019, and/or any additional location permitted by § 21-28.6-12.

13 (12) Any person that is deemed a registered retailer pursuant to subsection (9)(iii) of this
14 section is permitted to operate as a retailer at the physical address registered with the department
15 of business regulation on or before January 2, 2019, for the compassion center and one additional
16 location. This section shall not affect the sale and/or provision of medical marijuana pursuant to §
17 21-28.6-12 at the compassion center's physical address registered with the department of business
18 regulation on or before January 2, 2019.

19 (13) In addition to the retailer locations permitted in subsection (12) of this section, the
20 department of business regulation may issue additional retailer registrations pursuant to the
21 application process set forth in § 21-28.11-8(5).

22 (14) Any person that is deemed a registered cannabis cultivation facility or a registered
23 cannabis processor pursuant to subsections (6)(i), (6)(ii), (9)(i) and (9)(ii) of this section shall
24 allocate ten percent (10%) of its usable cannabis to the medical marijuana program pursuant to
25 chapter 28.6 of title 21.

26 (15) The department of health may not issue a cannabis testing facility registration to any
27 applicant that operates or exercises ownership, management, or other control over a cannabis
28 cultivation facility, compassion center, cannabis product manufacturing facility, or retailer, or that
29 shares joint ownership or management with any cultivation facility, compassion center, cannabis
30 product manufacturing facility, or retailer.

31 (16) The office of cannabis coordination shall determine an annual registration fee, not to
32 exceed one hundred thousand dollars (\$100,000) for cannabis processors and cannabis cultivation
33 facilities, not to exceed fifty thousand dollars (\$50,000) for cannabis retailers, and not to exceed
34 ten thousand dollars (\$10,000) for cannabis testing facilities. The registration fee must be paid

1 upon the initial issuance of the registration and every twelve (12) months thereafter. If the
2 registration fee is not remitted to the state in a timely manner, the registration shall be revoked.

3 (17) The office of cannabis coordination shall set forth procedures to require all owners
4 and investors with a five-percent (5%) or greater financial stake in the operation of a proposed
5 cannabis establishment to undergo a national background check conducted by the office of the
6 attorney general, the state police, a local police department, or some other agency approved by
7 the office of cannabis coordination. An application for a cannabis establishment registration may
8 be rejected if a background check of an owner or investor reveals past offenses that the office of
9 cannabis coordination deems to be disqualifying, except that any nonviolent cannabis offense
10 involving one pound (1lb) or less of cannabis, or an equivalent amount pursuant to regulations
11 promulgated by the department of health, or three (3) or fewer cannabis plants which was
12 committed prior to the effective date of this chapter shall not be considered disqualifying.

13 (18) Whenever an entity seeks to renew a registration as a cannabis establishment, the
14 office of cannabis coordination shall require the renewal application to include a question
15 regarding any Occupational Safety and Health Administration actions. The office of cannabis
16 coordination shall consider whether additional regulations are necessary to address any such
17 actions in light of worker safety concerns.

18 (19) Nothing in this section shall prohibit an entity holding a registration or seeking a
19 registration as a cannabis cultivation facility, cannabis processor, or retailer from also holding a
20 separate registration or seeking a separate registration for another cannabis cultivation facility,
21 cannabis processor, or retailer.

22 (20) Nothing in this section shall prohibit an entity holding a registration or seeking a
23 registration as a cannabis cultivation facility, cannabis processor, or retailer from also holding a
24 registration as a compassion center or licensed cultivator or seeking a registration to operate as a
25 compassion center under § 21-28.6-12 or a licensed cultivator under § 21-28.6-16.

26 (21) A registered cannabis cultivation facility, cannabis processor, cannabis testing
27 facility and retailer may transfer ownership and the registration(s) to any person that meets the
28 requirements of chapter 28.11 of title 21.

29 **21-28.11-5. Ineligibility for registration.**

30 (a) A cannabis establishment may not operate, and a prospective cannabis establishment
31 may not apply for a registration, if any of the following are true:

32 (1) The entity is applying for a registration to operate as a cannabis establishment, and the
33 establishment would operate in a location that would violate regulations adopted by the office of
34 cannabis coordination pursuant to §§ 21-28.11-7(p) and 21-28.11-7(q); or

1 (2) The establishment would be located at a site that is not designated as either an
2 industrial, commercial, manufacturing, horticultural, pharmaceutical, or agricultural zone or if the
3 proposed location would violate a municipality's zoning ordinance; or

4 (3) The establishment would be located in a municipality in which residents have
5 approved, by a simple majority referendum, a ban on the kind of cannabis establishment being
6 proposed. For purpose of illustration but not limitation, a cannabis retailer may not operate in a
7 municipality in which residents have approved by a simple majority referendum a ban on
8 cannabis retailers.

9 (b) Prior to July 1, 2021, no applicant may operate or apply for registrations to operate
10 more than:

11 (1) Two (2) retailers;

12 (2) Two (2) cannabis cultivation facilities; and

13 (3) Two (2) cannabis processors.

14 (c) For the purpose of this section, the term "applicant" includes an investor owning ten
15 percent (10%) or greater of the business, all members of the board of directors, members of the
16 LLC, or partners in the business, and all officers or other managerial employees. It does not
17 include non-managerial employees.

18 (d) For the purpose of this section, the term "operate" includes owning ten percent (10%)
19 or greater of the business, serving as a member of the board of directors, being a member of an
20 LLC, being a partner in the business, or acting as an officer or other managerial employee. It does
21 not include working as a non-managerial employee.

22 **21-28.11-6. Suspension or termination of registration.**

23 The department of business regulation or department of health may suspend or terminate
24 the registration of a cannabis establishment that it issued a registration to if the cannabis
25 establishment commits violations of this chapter, regulations issued pursuant to it, or any other
26 state or local law.

27 **21-28.11-7. Regulation and control of cannabis establishments.**

28 (a) With input from other governmental agencies, the office of cannabis coordination, the
29 department of business regulation, and the department of health shall adopt all regulations
30 necessary and convenient to carry out and administer provisions in this chapter.

31 (b) The advertisement of cannabis and cannabis products is prohibited with the following
32 exceptions:

33 (1) A registered cannabis establishment may maintain a website advertising cannabis,
34 cannabis products, and cannabis paraphernalia, including the prices of those items; provided, the

1 website requires the user to verify that they are twenty-one (21) years of age or older before
2 entering.

3 (2) A registered cannabis establishment may display signage outside its facility
4 displaying the name of the establishment; provided, the signage conforms to all applicable local
5 guidelines and rules and does not display imagery of a cannabis leaf or the use of cannabis.

6 (3) A registered cannabis establishment may be listed in public phonebooks.

7 (4) A registered cannabis establishment and its logo may be listed as a sponsor of a
8 charitable event; provided, the logo does not contain imagery of a cannabis leaf or the use of
9 cannabis.

10 (c) The office of cannabis coordination and the department of business regulation shall
11 adopt regulations that specify acceptable forms of packaging for cannabis and cannabis products,
12 including, but not limited to, requirements that the packaging be:

13 (1) Opaque; and

14 (2) Constructed to be significantly difficult for children under five (5) years of age to
15 open and not difficult for normal adults to use properly as defined by 16 C.F.R. 1700.20 (1995);
16 and

17 (3) Designed in a way that is not deemed as especially appealing to children.

18 (d) The office of cannabis coordination and the department of business regulation shall
19 adopt regulations specifying the content of mandatory labels that must be affixed to all packages
20 containing cannabis or cannabis products at the time of sales. These regulations shall include, but
21 are not limited to, requirements that the label display:

22 (1) The name of the establishment that cultivated the cannabis or produced the cannabis
23 product;

24 (2) The tetrahydrocannabinol (THC) content of the product;

25 (3) A "produced on" date; and

26 (4) Warnings that state: "Consumption of cannabis impairs your ability to drive a car or
27 operate machinery" and "Keep away from children" and, unless federal law has changed to
28 accommodate cannabis possession, "Possession of cannabis is illegal under federal law and in
29 many states outside of Rhode Island."

30 (e) All cannabis establishments are required to utilize an inventory tracking system,
31 approved by the department of business regulation that tracks all cannabis from either seed or
32 immature plant stage up to and including the point of sale.

33 (f) The office of cannabis coordination shall establish security requirements and
34 regulations for all cannabis establishments to prevent theft and diversion. Security requirements

1 for cannabis establishments shall include, but are not limited to:

2 (1) An alarm system, with a backup power source, that alerts security personnel and local
3 law enforcement officials of any unauthorized breach;

4 (2) Perpetual video surveillance system, with a backup power source, that records video
5 surveillance, must be stored for at least two (2) months and be accessible to law enforcement
6 officials upon request;

7 (3) Protocols that ensure the secure transport, delivery, and storage of cannabis and
8 cannabis products; and

9 (4) Additional security measures to protect against diversion or theft of cannabis from
10 cannabis cultivation facilities that cultivate cannabis outdoors.

11 (g) All employees of cannabis establishments must participate in a comprehensive
12 training program on standard operating procedures, security protocols, health and sanitation
13 standards, workplace safety, and the provisions of this chapter prior to working at the
14 establishment. Employees must be retrained on an annual basis, or if state officials discover a
15 cannabis establishment in violation of any rule, regulation, or guideline in the course of regular
16 inspections or audits.

17 (h) While performing duties related to their role as an agent or employee of a cannabis
18 establishment, individuals must wear unique identification badges displaying their name and
19 photo.

20 (i) Any individual that is an agent, employee, partner, owner, or manager for a cannabis
21 establishment must be twenty-one (21) years of age or older.

22 (j) In coordination with the office of cannabis coordination, the department of business
23 regulation and the division of taxation in the department of revenue shall have the authority to
24 collect fees and taxes levied on cannabis, and shall adopt procedures for the collection of all taxes
25 and fees levied on cannabis.

26 (k) The office of cannabis coordination, the department of business regulation, and the
27 department of health shall have the authority to inspect and audit cannabis establishments and
28 shall adopt procedures for the regular inspection and audit of cannabis establishments.

29 (l) Under the direction of the office of cannabis coordination, the department of
30 environmental management shall set forth regulations governing the allowable uses of pesticides
31 for the cultivation of cannabis. The department of environmental management shall adopt
32 procedures to regularly inspect cannabis cultivation facilities to ensure that these regulations are
33 followed. Any cannabis cultivation facility found to be in violation of these regulations shall be
34 considered in violation of this chapter.

1 (m) The office of cannabis coordination and the department of health shall set forth
2 regulations for the operation of cannabis testing facilities, including requirements for equipment,
3 training, and qualifications for personnel. These regulations shall set forth procedures that require
4 random sample testing to ensure quality control, including, but not limited to, ensuring that
5 cannabis and cannabis products are accurately labeled for tetrahydrocannabinol (THC) content.
6 The testing analysis must also include testing for residual solvents, poisons, or toxins; harmful
7 chemicals; dangerous molds or mildew; filth; and harmful microbials such as E. coli or
8 salmonella, and pesticides.

9 (n) Before being made available for purchase at retailer establishments, all cannabis and
10 cannabis products must undergo random sample testing at a registered cannabis testing facility, or
11 other laboratory equipped to test cannabis and cannabis products that has been approved by the
12 office of cannabis coordination.

13 (o) In coordination with the department of business regulation and department of health,
14 the office of cannabis coordination shall adopt regulations regarding edible cannabis products.
15 Prior to selling edible cannabis products to cannabis retailers, cannabis processors must submit a
16 proposal, which shall include photographs of the proposed product properly packaged and
17 labeled, and any other materials deemed necessary by the office of cannabis coordination, to the
18 office of cannabis coordination for each line of edible cannabis products. The office of cannabis
19 coordination shall develop standards to prohibit cannabis products that pose public health risks,
20 that are easily confused with existing non-cannabis products, or that are especially attractive to
21 youth. Upon receipt of a proposal for an edible cannabis product line, the office of cannabis
22 coordination shall have up to ninety (90) days to deny the product proposal if it conflicts with the
23 cannabis product standards. Retailers and cannabis processors may only sell cannabis products
24 that have completed this review process. Additional regulations adopted by the office of cannabis
25 coordination regarding edible cannabis products shall include, but are not limited to:

26 (1) A determination of the amount of tetrahydrocannabinol (THC) that constitutes a
27 single serving in an edible cannabis product; and

28 (2) A requirement that separable edible cannabis products be individually packaged and
29 contain no more than a single serving of tetrahydrocannabinol (THC) as defined in regulations
30 adopted by the office of cannabis coordination.

31 (p) The office of cannabis coordination shall adopt regulations regarding allowable
32 locations for cannabis establishments. Such regulations may include, but are not limited to,
33 zoning restrictions and/or minimum distances from public or private preschools, primary schools,
34 elementary schools, or secondary schools.

1 (q) The office of cannabis coordination shall establish penalties for cannabis
2 establishments that violate approved rules and regulations, which may include fines and/or
3 revocation of registrations for violations of this chapter or regulations adopted pursuant thereto.

4 (r) The department of business regulation shall set forth procedures and a fee, not to
5 exceed fifty dollars (\$50.00), for individuals twenty-one (21) years or older to purchase unique
6 identifier cannabis plant tags, which must be affixed to any cannabis plant grown by an individual
7 in a residential space.

8 **21-28.11-8. Timeline for implementation of this chapter.**

9 (1) The governor shall establish the office of cannabis coordination and appoint the
10 director of the office of cannabis coordination no later than two (2) months after the effective date
11 of this chapter.

12 (2) The office of cannabis coordination shall coordinate with the department of business
13 regulation to set forth procedures for the applications for the issuance of registrations for cannabis
14 retail establishments and minimum requirements for the operation of cannabis retailers no later
15 than five (5) months after the effective date of this chapter. Cannabis cultivation facilities,
16 cannabis processors, and retailers deemed registered pursuant to §§ 21-28.11-4(6) and (9) shall
17 not be required to submit an application for issuance of registration.

18 (3) The office of cannabis coordination shall coordinate with the department of health to
19 set forth procedures for the application for and issuance of registrations for cannabis testing
20 facilities and minimum requirements for the operation of cannabis testing facilities no later than
21 five (5) months after the effective date of this chapter.

22 (4) On the effective date of this chapter, any person that is deemed a registered retailer
23 pursuant to § 21-28.11-4(9)(iii) may register as a retailer with the department of business
24 regulation. Within one month of such registration, the department shall issue a retailer registration
25 to that person if it is in compliance with all applicable rules and regulations.

26 (5) No later than six (6) months after the effective date of this chapter, the department of
27 business regulation shall begin accepting applications for retailer registrations, including from
28 applicants who are not authorized representatives of properly registered compassion centers.

29 (6) Any person that is deemed a registered cannabis cultivation facility pursuant to §§ 21-
30 28.11-4(6)(i) and (9)(i) may register a cannabis cultivation facility with the department of
31 business regulation. Within one month of such registration, the department of business regulation
32 shall issue a cannabis cultivation facility registration to that person if it is in compliance with all
33 applicable rules and regulations.

34 (7) No later than five (5) months after the effective date of this chapter, the office of

1 cannabis coordination shall coordinate with the department of health to adopt regulations
2 regarding infused cannabis products and edible cannabis products pursuant to § 21-28.11-7(o).

3 (8) Any person that is deemed a registered cannabis cultivation facility or registered
4 cannabis processor facility pursuant to §§ 21-28.11-4(6)(i) and (6)(ii) shall register as a cannabis
5 processor with the department of business regulation. Within one month of such registration, the
6 department of business regulation shall issue a cannabis processor registration to that person if it
7 is in compliance with all applicable rules and regulations.

8 (9) Beginning five (5) months after the effective date of this chapter, the department of
9 health shall accept applications to operate a cannabis testing facility.

10 (10) The department of health shall grant a one year registration to at least two (2)
11 cannabis testing facilities within six (6) months of the effective date of this chapter.

12 (11) The department of health shall grant a one year registration to a total of at least five
13 (5) cannabis testing facilities within twelve (12) months of the effective date of this chapter,
14 provided a sufficient number of qualified applicants exist.

15 (12) If at any time after two (2) years after the effective date of this chapter, there are
16 fewer than ten (10) valid cannabis testing facility registrations, the department of health shall
17 accept and process applications for cannabis testing facility registrations.

18 **21-28.11-9. Municipal control over cannabis establishments.**

19 (a) Municipalities shall have the authority to enact ordinances or regulations not in
20 conflict with this chapter or with rules and regulations adopted by the office of cannabis
21 coordination regulating the time, place, and manner of cannabis establishments' operations.

22 (b) Prior to January 1, 2021, municipalities may prohibit specific classes of cannabis
23 establishments from operating within their jurisdiction. On or after January 1, 2021,
24 municipalities may not maintain or impose such prohibitions unless the residents of the
25 municipality have approved, by a simple majority referendum in the course of regularly
26 scheduled election, a proposal to ban cannabis cultivation facilities, retailers, processors, or
27 cannabis testing facilities. Municipalities must hold separate referenda to ban each class of
28 cannabis establishment. A single question to ban all classes of cannabis establishments shall not
29 be permitted.

30 (c) Municipalities may impose civil and criminal penalties on the violation of ordinances
31 enacted pursuant to this section.

32 **21-28.11-10. Transportation of cannabis.**

33 The office of cannabis coordination shall set forth regulations and procedures to facilitate
34 the secure transportation of cannabis for retailers delivering products to purchasers and shipments

1 of cannabis or cannabis products between cannabis establishments.

2 **21-28.11-11. Minors on the premises of cannabis establishments.**

3 (a) A cannabis establishment shall not allow any person who is under twenty-one (21)
4 years of age to be present inside any room where cannabis or cannabis products are stored,
5 produced, or sold by the cannabis establishment unless the person who is under twenty-one (21)
6 years of age is:

7 (1) A government employee performing their official duties;

8 (2) An elected official, a member of the media, a contractor performing labor that does
9 not include cannabis cultivation, manufacturing, packaging, or processing; or

10 (3) If the cannabis establishment is a retailer, a medical cannabis patient registered
11 pursuant to chapter 28.6 of title 21, if the retailer premises are also registered as a compassion
12 center pursuant to § 21-28.6-12, and the individual under twenty-one (21) years of age is a
13 qualifying patient registered under chapter 28.6 of title 21.

14 (b) Except as otherwise provided in this section, in a prosecution for a violation of this
15 section, it is an absolute defense that before allowing a person who is under twenty-one (21) years
16 of age into the room where cannabis is sold or stored, a staff member for the cannabis
17 establishment was shown a document which appeared to be issued by an agency of a federal,
18 state, tribal, or foreign sovereign government and which indicated that the person who was
19 allowed onto the premises of the cannabis establishment was twenty-one (21) years of age or
20 older at the time the person was allowed onto the premises. The absolute defense set forth in this
21 subsection does not apply if:

22 (1) The document which was shown to the person who allowed the person who is under
23 twenty-one (21) years of age onto the premises of the retailer was counterfeit, forged, altered, or
24 issued to a person other than the person who was allowed onto the premises of the retailer; and

25 (2) Under the circumstances, a reasonable person would have known or suspected that the
26 document was counterfeit, forged, altered, or issued to a person other than the person who was
27 allowed onto the premises.

28 **21-28.11-12. Retailer violations.**

29 (a) A retailer shall not:

30 (1) Sell, give, deliver, or otherwise furnish cannabis, cannabis products, or cannabis
31 paraphernalia to any person who is under twenty-one (21) years of age unless the individual
32 under twenty-one (21) years of age is a qualifying patient registered under chapter 28.6 of title 21.

33 (i) The following documents shall serve as acceptable forms of identification for the
34 purpose of proving an individual's age: an armed service identification card, valid passport, the

1 identification card license, or any other documentation used for identification purposes that may
2 belong to any other person who is twenty-one (21) years or older; a motor vehicle operator's
3 license which bears the date of birth of the licensee, and which is issued by this state or any other
4 state.

5 (ii) If the retailer discovers evidence that the document presented to verify a person's age
6 is inaccurate or falsified in any way to misrepresent the age of the person attempting to purchase
7 cannabis or cannabis products, they shall refuse to sell cannabis or cannabis products to that
8 individual and notify law enforcement officials.

9 (iii) Except where regulations attendant to this chapter specifically modify or provide
10 otherwise, rules similar to the rules set forth § 3-8-6, applying to alcohol retailers, shall apply to
11 cannabis retailers.

12 (iv) Proof of good faith reliance on any misrepresentation is a defense to the prosecution
13 of the retailer and/or the retailer's employer an alleged violation of this section.

14 (2) Sell, give, deliver, or otherwise furnish cannabis or cannabis products to any person
15 who is twenty-one (21) years of age or older unless the cannabis or cannabis products have
16 undergone random sample testing for potency and contaminants at a cannabis testing facility or
17 other laboratory equipped to test cannabis and cannabis products that has been approved by the
18 office of cannabis coordination.

19 (3) Except as provided in this section, sell, deliver, give, or otherwise furnish more than
20 the following quantities of cannabis or cannabis products to a person in a single transaction;

21 (i) One ounce (1 oz.) of cannabis, not including hashish;

22 (ii) Two (2) immature cannabis plants; or

23 (iii) Cannabis products containing three hundred milligrams (300mg) of delta-9-
24 tetrahydrocannabinol.

25 (4) Except as provided in this section, knowingly and willfully sell, give, or otherwise
26 furnish an amount of cannabis to a person that would cause that person to possess more than the
27 quantities set forth in subsection (3) of this section.

28 (5) Purchase cannabis from any person other than a cannabis cultivation facility or
29 retailer.

30 (6) Purchase cannabis products from any person other than a cannabis processor.

31 (7) Violate regulations issued by the office of cannabis coordination.

32 (8) Offer customers special deals, coupons, or giveaways that allow avoidance of
33 cannabis taxes. Except as otherwise provided by regulation, the tax levied under this subsection
34 shall apply to the full price, if non-itemized, of any transaction involving both:

1 (i) Cannabis or cannabis products; and
2 (ii) Any other otherwise distinct and identifiable goods or services.

3 (b) The prohibitions on dispensing cannabis in subsections (a)(2) and (a)(3) of this
4 section do not apply in instances where the retailer holds a valid registration as a compassion
5 center under chapter 28.6 of title 21, and has verified that the person is a qualifying patient or
6 primary caregiver registered under chapter 28.6 of title 21 and the amount of cannabis dispensed
7 is within the qualifying patient's limits.

8 (c) In addition to any other penalty provided pursuant to specific statutes, a retailer who
9 violates this section is guilty of a misdemeanor and shall be punished by a fine of not more than
10 one thousand dollars (\$1,000).

11 **21-28.11-13. Cannabis cultivation facility violations.**

12 (a) A cannabis cultivation facility shall not:

13 (1) Manufacture, sell give away or otherwise distribute cannabis products; or

14 (2) Sell, deliver, give away, or otherwise furnish cannabis products to any person other
15 than a cannabis retailer or an agent or staff member acting on behalf of a cannabis retailer;

16 (3) Purchase cannabis from any person other than a cannabis cultivation facility; or

17 (4) Purchase or sell, deliver, give, or otherwise furnish cannabis products in any manner
18 other than as is exempted from state penalties pursuant to the provisions of this chapter and any
19 regulations adopted pursuant thereto.

20 (b) In addition to any other penalty provided pursuant to specific statutes, a person who
21 violates this section is guilty of a misdemeanor and shall be punished by a fine of not more than
22 one thousand dollars (\$1,000).

23 **21-28.11-14. Cannabis processor facility violations.**

24 (a) A cannabis processor facility shall not:

25 (1) Manufacture, cultivate, or produce cannabis;

26 (2) Sell, deliver, give away, or otherwise furnish cannabis products to any person other
27 than a cannabis retailer or an agent or staff member acting on behalf of a cannabis retailer;

28 (3) Purchase cannabis from any person other than a cannabis cultivation facility; or

29 (4) Purchase or sell, deliver, give, or otherwise furnish cannabis products in any manner
30 other than as is exempted from state penalties pursuant to the provisions of this chapter and any
31 regulations adopted pursuant thereto.

32 (b) In addition to any other penalty provided pursuant to specific statutes, a person who
33 violates this section is guilty of a misdemeanor and shall be punished by a fine of not more than
34 one thousand dollars (\$1,000).

1 **21-28.11-15. Wholesale Tax.**

2 Imposition of wholesale tax on cannabis cultivation facilities and cannabis processors.

3 (a) Except as provided for in subsection (b) of this section, a wholesale tax at a rate of
4 five percent (5%) shall be imposed on all gross revenue from the wholesale of cannabis, cannabis
5 products, seedlings and cuttings from a registered cannabis cultivator facility and/or registered
6 cannabis processor to a registered retailer.

7 (b) The wholesale tax does not apply to medical cannabis sales from a licensed cultivator
8 to a registered compassion center pursuant to § 21-28.6-12 or registered compassion center to a
9 registered qualifying patient or a registered primary caregiver pursuant to § 21-28.6-12.

10 (c) Under the direction of the office of cannabis coordination, the division of taxation
11 shall have the authority to collect the proceeds of the wholesale tax on retail cannabis sales and
12 disburse the funds to the cannabis regulation fund pursuant to § 21-28.11-17.

13 **21-28.11-16. Excise tax.**

14 Imposition of excise tax on retail cannabis sales.

15 (a) Except as provided for in subsection (b) of this section, an excise tax at a rate of ten
16 percent (10%) of the sales price, in addition to the standard sales tax imposed by § 44-18-18, shall
17 be imposed on all retail sales of cannabis, cannabis products, seedlings, and cuttings.

18 (b) The excise tax does not apply to medical cannabis sales from a registered compassion
19 center to a registered qualifying patient or a registered primary caregiver pursuant to § 21-28.6-
20 12.

21 (c) Under the direction of the office of cannabis coordination, the division of taxation
22 shall have the authority to collect the proceeds of the excise tax on retail cannabis sales and
23 disburse the funds to the cannabis regulation fund pursuant to § 21-28.11-17.

24 **21-28.11-17. Restricted receipt account and distribution of funds.**

25 (a) Fees and taxes collected pursuant to this chapter shall be deposited in a restricted
26 receipt account entitled "cannabis regulation fund."

27 (b) The amounts on deposit in the account for receipts of cannabis excise taxes and fees
28 shall be disbursed in the following manner:

29 (1) In the 2019 fiscal year budget and every fiscal year budget thereafter, the governor
30 shall submit a budget to the general assembly to appropriate funds from the cannabis regulation
31 fund to provide for all necessary expenses incurred by the office of cannabis coordination, the
32 department of business regulation, the department of health, the division of taxation, and the
33 department of environmental management in the performance of their duties pursuant to this
34 chapter.

1 (2) After sufficient funds are appropriated from the cannabis regulation fund to provide
2 for the expenses related to implementation and regulatory enforcement of this chapter, seventy-
3 five percent (75%) of remaining funds shall be deposited into the state's general fund and ten
4 percent (10%) shall be disbursed to municipalities, proportional to the total number of cannabis
5 establishments in each municipality. Five percent (5%) shall be disbursed to the state and local
6 police for the purpose of enforcing laws against impaired driving and training additional law
7 enforcement officers to become drug recognition experts. Ten percent (10%) shall be disbursed to
8 the department of behavioral healthcare, developmental disabilities and hospitals, which shall
9 distribute funding to various programs and agencies for the purpose of providing substance use
10 disorder treatment and recovery services as well as programming for youth substance use
11 prevention.

12 **21-28.11-18. Contracts enforceable.**

13 It is the public policy of the state that contracts related to the operation of a cannabis
14 establishment, compassion center, or hemp cultivator registered pursuant to Rhode Island law
15 shall be enforceable. It is the public policy of the state that no contract entered into by a registered
16 cannabis establishment or hemp cultivator or its employees or agents as permitted pursuant to a
17 valid registration with a department of the state, or by those who allow property to be used by an
18 establishment, its employees, or its agents as permitted pursuant to a valid registration, shall be
19 unenforceable on the basis that cultivating, obtaining, manufacturing, distributing, dispensing,
20 transporting, selling, possessing, or using cannabis or hemp is prohibited by federal law.

21 **21-28.11-19. Compassion center registrants.**

22 (a) Each cannabis establishment that is at the same location as a compassion center must:

23 (1) Follow all provisions pursuant to chapter 28.6 of title 21, and all regulations related to
24 medical cannabis adopted by the office of cannabis coordination, the department of business
25 regulation, or the department of health;

26 (2) Separate all inventory that is offered for sale or donation to medical cannabis
27 cardholders pursuant to chapter 28.6 of title 21 from cannabis and cannabis products that are
28 offered for sale to adult consumers;

29 (3) Label all cannabis and cannabis products that are offered for sale to adult consumers
30 pursuant to § 21-28.6-12 with "Retail cannabis - for use by adults 21 and older only."

31 (b) For purposes of this section, "adult consumer" means a person who is twenty-one (21)
32 years of age or older and who is not a medical cannabis cardholder obtaining medical cannabis
33 from a compassion center pursuant to chapter 28.6 of title 21.

34 **21-28.11-20. Failure of department to adopt regulations.**

1 If the office of cannabis coordination fails to adopt regulations to implement this chapter,
2 or fails to begin processing applications for cannabis establishments within twelve (12) months of
3 the effective date of this chapter, any citizen may commence an action in a court of competent
4 jurisdiction to compel the office of cannabis coordination to perform the actions mandated
5 pursuant to the provisions of this chapter.

6 **21-28.11-21. Severability.**

7 If any provision of this chapter or its application thereof to any person or circumstance is
8 held invalid, such invalidity shall not affect other provisions or applications of this chapter, which
9 can be given effect without the invalid provision or application, and to this end the provisions of
10 this chapter are declared to be severable.

11 SECTION 2. Sections 21-28-4.1, 21-28-4.1.1 and 21-28-4.1.2 of the General Laws in
12 Chapter 21-28 entitled "Uniform Controlled Substances Act" are hereby amended to read as
13 follows:

14 **21-28-4.01. Prohibited acts A -- Penalties.**

15 (a)(1) Except as authorized by this chapter or exempted from annual penalties pursuant to
16 chapters 28.10 or 28.11 of title 21, it shall be unlawful for any person to manufacture, deliver, or
17 possess with intent to manufacture or deliver a controlled substance.

18 (2) Any person who is not a drug-addicted person, as defined in § 21-28-1.02(20), who
19 violates this subsection with respect to a controlled substance classified in schedule I or II, except
20 the substance classified as marijuana, is guilty of a crime and, upon conviction, may be
21 imprisoned to a term up to life or fined not more than five hundred thousand dollars (\$500,000)
22 nor less than ten thousand dollars (\$10,000), or both.

23 (3) Where the deliverance as prohibited in this subsection shall be the proximate cause of
24 death to the person to whom the controlled substance is delivered, it shall not be a defense that
25 the person delivering the substance was, at the time of delivery, a drug-addicted person as defined
26 in § 21-28-1.02(20).

27 (4) Any person, under twenty-one (21) years of age, except as provided for in subdivision
28 (2) of this subsection, who violates this subsection with respect to the manufacture of two (2) or
29 fewer total marijuana plants is guilty of a crime and upon conviction may be imprisoned for not
30 more than six (6) months, or fined not more than five hundred dollars (\$500), or both:

31 (5) Any person, except as provided for in subsections (2) or (4) of this section, who
32 violates this subsection with respect to:

33 (i) A controlled substance, classified in schedule I or II, is guilty of a crime and, upon
34 conviction, may be imprisoned for not more than thirty (30) years, or fined not more than one

1 hundred thousand dollars (\$100,000) nor less than three thousand dollars (\$3,000), or both;

2 (ii) The manufacture of three (3) or more marijuana plants, is guilty of a crime and upon
3 conviction may be imprisoned for not more than three (3) years or fined not more than two
4 thousand five hundred dollars (\$2,500) for each plant over the allowed limit of two (2), or both;

5 (iii) The delivery of marijuana is guilty of a crime and upon conviction may be
6 imprisoned for not more than five (5) years or fined not more than one hundred thousand dollars
7 (\$100,000), or both;

8 ~~(ii)~~ (iv) A controlled substance, classified in schedule III or IV, is guilty of a crime and,
9 upon conviction, may be imprisoned for not more than twenty (20) years, or fined not more than
10 forty thousand dollars (\$40,000), or both; provided, with respect to a controlled substance
11 classified in schedule III(d), upon conviction may be imprisoned for not more than five (5) years,
12 or fined not more than twenty thousand dollars (\$20,000), or both.

13 ~~(iii)~~ (v) A controlled substance, classified in schedule V, is guilty of a crime and, upon
14 conviction, may be imprisoned for not more than one year, or fined not more than ten thousand
15 dollars (\$10,000), or both.

16 (b)(1) Except as authorized by this chapter, it is unlawful for any person to create,
17 deliver, or possess with intent to deliver, a counterfeit substance.

18 (2) Any person who violates this subsection with respect to:

19 (i) A counterfeit substance, classified in schedule I or II, is guilty of a crime and, upon
20 conviction, may be imprisoned for not more than thirty (30) years, or fined not more than one
21 hundred thousand dollars (\$100,000), or both;

22 (ii) A counterfeit substance, classified in schedule III or IV, is guilty of a crime and, upon
23 conviction, may be imprisoned for not more than twenty (20) years, or fined not more than forty
24 thousand dollars (\$40,000), or both; provided, with respect to a controlled substance classified in
25 schedule III(d), upon conviction may be imprisoned for not more than five (5) years, or fined not
26 more than twenty thousand dollars (\$20,000), or both.

27 (iii) A counterfeit substance, classified in schedule V, is guilty of a crime and, upon
28 conviction, may be imprisoned for not more than one year, or fined not more than ten thousand
29 dollars (\$10,000), or both.

30 (c)(1) It shall be unlawful for any person knowingly or intentionally to possess a
31 controlled substance, unless the substance was obtained directly from, or pursuant to, a valid
32 prescription or order of a practitioner while acting in the course of his or her professional
33 practice, or except as otherwise authorized by this chapter or exempt from arrest by chapters
34 28.10 or 28.11 of title 21.

1 (2) Any person who violates this subsection with respect to:

2 (i) A controlled substance classified in schedules I, II and III, IV, and V, except the
3 substance classified as marijuana, is guilty of a crime and, upon conviction, may be imprisoned
4 for not more than three (3) years, or fined not less than five hundred dollars (\$500) nor more than
5 five thousand dollars (\$5,000), or both;

6 (ii) More than one ounce (1 oz.) of a controlled substance classified in schedule I as
7 marijuana is guilty of a misdemeanor, except for those persons subject to (a)(1), and, upon
8 conviction, may be imprisoned for not more than one year, or fined not less than two hundred
9 dollars (\$200) nor more than five hundred dollars (\$500), or both.

10 (iii) Notwithstanding any public, special, or general law to the contrary, the possession of
11 one ounce (1 oz.) or less of marijuana by a person who is eighteen (18) years of age or older, but
12 who is less than twenty-one (21) years of age, and who is not exempted from penalties pursuant
13 to chapter 28.6 of this title, shall constitute a civil offense, rendering the offender liable to a civil
14 penalty in the amount of one hundred fifty dollars (\$150) and forfeiture of the marijuana, but not
15 to any other form of criminal or civil punishment or disqualification. Notwithstanding any public,
16 special, or general law to the contrary, this civil penalty of one hundred fifty dollars (\$150) and
17 forfeiture of the marijuana shall apply if the offense is the first (1st) or second (2nd) violation
18 within the previous eighteen (18) months.

19 (iv) Notwithstanding any public, special, or general law to the contrary, possession of one
20 ounce (1 oz.) or less of marijuana by a person who is seventeen (17) years of age or older and
21 under the age of eighteen (18) years, and who is not exempted from penalties pursuant to chapter
22 28.6 of this title, shall constitute a civil offense, rendering the offender liable to a civil penalty in
23 the amount of one hundred fifty dollars (\$150) and forfeiture of the marijuana; provided the
24 minor offender completes an approved, drug-awareness program and community service as
25 determined by the court. If the person seventeen (17) years of age or older and under the age of
26 eighteen (18) years fails to complete an approved, drug-awareness program and community
27 service within one year of the disposition, the penalty shall be a three hundred dollar (\$300) civil
28 fine and forfeiture of the marijuana, except that if no drug-awareness program or community
29 service is available, the penalty shall be a fine of one hundred fifty dollars (\$150) and forfeiture
30 of the marijuana. The parents or legal guardian of any offender seventeen (17) years of age or
31 older and under the age of eighteen (18) shall be notified of the offense and the availability of a
32 drug-awareness and community-service program. The drug-awareness program must be approved
33 by the court, but shall, at a minimum, provide four (4) hours of instruction or group discussion
34 and ten (10) hours of community service. Notwithstanding any other public, special, or general

1 law to the contrary, this civil penalty shall apply if the offense is the first or second violation
2 within the previous eighteen (18) months.

3 (v) Notwithstanding any public, special, or general law to the contrary, a person who is
4 less than twenty-one (21) years of age, not exempted from penalties pursuant to chapter 28.6 of
5 this title found in possession of one ounce (1 oz.) or less of marijuana is guilty of a misdemeanor
6 and, upon conviction, may be imprisoned for not more than thirty (30) days, or fined not less than
7 two hundred dollars (\$200) nor more than five hundred dollars (\$500), or both, if that person has
8 been previously adjudicated on a violation for possession of less than one ounce (1 oz.) of
9 marijuana under (c)(2)(iii) or (c)(2)(iv) two (2) times in the eighteen (18) months prior to the third
10 (3rd) offense.

11 (vi) Any unpaid civil fine issued under (c)(2)(iii) or (c)(2)(iv) shall double to three
12 hundred dollars (\$300) if not paid within thirty (30) days of the disposition. The civil fine shall
13 double again to six hundred dollars (\$600) if it has not been paid within ninety (90) days.

14 (vii) No person may be arrested for a violation of (c)(2)(iii) or (c)(2)(iv) of this
15 subsection except as provided in this subparagraph. Any person in possession of an identification
16 card, license, or other form of identification issued by the state or any state, city, or town, or any
17 college or university, who fails to produce the same upon request of a police officer who informs
18 the person that he or she has been found in possession of what appears to the officer to be one
19 ounce (1 oz.) or less of marijuana, or any person without any such forms of identification who
20 fails or refuses to truthfully provide his or her name, address, and date of birth to a police officer
21 who has informed such person that the officer intends to provide such individual with a citation
22 for possession of one ounce (1 oz.) or less of marijuana, may be arrested.

23 (viii) No violation of (c)(2)(iii) or (c)(2)(iv) of this subsection shall be considered a
24 violation of parole or probation.

25 (ix) Any records collected by any state agency, tribunal, or the family court that include
26 personally identifiable information about violations of (c)(2)(iii) or (c)(2)(iv) shall not be open to
27 public inspection in accordance with § 8-8.2-21.

28 (3) Jurisdiction. Any and all violations of (c)(2)(iii) and (c)(2)(iv) shall be the exclusive
29 jurisdiction of the Rhode Island traffic tribunal. All money associated with the civil fine issued
30 under (c)(2)(iii) or (c)(2)(iv) shall be payable to the Rhode Island traffic tribunal. Fifty percent
31 (50%) of all fines collected by the Rhode Island traffic tribunal from civil penalties issued
32 pursuant to (c)(2)(iii) or (c)(2)(iv) shall be expended on drug-awareness and treatment programs
33 for youth.

34 (4) Additionally, every person convicted or who pleads nolo contendere under (c)(2)(i) or

1 convicted or who pleads nolo contendere a second or subsequent time under (c)(2)(ii), who is not
2 sentenced to a term of imprisonment to serve for the offense, shall be required to:

3 (i) Perform up to one hundred (100) hours of community service;

4 (ii) Attend and complete a drug-counseling and education program, as prescribed, by the
5 director of the department of behavioral healthcare, developmental disabilities and hospitals and
6 pay the sum of four hundred dollars (\$400) to help defray the costs of this program which shall be
7 deposited as general revenues. Failure to attend may result, after hearing by the court, in jail
8 sentence up to one year;

9 (iii) The court shall not suspend any part or all of the imposition of the fee required by
10 this subsection, unless the court finds an inability to pay;

11 (iv) If the offense involves the use of any automobile to transport the substance or the
12 substance is found within an automobile, then a person convicted or who pleads nolo contendere
13 under (c)(2)(i) and (c)(2)(ii) shall be subject to a loss of license for a period of six (6) months for
14 a first offense and one year for each offense after.

15 (5) All fees assessed and collected pursuant to (c)(3)(ii) shall be deposited as general
16 revenues and shall be collected from the person convicted or who pleads nolo contendere before
17 any other fines authorized by this chapter.

18 (d) It shall be unlawful for any person to manufacture, distribute, or possess with intent to
19 manufacture or distribute, an imitation controlled substance. Any person who violates this
20 subsection is guilty of a crime and, upon conviction, shall be subject to the same term of
21 imprisonment and/or fine as provided by this chapter for the manufacture or distribution of the
22 controlled substance that the particular imitation controlled substance forming the basis of the
23 prosecution was designed to resemble and/or represented to be; but in no case shall the
24 imprisonment be for more than five (5) years nor the fine for more than twenty thousand dollars
25 (\$20,000).

26 (e) It shall be unlawful for a practitioner to prescribe, order, distribute, supply, or sell an
27 anabolic steroid or human growth hormone for: (1) Enhancing performance in an exercise, sport,
28 or game, or (2) Hormonal manipulation intended to increase muscle mass, strength, or weight
29 without a medical necessity. Any person who violates this subsection is guilty of a misdemeanor
30 and, upon conviction, may be imprisoned for not more than six (6) months or a fine of not more
31 than one thousand dollars (\$1,000), or both.

32 (f) It is unlawful for any person to knowingly or intentionally possess, manufacture,
33 distribute, or possess with intent to manufacture or distribute, any extract, compound, salt
34 derivative, or mixture of salvia divinorum or datura stramonium or its extracts unless the person

1 is exempt pursuant to the provisions of § 21-28-3.30. Notwithstanding any laws to the contrary,
2 any person who violates this section is guilty of a misdemeanor and, upon conviction, may be
3 imprisoned for not more than one year, or fined not more than one thousand dollars (\$1,000), or
4 both. The provisions of this section shall not apply to licensed physicians, pharmacists, and
5 accredited hospitals and teaching facilities engaged in the research or study of salvia divinorum or
6 datura stramonium and shall not apply to any person participating in clinical trials involving the
7 use of salvia divinorum or datura stramonium.

8 **21-28-4.01.1. Minimum sentence -- Certain quantities of controlled substances.**

9 (a) Except as authorized by this chapter, it shall be unlawful for any person to
10 manufacture, sell, or possess with intent to manufacture or sell, a controlled substance classified
11 in schedule I or II (excluding marijuana) or to possess or deliver the following enumerated
12 quantities of certain controlled substances:

13 (1) One ounce (1 oz.) to one kilogram (1 kg.) of a mixture or substance containing a
14 detectable amount of heroin;

15 (2) One ounce (1 oz.) to one kilogram (1 kg.) of a mixture or substance containing a
16 detectable amount of:

17 (i) Coca leaves, except coca leaves and extracts of coca leaves from which cocaine,
18 ecgonine, and derivatives of ecgonine or their salts have been removed;

19 (ii) Cocaine, its salts, optical and geometric isomers, and salts of isomers;

20 (iii) Ecgonine, its derivatives, their salts, isomers, and salts of isomers; or

21 (iv) Any compound, mixture, or preparation that contains any quantity of any of the
22 substances referred to in paragraphs (i) -- (iii) of this subdivision;

23 (3) One gram (1 g.) to ten grams (10 gs.) of phencyclidine (PCP) or one hundred (100) to
24 one thousand (1,000) tablets of a mixture or substance containing a detectable amount of
25 phencyclidine (PCP);

26 (4) One-tenth of a gram (0.1 g.) to one gram (1 g.) of lysergic acid diethylamide (LSD) or
27 one hundred (100) to one thousand (1,000) tablets of a mixture or substance containing a
28 detectable amount of lysergic acid diethylamide (LSD);

29 ~~(5) One kilogram (1 kg.) to five kilograms (5 kgs.) of a mixture containing a detectable~~
30 ~~amount of marijuana;~~

31 (6) One ounce (1 oz.) to one kilogram (1 kg.) of a mixture or substance containing a
32 detectable amount of synthetic drugs; or

33 (7) One ounce (1 oz.) to one kilogram (1 kg.) of a mixture or substance containing a
34 detectable amount of fentanyl.

1 (b) Any person who violates this section shall be guilty of a crime, and upon conviction,
2 may be imprisoned for a term up to fifty (50) years and fined not more than five hundred
3 thousand dollars (\$500,000).

4 **21-28-4.01.2. Minimum sentence -- Certain quantities of controlled substances.**

5 (a) Except as authorized by the chapter, it shall be unlawful for any person to possess,
6 manufacture, sell, or deliver the following enumerated quantities of certain controlled substances:

7 (1) More than one kilogram (1 kg.) of a mixture or substance containing a detectable
8 amount of heroin;

9 (2) More than one kilogram (1 kg.) of a mixture or substance containing a detectable
10 amount of:

11 (i) Coca leaves, except coca leaves and extracts of coca leaves from which cocaine,
12 ecgonine, and derivatives of ecgonine or their salts have been removed;

13 (ii) Cocaine, its salts, optical and geometric isomers, and salts of isomers;

14 (iii) Ecgonine, its derivatives, their salts, isomers, and salts of isomers; or

15 (iv) Any compound, mixture, or preparation that contains any quantity of any of the
16 substances referred to in paragraphs (i) -- (iii) of this subdivision;

17 (3) More than ten grams (10 gs.) of phencyclidine (PCP) or more than one thousand
18 (1,000) tablets of a mixture or substance containing a detectable amount of phencyclidine (PCP);

19 (4) More than one gram (1 g.) of lysergic acid diethylamide (LSD); or more than one
20 thousand (1,000) tablets of a mixture or substance containing a detectable amount of lysergic acid
21 diethylamide (LSD);

22 ~~(5) More than five kilograms (5 kgs.) of a mixture containing a detectable amount of~~
23 ~~marijuana;~~

24 (6) More than one kilogram (1 kg.) of a mixture or substance containing a detectable
25 amount of synthetic drugs; or

26 (7) More than one kilogram (1 kg.) of a mixture or substance containing a detectable
27 amount of fentanyl.

28 (b) Any person who violates this section shall be guilty of a crime, and upon conviction,
29 may be imprisoned for a term up to life and fined not more than one million dollars (\$1,000,000).

30 SECTION 3. Sections 21-28.6-3 and 21-28.6-12 of the General Laws in Chapter 21-28.6
31 entitled "The Edward O. Hawkins and Thomas C. Slater Medical Marijuana Act" are hereby
32 amended to read as follows:

33 **21-28.6-3. Definitions.**

34 For the purposes of this chapter:

1 (1) "Authorized purchaser" means a natural person who is at least twenty-one (21) years
2 old and who is registered with the department of health for the purposes of assisting a qualifying
3 patient in purchasing marijuana from a compassion center. An authorized purchaser may assist no
4 more than one patient, and is prohibited from consuming marijuana obtained for the use of the
5 qualifying patient. An authorized purchaser shall be registered with the department of health and
6 shall possess a valid registry identification card.

7 (2) "Cardholder" means a person who has been registered or licensed with the department
8 of health or the department of business regulation pursuant to this chapter and possesses a valid
9 registry identification card or license.

10 (3) "Commercial unit" means a building, office, suite, or room within a commercial or
11 industrial building for use by one business or person and is rented or owned by that business or
12 person.

13 (4)(i) "Compassion center" means ~~a not for profit corporation, subject to the provisions~~
14 ~~of chapter 6 of title 7~~ a business entity, and registered under § 21-28.6-12, that acquires,
15 possesses, cultivates, manufactures, delivers, transfers, transports, supplies, or dispenses
16 marijuana, and/or related supplies and educational materials, to patient cardholders and/or their
17 registered caregiver cardholder or authorized purchaser.

18 (ii) "Compassion center cardholder" means a principal officer, board member, employee,
19 volunteer, or agent of a compassion center who has registered with the department of health or
20 the department of business regulation and has been issued and possesses a valid, registry
21 identification card.

22 (5) "Debilitating medical condition" means:

23 (i) Cancer, glaucoma, positive status for human immunodeficiency virus, acquired
24 immune deficiency syndrome, Hepatitis C, post-traumatic stress disorder, or the treatment of
25 these conditions;

26 (ii) A chronic or debilitating disease or medical condition, or its treatment, that produces
27 one or more of the following: cachexia or wasting syndrome; severe, debilitating, chronic pain;
28 severe nausea; seizures, including but not limited to, those characteristic of epilepsy; or severe
29 and persistent muscle spasms, including but not limited to, those characteristic of multiple
30 sclerosis or Crohn's disease; or agitation of Alzheimer's Disease; or

31 (iii) Any other medical condition or its treatment approved by the department, as
32 provided for in § 21-28.6-5.

33 (6) "Department of business regulation" means the Rhode Island department of business
34 regulation or its successor agency.

1 (7) "Department of health" means the Rhode Island department of health or its successor
2 agency.

3 (8) "Department of public safety" means the Rhode Island department of public safety or
4 its successor agency.

5 (9) "Dried, useable marijuana" means the dried leaves and flowers of the marijuana plant
6 as defined by regulations promulgated by the department of health.

7 (10) "Dwelling unit" means the room, or group of rooms, within a dwelling used or
8 intended for use by one family or household, or by no more than three (3) unrelated individuals,
9 for living, sleeping, cooking, and eating.

10 (11) "Equivalent amount" means the portion of usable marijuana, be it in extracted,
11 edible, concentrated, or any other form, found to be equal to a portion of dried, usable marijuana,
12 as defined by regulations promulgated by the department of health.

13 (12) "Licensed cultivator" means a person, as identified in § 43-3-6, who has been
14 licensed by the department of business regulation to cultivate marijuana pursuant to § 21-28.6-16.

15 (13) "Marijuana" has the meaning given that term in § 21-28-1.02(30).

16 (14) "Mature marijuana plant" means a marijuana plant that has flowers or buds that are
17 readily observable by an unaided visual examination.

18 (15) "Medical marijuana testing laboratory" means a third-party analytical testing
19 laboratory licensed by the department of health to collect and test samples of medical marijuana
20 pursuant to regulations promulgated by the department.

21 (16) "Medical use" means the acquisition, possession, cultivation, manufacture, use,
22 delivery, transfer, or transportation of marijuana or paraphernalia relating to the consumption of
23 marijuana to alleviate a patient cardholder's debilitating medical condition or symptoms
24 associated with the medical condition.

25 (17) "Practitioner" means a person who is licensed with authority to prescribe drugs
26 pursuant to chapters 34, 37, and 54 of title 5, who may provide a qualifying patient with a written
27 certification in accordance with regulations promulgated by the department of health or a
28 physician licensed with authority to prescribe drugs in Massachusetts or Connecticut.

29 (18) "Primary caregiver" means a natural person who is at least twenty-one (21) years
30 old. A primary caregiver may assist no more than five (5) qualifying patients with their medical
31 use of marijuana.

32 (19) "Qualifying patient" means a person who has been diagnosed by a practitioner as
33 having a debilitating medical condition and is a resident of Rhode Island.

34 (20) "Registry identification card" means a document issued by the department of health

1 that identifies a person as a registered qualifying patient, a registered primary caregiver, or
2 authorized purchaser, or a document issued by the department of business regulation that
3 identifies a person as a registered principal officer, board member, employee, volunteer, or agent
4 of a compassion center.

5 (21) "Seedling" means a marijuana plant with no observable flowers or buds.

6 (22) "Unusable marijuana" means marijuana seeds, stalks, seedlings, and unusable roots.

7 (23) "Usable marijuana" means the dried leaves and flowers of the marijuana plant, and
8 any mixture or preparation thereof, but does not include the seeds, stalks, and roots of the plant.

9 (24) "Wet marijuana" means the harvested leaves and flowers of the marijuana plant
10 before they have reached a dry useable state, as defined by regulations promulgated by the
11 departments of health and business regulation.

12 (25) "Written certification" means the qualifying patient's medical records, and a
13 statement signed by a practitioner, stating that, in the practitioner's professional opinion, the
14 potential benefits of the medical use of marijuana would likely outweigh the health risks for the
15 qualifying patient. A written certification shall be made only in the course of a bona fide,
16 practitioner-patient relationship after the practitioner has completed a full assessment of the
17 qualifying patient's medical history. The written certification shall specify the qualifying patient's
18 debilitating medical condition or conditions.

19 **21-28.6-12. Compassion centers.**

20 (a) A compassion center registered under this section may acquire, possess, cultivate,
21 manufacture, deliver, transfer, transport, supply, or dispense marijuana, or related supplies and
22 educational materials, to registered qualifying patients and their registered primary caregivers or
23 authorized purchasers. Except as specifically provided to the contrary, all provisions of the
24 Edward O. Hawkins and Thomas C. Slater Medical Marijuana Act, §§ 21-28.6-1 -- 21-28.6-11,
25 apply to a compassion center unless they conflict with a provision contained in § 21-28.6-12.

26 (b) Registration of compassion centers--authority of the departments of health and
27 business regulation:

28 (1) Not later than ninety (90) days after the effective date of this chapter, the department
29 of health shall promulgate regulations governing the manner in which it shall consider
30 applications for registration certificates for compassion centers, including regulations governing:

31 (i) The form and content of registration and renewal applications;

32 (ii) Minimum oversight requirements for compassion centers;

33 (iii) Minimum record-keeping requirements for compassion centers;

34 (iv) Minimum security requirements for compassion centers; and

1 (v) Procedures for suspending, revoking, or terminating the registration of compassion
2 centers that violate the provisions of this section or the regulations promulgated pursuant to this
3 subsection.

4 (2) Within ninety (90) days of the effective date of this chapter, the department of health
5 shall begin accepting applications for the operation of a single compassion center.

6 (3) Within one hundred fifty (150) days of the effective date of this chapter, the
7 department of health shall provide for at least one public hearing on the granting of an application
8 to a single compassion center.

9 (4) Within one hundred ninety (190) days of the effective date of this chapter, the
10 department of health shall grant a single registration certificate to a single compassion center,
11 providing at least one applicant has applied who meets the requirements of this chapter.

12 (5) If at any time after fifteen (15) months after the effective date of this chapter, there is
13 no operational compassion center in Rhode Island, the department of health shall accept
14 applications, provide for input from the public, and issue a registration certificate for a
15 compassion center if a qualified applicant exists.

16 (6) Within two (2) years of the effective date of this chapter, the department of health
17 shall begin accepting applications to provide registration certificates for two (2) additional
18 compassion centers. The department shall solicit input from the public, and issue registration
19 certificates if qualified applicants exist.

20 (7)(i) Any time a compassion center registration certificate is revoked, is relinquished, or
21 expires on or before December 31, 2016, the department of health shall accept applications for a
22 new compassion center.

23 (ii) Any time a compassion center registration certificate is revoked, is relinquished, or
24 expires on or after January 1, 2017, the department of business regulation shall accept
25 applications for a new compassion center.

26 (8) If at any time after three (3) years after the effective date of this chapter and on or
27 before December 31, 2016, fewer than three (3) compassion centers are holding valid registration
28 certificates in Rhode Island, the department of health shall accept applications for a new
29 compassion center. If at any time on or after January 1, 2017, fewer than three (3) compassion
30 centers are holding valid registration certificates in Rhode Island, the department of business
31 regulation shall accept applications for a new compassion center. No more than three (3)
32 compassion centers may hold valid registration certificates at one time.

33 (9) Any compassion center application selected for approval by the department of health
34 on or before December 31, 2016, or selected for approval by the department of business

1 regulation on or after January 1, 2017, shall remain in full force and effect, notwithstanding any
2 provisions of this chapter to the contrary, and shall be subject to state law adopted herein and
3 rules and regulations adopted by the departments of health and business regulation subsequent to
4 passage of this legislation.

5 (c) Compassion center and agent applications and registration:

6 (1) Each application for a compassion center shall include:

7 (i) A non-refundable application fee paid to the department in the amount of two hundred
8 fifty dollars (\$250);

9 (ii) The proposed legal name and proposed articles of incorporation of the compassion
10 center;

11 (iii) The proposed physical address of the compassion center, if a precise address has
12 been determined, or, if not, the general location where it would be located. This may include a
13 second location for the cultivation of medical marijuana;

14 (iv) A description of the enclosed, locked facility that would be used in the cultivation of
15 marijuana;

16 (v) The name, address, and date of birth of each principal officer and board member of
17 the compassion center;

18 (vi) Proposed security and safety measures that shall include at least one security alarm
19 system for each location, planned measures to deter and prevent the unauthorized entrance into
20 areas containing marijuana and the theft of marijuana, as well as a draft, employee-instruction
21 manual including security policies, safety and security procedures, personal safety, and crime-
22 prevention techniques; and

23 (vii) Proposed procedures to ensure accurate record keeping;

24 (2)(i) For applications submitted on or before December 31, 2016, any time one or more
25 compassion center registration applications are being considered, the department of health shall
26 also allow for comment by the public and shall solicit input from registered qualifying patients,
27 registered primary caregivers; and the towns or cities where the applicants would be located;

28 (ii) For applications submitted on or after January 1, 2017, any time one or more
29 compassion center registration applications are being considered, the department of business
30 regulation shall also allow for comment by the public and shall solicit input from registered
31 qualifying patients, registered primary caregivers; and the towns or cities where the applicants
32 would be located.

33 (3) Each time a compassion center certificate is granted, the decision shall be based upon
34 the overall health needs of qualified patients and the safety of the public, including, but not

1 limited to, the following factors:

2 (i) Convenience to patients from throughout the state of Rhode Island to the compassion
3 centers if the applicant were approved;

4 (ii) The applicant's ability to provide a steady supply to the registered qualifying patients
5 in the state;

6 (iii) The applicant's experience running a non-profit or business;

7 (iv) The interests of qualifying patients regarding which applicant be granted a
8 registration certificate;

9 (v) The interests of the city or town where the dispensary would be located;

10 (vi) The sufficiency of the applicant's plans for record keeping and security, which
11 records shall be considered confidential health-care information under Rhode Island law and are
12 intended to be deemed protected health-care information for purposes of the Federal Health
13 Insurance Portability and Accountability Act of 1996, as amended; and

14 (vii) The sufficiency of the applicant's plans for safety and security, including proposed
15 location, security devices employed, and staffing;

16 (4) A compassion center approved by the department of health on or before December
17 31, 2016, shall submit the following to the department before it may begin operations:

18 (i) A fee paid to the department in the amount of five thousand dollars (\$5,000);

19 (ii) The legal name and articles of incorporation of the compassion center;

20 (iii) The physical address of the compassion center; this may include a second address for
21 the secure cultivation of marijuana;

22 (iv) The name, address, and date of birth of each principal officer and board member of
23 the compassion center; and

24 (v) The name, address, and date of birth of any person who will be an agent of, employee,
25 or volunteer of the compassion center at its inception.

26 (5) A compassion center approved by the department of business regulation on or after
27 January 1, 2017, shall submit the following to the department before it may begin operations:

28 (i) A fee paid to the department in the amount of five thousand dollars (\$5,000);

29 (ii) The legal name and articles of incorporation of the compassion center;

30 (iii) The physical address of the compassion center; this may include a second address for
31 the secure cultivation of marijuana;

32 (iv) The name, address, and date of birth of each principal officer and board member of
33 the compassion center;

34 (v) The name, address, and date of birth of any person who will be an agent of, employee,

1 or volunteer of the compassion center at its inception.

2 (6) Except as provided in subdivision (7), the department of health or the department of
3 business regulation shall issue each principal officer, board member, agent, volunteer, and
4 employee of a compassion center a registry identification card or renewal card after receipt of the
5 person's name, address, date of birth; a fee in an amount established by the department of health
6 or the department business regulation; and notification to the department of health or the
7 department of business regulation by the department of public safety division of state police that
8 the registry identification card applicant has not been convicted of a felony drug offense or has
9 not entered a plea of nolo contendere for a felony drug offense and received a sentence of
10 probation. Each card shall specify that the cardholder is a principal officer, board member, agent,
11 volunteer, or employee of a compassion center and shall contain the following:

12 (i) The name, address, and date of birth of the principal officer, board member, agent,
13 volunteer, or employee;

14 (ii) The legal name of the compassion center to which the principal officer, board
15 member, agent, volunteer, or employee is affiliated;

16 (iii) A random identification number that is unique to the cardholder;

17 (iv) The date of issuance and expiration date of the registry identification card; and

18 (v) A photograph, if the department of health or the department of business regulation
19 decides to require one.

20 (7) Except as provided in this subsection, neither the department of health nor the
21 department of business regulation shall issue a registry identification card to any principal officer,
22 board member, agent, volunteer, or employee of a compassion center who has been convicted of a
23 felony drug offense or has entered a plea of nolo contendere for a felony drug offense and
24 received a sentence of probation. If a registry identification card is denied, the compassion center
25 will be notified in writing of the purpose for denying the registry identification card. A registry
26 identification card may be granted if the offense was for conduct that occurred prior to the
27 enactment of the Edward O. Hawkins and Thomas C. Slater Medical Marijuana Act or that was
28 prosecuted by an authority other than the state of Rhode Island and for which the Edward O.
29 Hawkins and Thomas C. Slater Medical Marijuana Act would otherwise have prevented a
30 conviction.

31 (i) All registry identification card applicants shall apply to the department of public safety
32 division of state police for a national criminal identification records check that shall include
33 fingerprints submitted to the federal bureau of investigation. Upon the discovery of a felony drug
34 offense conviction or a plea of nolo contendere for a felony drug offense with a sentence of

1 probation, and in accordance with the rules promulgated by the department of health and the
2 department of business regulation, the department of public safety division of state police shall
3 inform the applicant, in writing, of the nature of the felony and the department of public safety
4 division of state police shall notify the department of health or the department of business
5 regulation, in writing, without disclosing the nature of the felony, that a felony drug offense
6 conviction or a plea of nolo contendere for a felony drug offense with probation has been found.

7 (ii) In those situations in which no felony drug offense conviction or plea of nolo
8 contendere for a felony drug offense with probation has been found, the department of public
9 safety division of state police shall inform the applicant and the department of health or the
10 department of business regulation, in writing, of this fact.

11 (iii) All registry identification card applicants shall be responsible for any expense
12 associated with the criminal background check with fingerprints.

13 (8) A registry identification card of a principal officer, board member, agent, volunteer,
14 or employee shall expire one year after its issuance, or upon the expiration of the registered
15 organization's registration certificate, or upon the termination of the principal officer, board
16 member, agent, volunteer or employee's relationship with the compassion center, whichever
17 occurs first.

18 (9) A compassion center cardholder shall notify and request approval from the
19 department of business regulation of any change in his or her name or address within ten (10)
20 days of such change. A compassion center cardholder who fails to notify the department of
21 business regulation of any of these changes is responsible for a civil infraction, punishable by a
22 fine of no more than one hundred fifty dollars (\$150).

23 (10) When a compassion center cardholder notifies the department of health or the
24 department of business regulation of any changes listed in this subsection, the department shall
25 issue the cardholder a new registry identification card within ten (10) days of receiving the
26 updated information and a ten-dollar (\$10.00) fee.

27 (11) If a compassion center cardholder loses his or her registry identification card, he or
28 she shall notify the department of health or the department of business regulation and submit a
29 ten-dollar (\$10.00) fee within ten (10) days of losing the card. Within five (5) days, the
30 department shall issue a new registry identification card with new random identification number.

31 (12) On or before December 31, 2016, a compassion center cardholder shall notify the
32 department of health of any disqualifying criminal convictions as defined in subdivision (c)(7).
33 The department of health may choose to suspend and/or revoke his or her registry identification
34 card after such notification.

1 (13) On or after January 1, 2017, a compassion center cardholder shall notify the
2 department of business regulation of any disqualifying criminal convictions as defined in
3 subdivision (c)(7). The department of business regulation may choose to suspend and/or revoke
4 his or her registry identification card after such notification.

5 (14) If a compassion center cardholder violates any provision of this chapter or
6 regulations promulgated hereunder as determined by the departments of health and business
7 regulation, his or her registry identification card may be suspended and/or revoked.

8 (d) Expiration or termination of compassion center:

9 (1) On or before December 31, 2016, a compassion center's registration shall expire two
10 (2) years after its registration certificate is issued. On or after January 1, 2017, a compassion
11 center's registration shall expire one year after its registration certificate is issued. The
12 compassion center may submit a renewal application beginning sixty (60) days prior to the
13 expiration of its registration certificate;

14 (2) The department of health or the department of business regulation shall grant a
15 compassion center's renewal application within thirty (30) days of its submission if the following
16 conditions are all satisfied:

17 (i) The compassion center submits the materials required under subdivisions (c)(4) and
18 (c)(5), including a ~~two hundred fifty thousand dollar (\$250,000)~~ fifty thousand dollar (\$50,000)
19 fee;

20 (ii) The compassion center's registration has never been suspended for violations of this
21 chapter or regulations issued pursuant to this chapter; and

22 (iii) The department of health and the department of business regulation find that the
23 compassion center is adequately providing patients with access to medical marijuana at
24 reasonable rates;

25 (3) If the department of health or the department of business regulation determines that
26 any of the conditions listed in paragraphs (d)(2)(i) -- (iii) have not been met, the department shall
27 begin an open application process for the operation of a compassion center. In granting a new
28 registration certificate, the department of health or the department of business regulation shall
29 consider factors listed in subdivision (c)(3);

30 (4) The department of health or the department of business regulation shall issue a
31 compassion center one or more thirty-day (30) temporary registration certificates after that
32 compassion center's registration would otherwise expire if the following conditions are all
33 satisfied:

34 (i) The compassion center previously applied for a renewal, but the department had not

1 yet come to a decision;

2 (ii) The compassion center requested a temporary registration certificate; and

3 (iii) The compassion center has not had its registration certificate revoked due to
4 violations of this chapter or regulations issued pursuant to this chapter.

5 (5) A compassion center's registry identification card shall be subject to revocation if the
6 compassion center:

7 (i) Possesses an amount of marijuana exceeding the limits established by this chapter;

8 (ii) Is in violation of the laws of this state;

9 (iii) Is in violation of other departmental regulations; or

10 (iv) Employs or enters into a business relationship with a medical practitioner who
11 provides written certification of a qualifying patient's medical condition.

12 (e) Inspection. Compassion centers are subject to reasonable inspection by the department
13 of health, division of facilities regulation and the department of business regulation. During an
14 inspection, the departments may review the compassion center's confidential records, including
15 its dispensing records, which shall track transactions according to qualifying patients' registry
16 identification numbers to protect their confidentiality.

17 (f) Compassion center requirements:

18 (1) ~~A compassion center shall be operated on a not for profit basis for the mutual benefit~~
19 ~~of its patients.~~ A compassion center need not be recognized as a tax-exempt organization by the
20 Internal Revenue Service;

21 (2) A compassion center may not be located within one thousand feet (1,000') of the
22 property line of a preexisting public or private school;

23 (3) On or before December 31, 2016, a compassion center shall notify the department of
24 health within ten (10) days of when a principal officer, board member, agent, volunteer, or
25 employee ceases to work at the compassion center. On or after January 1, 2017, a compassion
26 center shall notify the department of business regulation within ten (10) days of when a principal
27 officer, board member, agent, volunteer, or employee ceases to work at the compassion center.
28 His or her card shall be deemed null and void and the person shall be liable for any penalties that
29 may apply to any nonmedical possession or use of marijuana by the person;

30 (4)(i) On or before December 31, 2016, a compassion center shall notify the department
31 of health in writing of the name, address, and date of birth of any new principal officer, board
32 member, agent, volunteer or employee and shall submit a fee in an amount established by the
33 department for a new registry identification card before that person begins his or her relationship
34 with the compassion center;

1 (ii) On or after January 1, 2017, a compassion center shall notify the department of
2 business regulation, in writing, of the name, address, and date of birth of any new principal
3 officer, board member, agent, volunteer, or employee and shall submit a fee in an amount
4 established by the department for a new registry identification card before that person begins his
5 or her relationship with the compassion center;

6 (5) A compassion center shall implement appropriate security measures to deter and
7 prevent the unauthorized entrance into areas containing marijuana and the theft of marijuana and
8 shall insure that each location has an operational security alarm system. Each compassion center
9 shall request that the department of public safety division of state police visit the compassion
10 center to inspect the security of the facility and make any recommendations regarding the security
11 of the facility and its personnel within ten (10) days prior to the initial opening of each
12 compassion center. Said recommendations shall not be binding upon any compassion center, nor
13 shall the lack of implementation of said recommendations delay or prevent the opening or
14 operation of any center. If the department of public safety division of state police does not inspect
15 the compassion center within the ten-day (10) period, there shall be no delay in the compassion
16 center's opening.

17 (6) The operating documents of a compassion center shall include procedures for the
18 oversight of the compassion center and procedures to ensure accurate record keeping.

19 (7) A compassion center is prohibited from acquiring, possessing, cultivating,
20 manufacturing, delivering, transferring, transporting, supplying, or dispensing marijuana for any
21 purpose except to assist registered qualifying patients with the medical use of marijuana directly
22 or through the qualifying patient's primary caregiver or authorized purchaser.

23 (8) All principal officers and board members of a compassion center must be residents of
24 the state of Rhode Island.

25 (9) Each time a new, registered, qualifying patient visits a compassion center, it shall
26 provide the patient with a frequently asked questions sheet, designed by the department, that
27 explains the limitations on the right to use medical marijuana under state law.

28 (10) Effective July 1, 2016, each compassion center shall be subject to any regulations
29 promulgated by the department of health that specify how usable marijuana must be tested for
30 items included but not limited to cannabinoid profile and contaminants.

31 (11) Effective January 1, 2017, each compassion center shall be subject to any product
32 labeling requirements promulgated by the department of business regulation.

33 (12) Each compassion center shall develop, implement, and maintain on the premises
34 employee, volunteer, and agent policies and procedures to address the following requirements:

1 (i) A job description or employment contract developed for all employees and agents, and
2 a volunteer agreement for all volunteers, that includes duties, authority, responsibilities,
3 qualifications, and supervision; and

4 (ii) Training in, and adherence to, state confidentiality laws.

5 (13) Each compassion center shall maintain a personnel record for each employee, agent,
6 and volunteer that includes an application and a record of any disciplinary action taken.

7 (14) Each compassion center shall develop, implement, and maintain on the premises an
8 on-site training curriculum, or enter into contractual relationships with outside resources capable
9 of meeting employee training needs, that includes, but is not limited to, the following topics:

10 (i) Professional conduct, ethics, and patient confidentiality; and

11 (ii) Informational developments in the field of medical use of marijuana.

12 (15) Each compassion center entity shall provide each employee, agent, and volunteer, at
13 the time of his or her initial appointment, training in the following:

14 (i) The proper use of security measures and controls that have been adopted; and

15 (ii) Specific procedural instructions on how to respond to an emergency, including
16 robbery or violent accident.

17 (16) All compassion centers shall prepare training documentation for each employee and
18 volunteer and have employees and volunteers sign a statement indicating the date, time, and place
19 the employee and volunteer received said training and topics discussed, to include name and title
20 of presenters. The compassion center shall maintain documentation of an employee's and a
21 volunteer's training for a period of at least six (6) months after termination of an employee's
22 employment or the volunteer's volunteering.

23 (g) Maximum amount of usable marijuana to be dispensed:

24 (1) A compassion center or principal officer, board member, agent, volunteer, or
25 employee of a compassion center may not dispense more than two and one half ounces (2.5 oz.)
26 of usable marijuana, or its equivalent, to a qualifying patient directly or through a qualifying
27 patient's primary caregiver or authorized purchaser during a fifteen-day (15) period;

28 (2) A compassion center or principal officer, board member, agent, volunteer, or
29 employee of a compassion center may not dispense an amount of usable marijuana, or its
30 equivalent, seedlings, or mature marijuana plants, to a qualifying patient, a qualifying patient's
31 primary caregiver, or a qualifying patient's authorized purchaser that the compassion center,
32 principal officer, board member, agent, volunteer, or employee knows would cause the recipient
33 to possess more marijuana than is permitted under the Edward O. Hawkins and Thomas C. Slater
34 Medical Marijuana Act.

1 (3) Compassion centers shall utilize a database administered by the departments of health
2 and business regulation. The database shall contain all compassion centers' transactions according
3 to qualifying patients', authorized purchasers', and primary caregivers' registry identification
4 numbers to protect the confidentiality of patient personal and medical information. Compassion
5 centers will not have access to any applications or supporting information submitted by
6 qualifying patients, authorized purchasers or primary caregivers. Before dispensing marijuana to
7 any patient or authorized purchaser, the compassion center must utilize the database to ensure that
8 a qualifying patient is not dispensed more than two and one half ounces (2.5 oz.) of usable
9 marijuana or its equivalent directly or through the qualifying patient's primary caregiver or
10 authorized purchaser during a fifteen-day (15) period.

11 (h) Immunity:

12 (1) No registered compassion center shall be subject to prosecution; search, except by the
13 departments pursuant to subsection (e); seizure; or penalty in any manner, or denied any right or
14 privilege, including, but not limited to, civil penalty or disciplinary action by a business,
15 occupational, or professional licensing board or entity, solely for acting in accordance with this
16 section to assist registered qualifying patients.

17 (2) No registered compassion center shall be subject to prosecution, seizure, or penalty in
18 any manner, or denied any right or privilege, including, but not limited to, civil penalty or
19 disciplinary action, by a business, occupational, or professional licensing board or entity, for
20 selling, giving, or distributing marijuana in whatever form, and within the limits established by,
21 the department of health or the department of business regulation to another registered
22 compassion center.

23 (3) No principal officers, board members, agents, volunteers, or employees of a registered
24 compassion center shall be subject to arrest, prosecution, search, seizure, or penalty in any
25 manner, or denied any right or privilege, including, but not limited to, civil penalty or disciplinary
26 action by a business, occupational, or professional licensing board or entity, solely for working
27 for or with a compassion center to engage in acts permitted by this section.

28 (4) No state employee shall be subject to arrest, prosecution or penalty in any manner, or
29 denied any right or privilege, including, but not limited to, civil penalty, disciplinary action,
30 termination, or loss of employee or pension benefits, for any and all conduct that occurs within
31 the scope of his or her employment regarding the administration, execution and/or enforcement of
32 this act, and the provisions of §§ 9-31-8 and 9-31-9 shall be applicable to this section.

33 (i) Prohibitions:

34 (1) A compassion center must limit its inventory of seedlings, plants, and usable

1 marijuana to reflect the projected needs of qualifying patients;

2 (2) A compassion center may not dispense, deliver, or otherwise transfer marijuana to a
3 person other than a patient cardholder or to such patient's primary caregiver or authorized
4 purchaser;

5 (3) A person found to have violated paragraph (2) of this subsection may not be an
6 employee, agent, volunteer, principal officer, or board member of any compassion center;

7 (4) An employee, agent, volunteer, principal officer or board member of any compassion
8 center found in violation of paragraph (2) shall have his or her registry identification revoked
9 immediately; and

10 (5) No person who has been convicted of a felony drug offense or has entered a plea of
11 nolo contendere for a felony drug offense with a sentence of probation may be the principal
12 officer, board member, agent, volunteer, or employee of a compassion center unless the
13 department has determined that the person's conviction was for the medical use of marijuana or
14 assisting with the medical use of marijuana in accordance with the terms and conditions of this
15 chapter. A person who is employed by or is an agent, volunteer, principal officer, or board
16 member of a compassion center in violation of this section is guilty of a civil violation punishable
17 by a fine of up to one thousand dollars (\$1,000). A subsequent violation of this section is a
18 misdemeanor.

19 (j) Legislative oversight committee:

20 (1) The general assembly shall appoint a nine-member (9) oversight committee
21 comprised of: one member of the house of representatives; one member of the senate; one
22 physician to be selected from a list provided by the Rhode Island medical society; one nurse to be
23 selected from a list provided by the Rhode Island state nurses association; two (2) registered
24 qualifying patients; one registered primary caregiver; one patient advocate to be selected from a
25 list provided by the Rhode Island patient advocacy coalition; and the superintendent of the
26 department of public safety, or his/her designee.

27 (2) The oversight committee shall meet at least six (6) times per year for the purpose of
28 evaluating and making recommendations to the general assembly regarding:

29 (i) Patients' access to medical marijuana;

30 (ii) Efficacy of compassion centers;

31 (iii) Physician participation in the Medical Marijuana Program;

32 (iv) The definition of qualifying medical condition; and

33 (v) Research studies regarding health effects of medical marijuana for patients.

34 (3) On or before January 1 of every even numbered year, the oversight committee shall

1 report to the general assembly on its findings.

2 SECTION 4. Chapter 31-22 of the General Laws entitled "Miscellaneous Rules" is
3 hereby amended by adding thereto the following section:

4 **31-22-32. Consuming marijuana in a moving vehicle.**

5 (a) No person shall consume marijuana while driving a motor vehicle on any street or
6 highway within the state.

7 (b) No person shall smoke or vaporize marijuana while they are a passenger in a motor
8 vehicle that is being operated on any street or highway within the state.

9 (c) Any person found in violation of this section may be fined not more than two hundred
10 dollars (\$200) or have their driver's license suspended for up to six (6) months, or both, for the
11 first violation, and for each subsequent violation may be fined not more than five hundred dollars
12 (\$500) or have their driver's license suspended for up to one year, or both.

13 (d) The original jurisdiction of this section shall be exclusively in the traffic tribunal.

14 SECTION 5. Sections 31-27-2 and 31-27-2.4 of the General Laws in Chapter 31-27
15 entitled "Motor Vehicle Offenses" are hereby amended to read as follows:

16 **31-27-2. Driving under influence of liquor or drugs.**

17 (a) Whoever drives or otherwise operates any vehicle in the state while under the
18 influence of any intoxicating liquor, drugs, toluene, or any controlled substance as defined in
19 chapter 28 of title 21, or any combination of these, shall be guilty of a misdemeanor, except as
20 provided in subsection (d)(3), and shall be punished as provided in subsection (d).

21 (b)(1) Any person charged under subsection (a), whose blood alcohol concentration is
22 eight one-hundredths of one percent (.08%) or more by weight, as shown by a chemical analysis
23 of a blood, breath, or urine sample, shall be guilty of violating subsection (a). This provision shall
24 not preclude a conviction based on other admissible evidence. Proof of guilt under this section
25 may also be based on evidence that the person charged was under the influence of intoxicating
26 liquor, drugs, toluene, or any controlled substance defined in chapter 28 of title 21, or any
27 combination of these, to a degree that rendered the person incapable of safely operating a vehicle.
28 The fact that any person charged with violating this section is, or has been, legally entitled to use
29 alcohol or a drug shall not constitute a defense against any charge of violating this section. A
30 person twenty-one (21) years of age or older or a person exempt from criminal penalties for the
31 medical use of marijuana pursuant to chapter 28.6 of title 21 shall not be considered under the
32 influence of marijuana solely because of the presence of marijuana metabolites or components of
33 marijuana.

34 (2) Except as provided in this subsection, ~~Whoever~~ whoever drives, or otherwise

1 operates, any vehicle in the state with a blood presence of any scheduled controlled substance as
2 defined within chapter 28 of title 21, as shown by analysis of a blood or urine sample, shall be
3 guilty of a misdemeanor and shall be punished as provided in subsection (d).

4 (c) In any criminal prosecution for a violation of subsection (a), evidence as to the
5 amount of intoxicating liquor, toluene, or any controlled substance as defined in chapter 28 of
6 title 21, or any combination of these, in the defendant's blood at the time alleged as shown by a
7 chemical analysis of the defendant's breath, blood, or urine or other bodily substance, shall be
8 admissible and competent, provided that evidence is presented that the following conditions have
9 been complied with:

10 (1) The defendant has consented to the taking of the test upon which the analysis is made.
11 Evidence that the defendant had refused to submit to the test shall not be admissible unless the
12 defendant elects to testify.

13 (2) A true copy of the report of the test result was mailed within seventy-two (72) hours
14 of the taking of the test to the person submitting to a breath test.

15 (3) Any person submitting to a chemical test of blood, urine, or other body fluids shall
16 have a true copy of the report of the test result mailed to him or her within thirty (30) days
17 following the taking of the test.

18 (4) The test was performed according to methods and with equipment approved by the
19 director of the department of health of the state of Rhode Island and by an authorized individual.

20 (5) Equipment used for the conduct of the tests by means of breath analysis had been
21 tested for accuracy within thirty (30) days preceding the test by personnel qualified as
22 hereinbefore provided, and breathalyzer operators shall be qualified and certified by the
23 department of health within three hundred sixty-five (365) days of the test.

24 (6) The person arrested and charged with operating a motor vehicle while under the
25 influence of intoxicating liquor, toluene, or any controlled substance as defined in chapter 28 of
26 title 21 or any combination of these in violation of subsection (a), was afforded the opportunity to
27 have an additional chemical test. The officer arresting or so charging the person shall have
28 informed the person of this right and afforded him or her a reasonable opportunity to exercise this
29 right, and a notation to this effect is made in the official records of the case in the police
30 department. Refusal to permit an additional chemical test shall render incompetent and
31 inadmissible in evidence the original report.

32 (d)(1)(i) Every person found to have violated subsection (b)(1) shall be sentenced as
33 follows: for a first violation whose blood alcohol concentration is eight one-hundredths of one
34 percent (.08%), but less than one-tenth of one percent (.1%), by weight, or who has a blood

1 presence of any scheduled controlled substance as defined in subsection (b)(2), shall be subject to
2 a fine of not less than one hundred dollars (\$100), nor more than three hundred dollars (\$300);
3 shall be required to perform ten (10) to sixty (60) hours of public community restitution, and/or
4 shall be imprisoned for up to one year. The sentence may be served in any unit of the adult
5 correctional institutions in the discretion of the sentencing judge and/or shall be required to attend
6 a special course on driving while intoxicated or under the influence of a controlled substance;
7 provided, however, that the court may permit a servicemember or veteran to complete any court-
8 approved counseling program administered or approved by the Veterans' Administration, and his
9 or her driver's license shall be suspended for thirty (30) days up to one hundred eighty (180) days.
10 The sentencing judge or magistrate may prohibit that person from operating a motor vehicle that
11 is not equipped with an ignition interlock system as provided in § 31-27-2.8.

12 (ii) Every person convicted of a first violation whose blood alcohol concentration is one-
13 tenth of one percent (.1%) by weight or above, but less than fifteen hundredths of one percent
14 (.15%), or whose blood alcohol concentration is unknown, shall be subject to a fine of not less
15 than one hundred (\$100) dollars, nor more than four hundred dollars (\$400), and shall be required
16 to perform ten (10) to sixty (60) hours of public community restitution and/or shall be imprisoned
17 for up to one year. The sentence may be served in any unit of the adult correctional institutions in
18 the discretion of the sentencing judge. The person's driving license shall be suspended for a
19 period of three (3) months to twelve (12) months. The sentencing judge shall require attendance
20 at a special course on driving while intoxicated or under the influence of a controlled substance
21 and/or alcoholic or drug treatment for the individual; provided, however, that the court may
22 permit a servicemember or veteran to complete any court-approved counseling program
23 administered or approved by the Veterans' Administration. The sentencing judge or magistrate
24 may prohibit that person from operating a motor vehicle that is not equipped with an ignition
25 interlock system as provided in § 31-27-2.8.

26 (iii) Every person convicted of a first offense whose blood alcohol concentration is
27 fifteen hundredths of one percent (.15%) or above, or who is under the influence of a drug,
28 toluene, or any controlled substance as defined in subsection (b)(1), shall be subject to a fine of
29 five hundred dollars (\$500) and shall be required to perform twenty (20) to sixty (60) hours of
30 public community restitution and/or shall be imprisoned for up to one year. The sentence may be
31 served in any unit of the adult correctional institutions in the discretion of the sentencing judge.
32 The person's driving license shall be suspended for a period of three (3) months to eighteen (18)
33 months. The sentencing judge shall require attendance at a special course on driving while
34 intoxicated or under the influence of a controlled substance and/or alcohol or drug treatment for

1 the individual; provided, however, that the court may permit a servicemember or veteran to
2 complete any court-approved counseling program administered or approved by the Veterans'
3 Administration. The sentencing judge or magistrate shall prohibit that person from operating a
4 motor vehicle that is not equipped with an ignition interlock system as provided in § 31-27-2.8.

5 (2)(i) Every person convicted of a second violation within a five-year (5) period with a
6 blood alcohol concentration of eight one-hundredths of one percent (.08%) or above, but less than
7 fifteen hundredths of one percent (.15%), or whose blood alcohol concentration is unknown, or
8 who has a blood presence of any controlled substance as defined in subsection (b)(2), and every
9 person convicted of a second violation within a five-year (5) period, regardless of whether the
10 prior violation and subsequent conviction was a violation and subsequent conviction under this
11 statute or under the driving under the influence of liquor or drugs statute of any other state, shall
12 be subject to a mandatory fine of four hundred dollars (\$400). The person's driving license shall
13 be suspended for a period of one year to two (2) years, and the individual shall be sentenced to
14 not less than ten (10) days, nor more than one year, in jail. The sentence may be served in any
15 unit of the adult correctional institutions in the discretion of the sentencing judge; however, not
16 less than forty-eight (48) hours of imprisonment shall be served consecutively. The sentencing
17 judge shall require alcohol or drug treatment for the individual; provided, however, that the court
18 may permit a servicemember or veteran to complete any court-approved counseling program
19 administered or approved by the Veterans' Administration and shall prohibit that person from
20 operating a motor vehicle that is not equipped with an ignition interlock system as provided in §
21 31-27-2.8.

22 (ii) Every person convicted of a second violation within a five-year (5) period whose
23 blood alcohol concentration is fifteen hundredths of one percent (.15%) or above, by weight as
24 shown by a chemical analysis of a blood, breath, or urine sample, or who is under the influence of
25 a drug, toluene, or any controlled substance as defined in subsection (b)(1), shall be subject to
26 mandatory imprisonment of not less than six (6) months, nor more than one year; a mandatory
27 fine of not less than one thousand dollars (\$1,000); and a mandatory license suspension for a
28 period of two (2) years from the date of completion of the sentence imposed under this
29 subsection. The sentencing judge shall require alcohol or drug treatment for the individual;
30 provided, however, that the court may permit a servicemember or veteran to complete any court
31 approved counseling program administered or approved by the Veterans' Administration. The
32 sentencing judge or magistrate shall prohibit that person from operating a motor vehicle that is
33 not equipped with an ignition interlock system as provided in § 31-27-2.8

34 (3)(i) Every person convicted of a third or subsequent violation within a five-year (5)

1 period with a blood alcohol concentration of eight one-hundredths of one percent (.08%) or
2 above, but less than fifteen hundredths of one percent (.15%), or whose blood alcohol
3 concentration is unknown or who has a blood presence of any scheduled controlled substance as
4 defined in subsection (b)(2), regardless of whether any prior violation and subsequent conviction
5 was a violation and subsequent conviction under this statute or under the driving under the
6 influence of liquor or drugs statute of any other state, shall be guilty of a felony and be subject to
7 a mandatory fine of four hundred (\$400) dollars. The person's driving license shall be suspended
8 for a period of two (2) years to three (3) years, and the individual shall be sentenced to not less
9 than one year and not more than three (3) years in jail. The sentence may be served in any unit of
10 the adult correctional institutions in the discretion of the sentencing judge; however, not less than
11 forty-eight (48) hours of imprisonment shall be served consecutively. The sentencing judge shall
12 require alcohol or drug treatment for the individual; provided, however, that the court may permit
13 a servicemember or veteran to complete any court-approved counseling program administered or
14 approved by the Veterans' Administration, and shall prohibit that person from operating a motor
15 vehicle that is not equipped with an ignition interlock system as provided in § 31-27-2.8.

16 (ii) Every person convicted of a third or subsequent violation within a five-year (5) period
17 whose blood alcohol concentration is fifteen hundredths of one percent (.15%) above by weight
18 as shown by a chemical analysis of a blood, breath, or urine sample, or who is under the influence
19 of a drug, toluene, or any controlled substance as defined in subsection (b)(1), shall be subject to
20 mandatory imprisonment of not less than three (3) years, nor more than five (5) years; a
21 mandatory fine of not less than one thousand dollars (\$1,000), nor more than five thousand
22 dollars (\$5,000); and a mandatory license suspension for a period of three (3) years from the date
23 of completion of the sentence imposed under this subsection. The sentencing judge shall require
24 alcohol or drug treatment for the individual. The sentencing judge or magistrate shall prohibit that
25 person from operating a motor vehicle that is not equipped with an ignition interlock system as
26 provided in § 31-27-2.8.

27 (iii) In addition to the foregoing penalties, every person convicted of a third or
28 subsequent violation within a five-year (5) period, regardless of whether any prior violation and
29 subsequent conviction was a violation and subsequent conviction under this statute or under the
30 driving under the influence of liquor or drugs statute of any other state, shall be subject, in the
31 discretion of the sentencing judge, to having the vehicle owned and operated by the violator
32 seized and sold by the state of Rhode Island, with all funds obtained by the sale to be transferred
33 to the general fund.

34 (4) Whoever drives or otherwise operates any vehicle in the state while under the

1 influence of any intoxicating liquor, drugs, toluene, or any controlled substance as defined in
2 chapter 28 of title 21, or any combination of these, when his or her license to operate is
3 suspended, revoked, or cancelled for operating under the influence of a narcotic drug or
4 intoxicating liquor, shall be guilty of a felony punishable by imprisonment for not more than three
5 (3) years and by a fine of not more than three thousand dollars (\$3,000). The court shall require
6 alcohol and/or drug treatment for the individual; provided, the penalties provided for in this
7 subsection (d)(4) shall not apply to an individual who has surrendered his or her license and
8 served the court-ordered period of suspension, but who, for any reason, has not had his or her
9 license reinstated after the period of suspension, revocation, or suspension has expired; provided,
10 further, the individual shall be subject to the provisions of subdivision (d)(2)(i), (d)(2)(ii),
11 (d)(3)(i), (d)(3)(ii), or (d)(3)(iii) regarding subsequent offenses, and any other applicable
12 provision of this section.

13 (5)(i) For purposes of determining the period of license suspension, a prior violation shall
14 constitute any charge brought and sustained under the provisions of this section or § 31-27-2.1.

15 (ii) Any person over the age of eighteen (18) who is convicted under this section for
16 operating a motor vehicle while under the influence of alcohol, other drugs, or a combination of
17 these, while a child under the age of thirteen (13) years was present as a passenger in the motor
18 vehicle when the offense was committed shall be subject to immediate license suspension
19 pending prosecution. Any person convicted of violating this section shall be guilty of a
20 misdemeanor for a first offense and may be sentenced to a term of imprisonment of not more than
21 one year and a fine not to exceed one thousand dollars (\$1,000). Any person convicted of a
22 second or subsequent offense shall be guilty of a felony offense and may be sentenced to a term
23 of imprisonment of not more than five (5) years and a fine not to exceed five thousand dollars
24 (\$5,000). The sentencing judge shall also order a license suspension of up to two (2) years,
25 require attendance at a special course on driving while intoxicated or under the influence of a
26 controlled substance, and alcohol or drug education and/or treatment. The individual may also be
27 required to pay a highway assessment fee of no more than five hundred dollars (\$500) and the
28 assessment shall be deposited in the general fund.

29 (6)(i) Any person convicted of a violation under this section shall pay a highway
30 assessment fine of five hundred dollars (\$500) that shall be deposited into the general fund. The
31 assessment provided for by this subsection shall be collected from a violator before any other
32 fines authorized by this section.

33 (ii) Any person convicted of a violation under this section shall be assessed a fee of
34 eighty-six dollars (\$86).

1 (7)(i) If the person convicted of violating this section is under the age of eighteen (18)
2 years, for the first violation he or she shall be required to perform ten (10) to sixty (60) hours of
3 public community restitution and the juvenile's driving license shall be suspended for a period of
4 six (6) months, and may be suspended for a period up to eighteen (18) months. The sentencing
5 judge shall also require attendance at a special course on driving while intoxicated or under the
6 influence of a controlled substance and alcohol or drug education and/or treatment for the
7 juvenile. The juvenile may also be required to pay a highway assessment fine of no more than
8 five hundred dollars (\$500) and the assessment imposed shall be deposited into the general fund.

9 (ii) If the person convicted of violating this section is under the age of eighteen (18)
10 years, for a second or subsequent violation regardless of whether any prior violation and
11 subsequent conviction was a violation and subsequent under this statute or under the driving
12 under the influence of liquor or drugs statute of any other state, he or she shall be subject to a
13 mandatory suspension of his or her driving license until such time as he or she is twenty-one (21)
14 years of age and may, in the discretion of the sentencing judge, also be sentenced to the Rhode
15 Island training school for a period of not more than one year and/or a fine of not more than five
16 hundred dollars (\$500).

17 (8) Any person convicted of a violation under this section may undergo a clinical
18 assessment at the community college of Rhode Island's center for workforce and community
19 education. Should this clinical assessment determine problems of alcohol, drug abuse, or
20 psychological problems associated with alcoholic or drug abuse, this person shall be referred to
21 an appropriate facility, licensed or approved by the department of behavioral healthcare,
22 developmental disabilities and hospitals, for treatment placement, case management, and
23 monitoring. In the case of a servicemember or veteran, the court may order that the person be
24 evaluated through the Veterans' Administration. Should the clinical assessment determine
25 problems of alcohol, drug abuse, or psychological problems associated with alcohol or drug
26 abuse, the person may have their treatment, case management, and monitoring administered or
27 approved by the Veterans' Administration.

28 (e) Percent by weight of alcohol in the blood shall be based upon milligrams of alcohol
29 per one hundred (100) cubic centimeters of blood.

30 (f)(1) There is established an alcohol and drug safety unit within the division of motor
31 vehicles to administer an alcohol safety action program. The program shall provide for placement
32 and follow-up for persons who are required to pay the highway safety assessment. The alcohol
33 and drug safety action program will be administered in conjunction with alcohol and drug
34 programs licensed by the department of behavioral healthcare, developmental disabilities and

1 hospitals.

2 (2) Persons convicted under the provisions of this chapter shall be required to attend a
3 special course on driving while intoxicated or under the influence of a controlled substance,
4 and/or participate in an alcohol or drug treatment program; provided, however, that the court may
5 permit a servicemember or veteran to complete any court-approved counseling program
6 administered or approved by the Veterans' Administration. The course shall take into
7 consideration any language barrier that may exist as to any person ordered to attend, and shall
8 provide for instruction reasonably calculated to communicate the purposes of the course in
9 accordance with the requirements of the subsection. Any costs reasonably incurred in connection
10 with the provision of this accommodation shall be borne by the person being retrained. A copy of
11 any violation under this section shall be forwarded by the court to the alcohol and drug safety
12 unit. In the event that persons convicted under the provisions of this chapter fail to attend and
13 complete the above course or treatment program, as ordered by the judge, then the person may be
14 brought before the court, and after a hearing as to why the order of the court was not followed,
15 may be sentenced to jail for a period not exceeding one year.

16 (3) The alcohol and drug safety action program within the division of motor vehicles
17 shall be funded by general revenue appropriations.

18 (g) The director of the health department of the state of Rhode Island is empowered to
19 make and file with the secretary of state regulations that prescribe the techniques and methods of
20 chemical analysis of the person's body fluids or breath and the qualifications and certification of
21 individuals authorized to administer this testing and analysis.

22 (h) Jurisdiction for misdemeanor violations of this section shall be with the district court
23 for persons eighteen (18) years of age or older and to the family court for persons under the age
24 of eighteen (18) years. The courts shall have full authority to impose any sentence authorized and
25 to order the suspension of any license for violations of this section. All trials in the district court
26 and family court of violations of the section shall be scheduled within thirty (30) days of the
27 arraignment date. No continuance or postponement shall be granted except for good cause shown.
28 Any continuances that are necessary shall be granted for the shortest practicable time. Trials in
29 superior court are not required to be scheduled within thirty (30) days of the arraignment date.

30 (i) No fines, suspensions, assessments, alcohol or drug treatment programs, course on
31 driving while intoxicated or under the influence of a controlled substance, public community
32 restitution, or jail provided for under this section can be suspended.

33 (j) An order to attend a special course on driving while intoxicated that shall be
34 administered in cooperation with a college or university accredited by the state, shall include a

1 provision to pay a reasonable tuition for the course in an amount not less than twenty-five dollars
2 (\$25.00), and a fee of one hundred seventy-five dollars (\$175), which fee shall be deposited into
3 the general fund.

4 (k) For the purposes of this section, any test of a sample of blood, breath, or urine for the
5 presence of alcohol that relies in whole or in part upon the principle of infrared light absorption is
6 considered a chemical test.

7 (l) If any provision of this section, or the application of any provision, shall for any
8 reason be judged invalid, such a judgment shall not affect, impair, or invalidate the remainder of
9 the section, but shall be confined in this effect to the provision or application directly involved in
10 the controversy giving rise to the judgment.

11 (m) For the purposes of this section, "servicemember" means a person who is presently
12 serving in the armed forces of the United States, including the Coast Guard, a reserve component
13 thereof, or the National Guard. "Veteran" means a person who has served in the armed forces,
14 including the Coast Guard of the United States, a reserve component thereof, or the National
15 Guard, and has been discharged under other than dishonorable conditions.

16 **31-27-2.4. Driving while in possession of controlled substances.**

17 (a) In addition to any other penalty prescribed by law, whoever operates any motor
18 vehicle while knowingly having in the motor vehicle or in his or her possession, a controlled
19 substance, as defined in § 21-28-1.02, except for possession of up to one ounce (1 oz.) of
20 marijuana, shall have his or her license suspended for a period of six (6) months.

21 (b) This section shall not apply to any person who lawfully possesses a controlled
22 substance, as defined in § 21-28-1.02, as a direct result and pursuant to a valid prescription from a
23 licensed medical practitioner, or as otherwise authorized by chapter 28 of title 21.

24 [\(c\) This section shall not apply to any person who possesses marijuana as allowed by](#)
25 [chapters 28.6 or 28.11 of title 21.](#)

26 SECTION 6. Section 44-11-11 of the General Laws in Chapter 44-11 entitled "Business
27 Corporation Tax" is hereby amended to read as follows:

28 **44-11-11. "Net income" defined.**

29 (a)(1) "Net income" means, for any taxable year and for any corporate taxpayer, the
30 taxable income of the taxpayer for that taxable year under the laws of the United States, plus:

31 (i) Any interest not included in the taxable income;

32 (ii) Any specific exemptions;

33 (iii) The tax imposed by this chapter; and minus

34 (iv) Interest on obligations of the United States or its possessions, and other interest

1 exempt from taxation by this state; and

2 (v) The federal net operating loss deduction.

3 (2) All binding federal elections made by or on behalf of the taxpayer applicable either
4 directly or indirectly to the determination of taxable income shall be binding on the taxpayer
5 except where this chapter or its attendant regulations specifically modify or provide otherwise.
6 Rhode Island taxable income shall not include the "gross-up of dividends" required by the federal
7 Internal Revenue Code to be taken into taxable income in connection with the taxpayer's election
8 of the foreign tax credit.

9 (b) A net operating loss deduction shall be allowed which shall be the same as the net
10 operating loss deduction allowed under 26 U.S.C. § 172, except that:

11 (1) Any net operating loss included in determining the deduction shall be adjusted to
12 reflect the inclusions and exclusions from entire net income required by subsection (a) of this
13 section and § 44-11-11.1;

14 (2) The deduction shall not include any net operating loss sustained during any taxable
15 year in which the taxpayer was not subject to the tax imposed by this chapter; and

16 (3) The deduction shall not exceed the deduction for the taxable year allowable under 26
17 U.S.C. § 172; provided, that the deduction for a taxable year may not be carried back to any other
18 taxable year for Rhode Island purposes but shall only be allowable on a carry forward basis for
19 the five (5) succeeding taxable years.

20 (c) "Domestic international sales corporations" (referred to as DISCs), for the purposes of
21 this chapter, will be treated as they are under federal income tax law and shall not pay the amount
22 of the tax computed under § 44-11-2(a). Any income to shareholders of DISCs is to be treated in
23 the same manner as it is treated under federal income tax law as it exists on December 31, 1984.

24 (d) A corporation which qualifies as a "foreign sales corporation" (FSC) under the
25 provisions of subchapter N, 26 U.S.C. § 861 et seq., and which has in effect for the entire taxable
26 year a valid election under federal law to be treated as a FSC, shall not pay the amount of the tax
27 computed under § 44-11-2(a). Any income to shareholders of FSCs is to be treated in the same
28 manner as it is treated under federal income tax law as it exists on January 1, 1985.

29 (e) Notwithstanding any federal tax law to the contrary, in computing net income for
30 businesses exempted from criminal penalties under §§ 21-28.6-12 or 21-28.10-4, there shall be
31 allowed as a deduction from state taxes all the ordinary and necessary expenses paid or incurred
32 during the taxable year in carrying on any trade or business, including, but not limited to,
33 reasonable allowance for salaries or other compensation for personal services actually rendered.

34 SECTION 7. Sections 44-18-7, 44-18-7.1 and 44-18-30 of the General Laws in Chapter

1 44-18 entitled "Sales and Use Taxes - Liability and Computation" are hereby amended to read as
2 follows:

3 **44-18-7. Sales defined.**

4 "Sales" means and includes:

5 (1) Any transfer of title or possession, exchange, barter, lease, or rental, conditional or
6 otherwise, in any manner or by any means of tangible personal property for a consideration.
7 "Transfer of possession", "lease", or "rental" includes transactions found by the tax administrator
8 to be in lieu of a transfer of title, exchange, or barter.

9 (2) The producing, fabricating, processing, printing, or imprinting of tangible personal
10 property for a consideration for consumers who furnish either directly or indirectly the materials
11 used in the producing, fabricating, processing, printing, or imprinting.

12 (3) The furnishing and distributing of tangible personal property for a consideration by
13 social, athletic, and similar clubs and fraternal organizations to their members or others.

14 (4) The furnishing, preparing, or serving for consideration of food, meals, or drinks,
15 including any cover, minimum, entertainment, or other charge in connection therewith.

16 (5) A transaction whereby the possession of tangible personal property is transferred, but
17 the seller retains the title as security for the payment of the price.

18 (6) Any withdrawal, except a withdrawal pursuant to a transaction in foreign or interstate
19 commerce, of tangible personal property from the place where it is located for delivery to a point
20 in this state for the purpose of the transfer of title or possession, exchange, barter, lease, or rental,
21 conditional or otherwise, in any manner or by any means whatsoever, of the property for a
22 consideration.

23 (7) A transfer for a consideration of the title or possession of tangible personal property,
24 which has been produced, fabricated, or printed to the special order of the customer, or any
25 publication.

26 (8) The furnishing and distributing of electricity, natural gas, artificial gas, steam,
27 refrigeration, and water.

28 (9)(i) The furnishing for consideration of intrastate, interstate, and international
29 telecommunications service sourced in this state in accordance with §§ 44-18.1-15 and 44-18.1-
30 16 and all ancillary services, and any maintenance services of telecommunication equipment
31 other than as provided for in § 44-18-12(b)(ii). For the purposes of chapters 18 and 19 of this title
32 only, telecommunication service does not include service rendered using a prepaid telephone
33 calling arrangement.

34 (ii) Notwithstanding the provisions of paragraph (i) of this subdivision, in accordance

1 with the Mobile Telecommunications Sourcing Act (4 U.S.C. §§ 116 -- 126), subject to the
2 specific exemptions described in 4 U.S.C. § 116(c), and the exemptions provided in §§ 44-18-8
3 and 44-18-12, mobile telecommunications services that are deemed to be provided by the
4 customer's home service provider are subject to tax under this chapter if the customer's place of
5 primary use is in this state regardless of where the mobile telecommunications services originate,
6 terminate, or pass through. Mobile telecommunications services provided to a customer, the
7 charges for which are billed by or for the customer's home service provider, shall be deemed to be
8 provided by the customer's home service provider.

9 (10) The furnishing of service for transmission of messages by telegraph, cable, or radio
10 and the furnishing of community antenna television, subscription television, and cable television
11 services.

12 (11) The rental of living quarters in any hotel, rooming house, or tourist camp.

13 (12) The transfer for consideration of prepaid telephone calling arrangements and the
14 recharge of prepaid telephone calling arrangements sourced to this state in accordance with §§
15 44-18.1-11 and 44-18.1-15. "Prepaid telephone calling arrangement" means and includes prepaid
16 calling service and prepaid wireless calling service.

17 (13) The sale, storage, use, or other consumption of over-the-counter drugs as defined in
18 § 44-18-7.1(h)(ii).

19 (14) The sale, storage, use, or other consumption of prewritten computer software
20 delivered electronically or by load and leave as defined in § 44-18-7.1(g)(v).

21 (15) The sale, storage, use, or other consumption of vendor-hosted prewritten computer
22 software as defined in § 44-18-7.1(g)(vii).

23 (16) ~~The sale, storage, use, or other consumption of medical marijuana as defined in § 21-~~
24 ~~28.6-3.~~

25 (17) The furnishing of services in this state as defined in § 44-18-7.3.

26 **44-18-7.1. Additional definitions.**

27 (a) "Agreement" means the streamlined sales and use tax agreement.

28 (b) "Alcoholic beverages" means beverages that are suitable for human consumption and
29 contain one-half of one percent (.5%) or more of alcohol by volume.

30 (c) "Bundled transaction" is the retail sale of two or more products, except real property
31 and services to real property, where (1) The products are otherwise distinct and identifiable, and
32 (2) The products are sold for one non-itemized price. A "bundled transaction" does not include
33 the sale of any products in which the "sales price" varies, or is negotiable, based on the selection
34 by the purchaser of the products included in the transaction.

1 (i) "Distinct and identifiable products" does not include:

2 (A) Packaging -- such as containers, boxes, sacks, bags, and bottles -- or other materials -
3 - such as wrapping, labels, tags, and instruction guides -- that accompany the "retail sale" of the
4 products and are incidental or immaterial to the "retail sale" thereof. Examples of packaging that
5 are incidental or immaterial include grocery sacks, shoeboxes, dry cleaning garment bags, and
6 express delivery envelopes and boxes.

7 (B) A product provided free of charge with the required purchase of another product. A
8 product is "provided free of charge" if the "sales price" of the product purchased does not vary
9 depending on the inclusion of the products "provided free of charge."

10 (C) Items included in the member state's definition of "sales price," pursuant to appendix
11 C of the agreement.

12 (ii) The term "one non-itemized price" does not include a price that is separately
13 identified by product on binding sales or other supporting sales-related documentation made
14 available to the customer in paper or electronic form including, but not limited to, an invoice, bill
15 of sale, receipt, contract, service agreement, lease agreement, periodic notice of rates and
16 services, rate card, or price list.

17 (iii) A transaction that otherwise meets the definition of a "bundled transaction" as
18 defined above, is not a "bundled transaction" if it is:

19 (A) The "retail sale" of tangible personal property and a service where the tangible
20 personal property is essential to the use of the service, and is provided exclusively in connection
21 with the service, and the true object of the transaction is the service; or

22 (B) The "retail sale" of services where one service is provided that is essential to the use
23 or receipt of a second service and the first service is provided exclusively in connection with the
24 second service and the true object of the transaction is the second service; or

25 (C) A transaction that includes taxable products and nontaxable products and the
26 "purchase price" or "sales price" of the taxable products is de minimis.

27 1. De minimis means the seller's "purchase price" or "sales price" of the taxable products
28 is ten percent (10%) or less of the total "purchase price" or "sales price" of the bundled products.

29 2. Sellers shall use either the "purchase price" or the "sales price" of the products to
30 determine if the taxable products are de minimis. Sellers may not use a combination of the
31 "purchase price" and "sales price" of the products to determine if the taxable products are de
32 minimis.

33 3. Sellers shall use the full term of a service contract to determine if the taxable products
34 are de minimis; or

1 (D) The "retail sale" of exempt tangible personal property and taxable tangible personal
2 property where:

3 1. The transaction includes "food and food ingredients", "drugs", "durable medical
4 equipment", "mobility enhancing equipment", "over-the-counter drugs", "prosthetic devices" (all
5 as defined in this section) or medical supplies; and

6 2. Where the seller's "purchase price" or "sales price" of the taxable tangible personal
7 property is fifty percent (50%) or less of the total "purchase price" or "sales price" of the bundled
8 tangible personal property. Sellers may not use a combination of the "purchase price" and "sales
9 price" of the tangible personal property when making the fifty percent (50%) determination for a
10 transaction.

11 (d) "Certified automated system (CAS)" means software certified under the agreement to
12 calculate the tax imposed by each jurisdiction on a transaction, determine the amount of tax to
13 remit to the appropriate state, and maintain a record of the transaction.

14 (e) "Certified service provider (CSP)" means an agent certified under the agreement to
15 perform all the seller's sales and use tax functions, other than the seller's obligation to remit tax on
16 its own purchases.

17 (f) Clothing and related items.

18 (i) "Clothing" means all human wearing apparel suitable for general use.

19 (ii) "Clothing accessories or equipment" means incidental items worn on the person or in
20 conjunction with "clothing." "Clothing accessories or equipment" does not include "clothing",
21 "sport or recreational equipment", or "protective equipment."

22 (iii) "Protective equipment" means items for human wear and designed as protection of
23 the wearer against injury or disease or as protections against damage or injury of other persons or
24 property but not suitable for general use. "Protective equipment" does not include "clothing",
25 "clothing accessories or equipment", and "sport or recreational equipment."

26 (iv) "Sport or recreational equipment" means items designed for human use and worn in
27 conjunction with an athletic or recreational activity that are not suitable for general use. "Sport or
28 recreational equipment" does not include "clothing", "clothing accessories or equipment", and
29 "protective equipment."

30 (g) Computer and related items.

31 (i) "Computer" means an electronic device that accepts information in digital or similar
32 form and manipulates it for a result based on a sequence of instructions.

33 (ii) "Computer software" means a set of coded instructions designed to cause a
34 "computer" or automatic data processing equipment to perform a task.

1 (iii) "Delivered electronically" means delivered to the purchaser by means other than
2 tangible storage media.

3 (iv) "Electronic" means relating to technology having electrical, digital, magnetic,
4 wireless, optical, electromagnetic, or similar capabilities.

5 (v) "Load and leave" means delivery to the purchaser by use of a tangible storage media
6 where the tangible storage media is not physically transferred to the purchaser.

7 (vi) "Prewritten computer software" means "computer software," including prewritten
8 upgrades, that is not designed and developed by the author or other creator to the specifications of
9 a specific purchaser. The combining of two (2) or more "prewritten computer software"
10 programs or prewritten portions thereof does not cause the combination to be other than
11 "prewritten computer software." "Prewritten computer software" includes software designed and
12 developed by the author or other creator to the specifications of a specific purchaser when it is
13 sold to a person other than the specific purchaser. Where a person modifies or enhances
14 "computer software" of which the person is not the author or creator, the person shall be deemed
15 to be the author or creator only of such person's modifications or enhancements. "Prewritten
16 computer software" or a prewritten portion thereof that is modified or enhanced to any degree,
17 where such modification or enhancement is designed and developed to the specifications of a
18 specific purchaser, remains "prewritten computer software"; provided, however, that where there
19 is a reasonable, separately stated charge or an invoice or other statement of the price given to the
20 purchaser for such modification or enhancement, such modification or enhancement shall not
21 constitute "prewritten computer software."

22 (vii) "Vendor-hosted prewritten computer software" means prewritten computer software
23 that is accessed through the internet and/or a vendor-hosted server regardless of whether the
24 access is permanent or temporary and regardless of whether any downloading occurs.

25 (h) Drugs and related items.

26 (i) "Drug" means a compound, substance, or preparation, and any component of a
27 compound, substance, or preparation, other than "food and food ingredients," "dietary
28 supplements" or "alcoholic beverages":

29 (A) Recognized in the official United States Pharmacopoeia, official Homeopathic
30 Pharmacopoeia of the United States, or official National Formulary, and supplement to any of
31 them; or

32 (B) Intended for use in the diagnosis, cure, mitigation, treatment, or prevention of
33 disease; or

34 (C) Intended to affect the structure or any function of the body.

1 "Drug" shall also include insulin and medical oxygen whether or not sold on prescription
2 [and medical marijuana as defined in § 21-28.6-3.](#)

3 (ii) "Over-the-counter drug" means a drug that contains a label that identifies the product
4 as a drug as required by 21 C.F.R. § 201.66. The "over-the-counter drug" label includes:

5 (A) A "Drug Facts" panel; or

6 (B) A statement of the "active ingredient(s)" with a list of those ingredients contained in
7 the compound, substance, or preparation.

8 "Over-the-counter drug" shall not include "grooming and hygiene products."

9 (iii) "Grooming and hygiene products" are soaps and cleaning solutions, shampoo,
10 toothpaste, mouthwash, antiperspirants, and suntan lotions and screens, regardless of whether the
11 items meet the definition of "over-the-counter drugs."

12 (iv) "Prescription" means an order, formula, or recipe issued in any form of oral, written,
13 electronic, or other means of transmission by a duly licensed practitioner authorized by the laws
14 of the member state.

15 (i) "Delivery charges" means charges by the seller of personal property or services for
16 preparation and delivery to a location designated by the purchaser of personal property or services
17 including, but not limited to: transportation, shipping, postage, handling, crating, and packing.

18 "Delivery charges" shall not include the charges for delivery of "direct mail" if the
19 charges are separately stated on an invoice or similar billing document given to the purchaser.

20 (j) "Direct mail" means printed material delivered or distributed by United States mail or
21 other delivery service to a mass audience or to addressees on a mailing list provided by the
22 purchaser or at the direction of the purchaser when the cost of the items are not billed directly to
23 the recipients. "Direct mail" includes tangible personal property supplied directly or indirectly by
24 the purchaser to the direct mail seller for inclusion in the package containing the printed material.
25 "Direct mail" does not include multiple items of printed material delivered to a single address.

26 (k) "Durable medical equipment" means equipment including repair and replacement
27 parts for same which:

28 (i) Can withstand repeated use; and

29 (ii) Is primarily and customarily used to serve a medical purpose; and

30 (iii) Generally is not useful to a person in the absence of illness or injury; and

31 (iv) Is not worn in or on the body.

32 Durable medical equipment does not include mobility enhancing equipment.

33 (l) Food and related items.

34 (i) "Food and food ingredients" means substances, whether in liquid, concentrated, solid,

1 frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are
2 consumed for their taste or nutritional value. "Food and food ingredients" does not include
3 "alcoholic beverages", "tobacco", "candy", "dietary supplements", and "soft drinks."

4 (ii) "Prepared food" means:

5 (A) Food sold in a heated state or heated by the seller;

6 (B) Two (2) or more food ingredients mixed or combined by the seller for sale as a single
7 item; or

8 (C) Food sold with eating utensils provided by the seller, including: plates, knives, forks,
9 spoons, glasses, cups, napkins, or straws. A plate does not include a container or packaging used
10 to transport the food.

11 "Prepared food" in (B) does not include food that is only cut, repackaged, or pasteurized
12 by the seller, and eggs, fish, meat, poultry, and foods containing these raw animal foods requiring
13 cooking by the consumer as recommended by the Food and Drug Administration in chapter 3,
14 part 401.11 of its Food Code so as to prevent food borne illnesses.

15 (iii) "Candy" means a preparation of sugar, honey, or other natural or artificial sweeteners
16 in combination with chocolate, fruits, nuts, or other ingredients or flavorings in the form of bars,
17 drops, or pieces. "Candy" shall not include any preparation containing flour and shall require no
18 refrigeration.

19 (iv) "Soft drinks" means non-alcoholic beverages that contain natural or artificial
20 sweeteners. "Soft drinks" do not include beverages that contain milk or milk products, soy, rice,
21 or similar milk substitutes, or greater than fifty percent (50%) of vegetable or fruit juice by
22 volume.

23 (v) "Dietary supplement" means any product, other than "tobacco", intended to
24 supplement the diet that:

25 (A) Contains one or more of the following dietary ingredients:

26 1. A vitamin;

27 2. A mineral;

28 3. An herb or other botanical;

29 4. An amino acid;

30 5. A dietary substance for use by humans to supplement the diet by increasing the total
31 dietary intake; or

32 6. A concentrate, metabolite, constituent, extract, or combination of any ingredient
33 described above; and

34 (B) Is intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form, or

1 if not intended for ingestion in such a form, is not represented as conventional food and is not
2 represented for use as a sole item of a meal or of the diet; and

3 (C) Is required to be labeled as a dietary supplement, identifiable by the "supplemental
4 facts" box found on the label and as required pursuant to 21 C.F.R. § 101.36.

5 (m) "Food sold through vending machines" means food dispensed from a machine or
6 other mechanical device that accepts payment.

7 (n) "Hotel" means every building or other structure kept, used, maintained, advertised as,
8 or held out to the public to be a place where living quarters are supplied for pay to transient or
9 permanent guests and tenants and includes a motel.

10 (i) "Living quarters" means sleeping rooms, sleeping or housekeeping accommodations,
11 or any other room or accommodation in any part of the hotel, rooming house, or tourist camp that
12 is available for or rented out for hire in the lodging of guests.

13 (ii) "Rooming house" means every house, boat, vehicle, motor court, or other structure
14 kept, used, maintained, advertised, or held out to the public to be a place where living quarters are
15 supplied for pay to transient or permanent guests or tenants, whether in one or adjoining
16 buildings.

17 (iii) "Tourist camp" means a place where tents or tent houses, or camp cottages, or cabins
18 or other structures are located and offered to the public or any segment thereof for human
19 habitation.

20 (o) "Lease or rental" means any transfer of possession or control of tangible personal
21 property for a fixed or indeterminate term for consideration. A lease or rental may include future
22 options to purchase or extend. Lease or rental does not include:

23 (i) A transfer of possession or control of property under a security agreement or deferred
24 payment plan that requires the transfer of title upon completion of the required payments;

25 (ii) A transfer of possession or control of property under an agreement that requires the
26 transfer of title upon completion of required payments and payment of an option price does not
27 exceed the greater of one hundred dollars (\$100) or one percent of the total required payments; or

28 (iii) Providing tangible personal property along with an operator for a fixed or
29 indeterminate period of time. A condition of this exclusion is that the operator is necessary for
30 the equipment to perform as designed. For the purpose of this subsection, an operator must do
31 more than maintain, inspect, or set-up the tangible personal property.

32 (iv) Lease or rental does include agreements covering motor vehicles and trailers where
33 the amount of consideration may be increased or decreased by reference to the amount realized
34 upon sale or disposition of the property as defined in 26 U.S.C. § 7701(h)(1).

1 (v) This definition shall be used for sales and use tax purposes regardless if a transaction
2 is characterized as a lease or rental under generally accepted accounting principles, the Internal
3 Revenue Code, the Uniform Commercial Code, or other provisions of federal, state, or local law.

4 (vi) This definition will be applied only prospectively from the date of adoption and will
5 have no retroactive impact on existing leases or rentals. This definition shall neither impact any
6 existing sale-leaseback exemption or exclusions that a state may have, nor preclude a state from
7 adopting a sale-leaseback exemption or exclusion after the effective date of the agreement.

8 (p) "Mobility enhancing equipment" means equipment, including repair and replacement
9 parts to same, that:

10 (i) Is primarily and customarily used to provide or increase the ability to move from one
11 place to another and that is appropriate for use either in a home or a motor vehicle; and

12 (ii) Is not generally used by persons with normal mobility; and

13 (iii) Does not include any motor vehicle or equipment on a motor vehicle normally
14 provided by a motor vehicle manufacturer.

15 Mobility enhancing equipment does not include durable medical equipment.

16 (q) "Model 1 Seller" means a seller that has selected a CSP as its agent to perform all the
17 seller's sales and use tax functions, other than the seller's obligation to remit tax on its own
18 purchases.

19 (r) "Model 2 Seller" means a seller that has selected a CAS to perform part of its sales
20 and use tax functions, but retains responsibility for remitting the tax.

21 (s) "Model 3 Seller" means a seller that has sales in at least five member states, has total
22 annual sales revenue of at least five hundred million dollars (\$500,000,000), has a proprietary
23 system that calculates the amount of tax due each jurisdiction, and has entered into a performance
24 agreement with the member states that establishes a tax performance standard for the seller. As
25 used in this definition, a seller includes an affiliated group of sellers using the same proprietary
26 system.

27 (t) "Prosthetic device" means a replacement, corrective, or supportive device including
28 repair and replacement parts for same worn on or in the body to:

29 (i) Artificially replace a missing portion of the body;

30 (ii) Prevent or correct physical deformity or malfunction; or

31 (iii) Support a weak or deformed portion of the body.

32 (u) "Purchaser" means a person to whom a sale of personal property is made or to whom
33 a service is furnished.

34 (v) "Purchase price" applies to the measure subject to use tax and has the same meaning

1 as sales price.

2 (w) "Seller" means a person making sales, leases, or rentals of personal property or
3 services.

4 (x) "State" means any state of the United States and the District of Columbia.

5 (y) "Telecommunications" tax base/exemption terms.

6 (i) Telecommunication terms shall be defined as follows:

7 (A) "Ancillary services" means services that are associated with or incidental to the
8 provision of "telecommunications services", including, but not limited to, "detailed
9 telecommunications billing", "directory assistance", "vertical service", and "voice mail services".

10 (B) "Conference bridging service" means an "ancillary service" that links two (2) or more
11 participants of an audio or video conference call and may include the provision of a telephone
12 number. "Conference bridging service" does not include the "telecommunications services" used
13 to reach the conference bridge.

14 (C) "Detailed telecommunications billing service" means an "ancillary service" of
15 separately stating information pertaining to individual calls on a customer's billing statement.

16 (D) "Directory assistance" means an "ancillary service" of providing telephone number
17 information, and/or address information.

18 (E) "Vertical service" means an "ancillary service" that is offered in connection with one
19 or more "telecommunications services", which offers advanced calling features that allow
20 customers to identify callers and to manage multiple calls and call connections, including
21 "conference bridging services".

22 (F) "Voice mail service" means an "ancillary service" that enables the customer to store,
23 send, or receive recorded messages. "Voice mail service" does not include any "vertical services"
24 that the customer may be required to have in order to utilize the "voice mail service".

25 (G) "Telecommunications service" means the electronic transmission, conveyance, or
26 routing of voice, data, audio, video, or any other information or signals to a point, or between or
27 among points. The term "telecommunications service" includes such transmission, conveyance,
28 or routing in which computer processing applications are used to act on the form, code, or
29 protocol of the content for purposes of transmission, conveyance, or routing without regard to
30 whether such service is referred to as voice over internet protocol services or is classified by the
31 Federal Communications Commission as enhanced or value added. "Telecommunications
32 service" does not include:

33 (1) Data processing and information services that allow data to be generated, acquired,
34 stored, processed, or retrieved and delivered by an electronic transmission to a purchaser where

1 such purchaser's primary purpose for the underlying transaction is the processed data or
2 information;

3 (2) Installation or maintenance of wiring or equipment on a customer's premises;

4 (3) Tangible personal property;

5 (4) Advertising, including, but not limited to, directory advertising;

6 (5) Billing and collection services provided to third parties;

7 (6) Internet access service;

8 (7) Radio and television audio and video programming services, regardless of the
9 medium, including the furnishing of transmission, conveyance, and routing of such services by
10 the programming service provider. Radio and television audio and video programming services
11 shall include, but not be limited to, cable service as defined in 47 U.S.C. § 522(6) and audio and
12 video programming services delivered by commercial mobile radio service providers as defined
13 in 47 C.F.R. § 20.3;

14 (8) "Ancillary services"; or

15 (9) Digital products "delivered electronically", including, but not limited to: software,
16 music, video, reading materials, or ring tones.

17 (H) "800 service" means a "telecommunications service" that allows a caller to dial a toll-
18 free number without incurring a charge for the call. The service is typically marketed under the
19 name "800", "855", "866", "877", and "888" toll-free calling, and any subsequent numbers
20 designated by the Federal Communications Commission.

21 (I) "900 service" means an inbound toll "telecommunications service" purchased by a
22 subscriber that allows the subscriber's customers to call in to the subscriber's prerecorded
23 announcement or live service. "900 service" does not include the charge for: collection services
24 provided by the seller of the "telecommunications services" to the subscriber, or service or
25 product sold by the subscriber to the subscriber's customer. The service is typically marketed
26 under the name "900 service," and any subsequent numbers designated by the Federal
27 Communications Commission.

28 (J) "Fixed wireless service" means a "telecommunications service" that provides radio
29 communication between fixed points.

30 (K) "Mobile wireless service" means a "telecommunications service" that is transmitted,
31 conveyed, or routed regardless of the technology used, whereby the origination and/or
32 termination points of the transmission, conveyance, or routing are not fixed, including, by way of
33 example only, "telecommunications services" that are provided by a commercial mobile radio
34 service provider.

1 (L) "Paging service" means a "telecommunications service" that provides transmission of
2 coded radio signals for the purpose of activating specific pagers; such transmissions may include
3 messages and/or sounds.

4 (M) "Prepaid calling service" means the right to access exclusively "telecommunications
5 services", which must be paid for in advance and that enables the origination of calls using an
6 access number or authorization code, whether manually or electronically dialed, and that is sold
7 in predetermined units or dollars of which the number declines with use in a known amount.

8 (N) "Prepaid wireless calling service" means a "telecommunications service" that
9 provides the right to utilize "mobile wireless service", as well as other non-telecommunications
10 services, including the download of digital products "delivered electronically", content and
11 "ancillary services" which must be paid for in advance that is sold in predetermined units of
12 dollars of which the number declines with use in a known amount.

13 (O) "Private communications service" means a telecommunications service that entitles
14 the customer to exclusive or priority use of a communications channel or group of channels
15 between or among termination points, regardless of the manner in which such channel or
16 channels are connected, and includes switching capacity, extension lines, stations, and any other
17 associated services that are provided in connection with the use of such channel or channels.

18 (P) "Value-added non-voice data service" means a service that otherwise meets the
19 definition of "telecommunications services" in which computer processing applications are used
20 to act on the form, content, code, or protocol of the information or data primarily for a purpose
21 other than transmission, conveyance, or routing.

22 (ii) "Modifiers of Sales Tax Base/Exemption Terms" -- the following terms can be used
23 to further delineate the type of "telecommunications service" to be taxed or exempted. The terms
24 would be used with the broader terms and subcategories delineated above.

25 (A) "Coin-operated telephone service" means a "telecommunications service" paid for by
26 inserting money into a telephone accepting direct deposits of money to operate.

27 (B) "International" means a "telecommunications service" that originates or terminates in
28 the United States and terminates or originates outside the United States, respectively. United
29 States includes the District of Columbia or a U.S. territory or possession.

30 (C) "Interstate" means a "telecommunications service" that originates in one United
31 States state, or a United States territory or possession, and terminates in a different United States
32 state or a United States territory or possession.

33 (D) "Intrastate" means a "telecommunications service" that originates in one United
34 States state or a United States territory or possession, and terminates in the same United States

1 state or a United States territory or possession.

2 (E) "Pay telephone service" means a "telecommunications service" provided through any
3 pay telephone.

4 (F) "Residential telecommunications service" means a "telecommunications service" or
5 "ancillary services" provided to an individual for personal use at a residential address, including
6 an individual dwelling unit such as an apartment. In the case of institutions where individuals
7 reside, such as schools or nursing homes, "telecommunications service" is considered residential
8 if it is provided to and paid for by an individual resident rather than the institution.

9 The terms "ancillary services" and "telecommunications service" are defined as a broad
10 range of services. The terms "ancillary services" and "telecommunications service" are broader
11 than the sum of the subcategories. Definitions of subcategories of "ancillary services" and
12 "telecommunications service" can be used by a member state alone or in combination with other
13 subcategories to define a narrower tax base than the definitions of "ancillary services" and
14 "telecommunications service" would imply. The subcategories can also be used by a member
15 state to provide exemptions for certain subcategories of the more broadly defined terms.

16 A member state that specifically imposes tax on, or exempts from tax, local telephone or
17 local telecommunications service may define "local service" in any manner in accordance with §
18 44-18.1-28, except as limited by other sections of this Agreement.

19 (z) "Tobacco" means cigarettes, cigars, chewing, or pipe tobacco, or any other item that
20 contains tobacco.

21 **44-18-30. Gross receipts exempt from sales and use taxes.**

22 There are exempted from the taxes imposed by this chapter the following gross receipts:

23 (1) Sales and uses beyond constitutional power of state. From the sale and from the
24 storage, use, or other consumption in this state of tangible personal property the gross receipts
25 from the sale of which, or the storage, use, or other consumption of which, this state is prohibited
26 from taxing under the Constitution of the United States or under the constitution of this state.

27 (2) Newspapers.

28 (i) From the sale and from the storage, use, or other consumption in this state of any
29 newspaper.

30 (ii) "Newspaper" means an unbound publication printed on newsprint that contains news,
31 editorial comment, opinions, features, advertising matter, and other matters of public interest.

32 (iii) "Newspaper" does not include a magazine, handbill, circular, flyer, sales catalog, or
33 similar item unless the item is printed for, and distributed as, a part of a newspaper.

34 (3) School meals. From the sale and from the storage, use, or other consumption in this

1 state of meals served by public, private, or parochial schools, school districts, colleges,
2 universities, student organizations, and parent-teacher associations to the students or teachers of a
3 school, college, or university whether the meals are served by the educational institutions or by a
4 food service or management entity under contract to the educational institutions.

5 (4) Containers.

6 (i) From the sale and from the storage, use, or other consumption in this state of:

7 (A) Non-returnable containers, including boxes, paper bags, and wrapping materials that
8 are biodegradable and all bags and wrapping materials utilized in the medical and healing arts,
9 when sold without the contents to persons who place the contents in the container and sell the
10 contents with the container.

11 (B) Containers when sold with the contents if the sale price of the contents is not required
12 to be included in the measure of the taxes imposed by this chapter.

13 (C) Returnable containers when sold with the contents in connection with a retail sale of
14 the contents or when resold for refilling.

15 (D) Keg and barrel containers, whether returnable or not, when sold to alcoholic beverage
16 producers who place the alcoholic beverages in the containers.

17 (ii) As used in this subdivision, the term "returnable containers" means containers of a
18 kind customarily returned by the buyer of the contents for reuse. All other containers are "non-
19 returnable containers".

20 (5)(i) Charitable, educational, and religious organizations. From the sale to, as in defined
21 in this section, and from the storage, use, and other consumption in this state, or any other state of
22 the United States of America, of tangible personal property by hospitals not operated for a profit;
23 "educational institutions" as defined in subdivision (18) not operated for a profit; churches,
24 orphanages, and other institutions or organizations operated exclusively for religious or charitable
25 purposes; interest-free loan associations not operated for profit; nonprofit, organized sporting
26 leagues and associations and bands for boys and girls under the age of nineteen (19) years; the
27 following vocational student organizations that are state chapters of national vocational student
28 organizations: Distributive Education Clubs of America (DECA); Future Business Leaders of
29 America, Phi Beta Lambda (FBLA/PBL); Future Farmers of America (FFA); Future
30 Homemakers of America/Home Economics Related Occupations (FHA/HERD); Vocational
31 Industrial Clubs of America (VICA); organized nonprofit golden age and senior citizens clubs for
32 men and women; and parent-teacher associations; and from the sale, storage, use, and other
33 consumption in this state, of and by the Industrial Foundation of Burrillville, a Rhode Island
34 domestic nonprofit corporation.

1 (ii) In the case of contracts entered into with the federal government, its agencies, or
2 instrumentalities, this state, or any other state of the United States of America, its agencies, any
3 city, town, district, or other political subdivision of the states; hospitals not operated for profit;
4 educational institutions not operated for profit; churches, orphanages, and other institutions or
5 organizations operated exclusively for religious or charitable purposes, the contractor may
6 purchase such materials and supplies (materials and/or supplies are defined as those that are
7 essential to the project) that are to be utilized in the construction of the projects being performed
8 under the contracts without payment of the tax.

9 (iii) The contractor shall not charge any sales or use tax to any exempt agency,
10 institution, or organization but shall in that instance provide his or her suppliers with certificates
11 in the form as determined by the division of taxation showing the reason for exemption and the
12 contractor's records must substantiate the claim for exemption by showing the disposition of all
13 property so purchased. If any property is then used for a nonexempt purpose, the contractor must
14 pay the tax on the property used.

15 (6) Gasoline. From the sale and from the storage, use, or other consumption in this state
16 of: (i) gasoline and other products taxed under chapter 36 of title 31 and (ii) fuels used for the
17 propulsion of airplanes.

18 (7) Purchase for manufacturing purposes.

19 (i) From the sale and from the storage, use, or other consumption in this state of computer
20 software, tangible personal property, electricity, natural gas, artificial gas, steam, refrigeration,
21 and water, when the property or service is purchased for the purpose of being manufactured into a
22 finished product for resale and becomes an ingredient, component, or integral part of the
23 manufactured, compounded, processed, assembled, or prepared product, or if the property or
24 service is consumed in the process of manufacturing for resale computer software, tangible
25 personal property, electricity, natural gas, artificial gas, steam, refrigeration, or water.

26 (ii) "Consumed" means destroyed, used up, or worn out to the degree or extent that the
27 property cannot be repaired, reconditioned, or rendered fit for further manufacturing use.

28 (iii) "Consumed" includes mere obsolescence.

29 (iv) "Manufacturing" means and includes: manufacturing, compounding, processing,
30 assembling, preparing, or producing.

31 (v) "Process of manufacturing" means and includes all production operations performed
32 in the producing or processing room, shop, or plant, insofar as the operations are a part of and
33 connected with the manufacturing for resale of tangible personal property, electricity, natural gas,
34 artificial gas, steam, refrigeration, or water and all production operations performed insofar as the

1 operations are a part of and connected with the manufacturing for resale of computer software.

2 (vi) "Process of manufacturing" does not mean or include administration operations such
3 as general office operations, accounting, collection, or sales promotion, nor does it mean or
4 include distribution operations that occur subsequent to production operations, such as handling,
5 storing, selling, and transporting the manufactured products, even though the administration and
6 distribution operations are performed by, or in connection with, a manufacturing business.

7 (8) State and political subdivisions. From the sale to, and from the storage, use, or other
8 consumption by, this state, any city, town, district, or other political subdivision of this state.
9 Every redevelopment agency created pursuant to chapter 31 of title 45 is deemed to be a
10 subdivision of the municipality where it is located.

11 (9) Food and food ingredients. From the sale and storage, use, or other consumption in
12 this state of food and food ingredients as defined in § 44-18-7.1(l).

13 For the purposes of this exemption "food and food ingredients" shall not include candy,
14 soft drinks, dietary supplements, alcoholic beverages, tobacco, food sold through vending
15 machines, or prepared food, as those terms are defined in § 44-18-7.1, unless the prepared food is:

16 (i) Sold by a seller whose primary NAICS classification is manufacturing in sector 311,
17 except sub-sector 3118 (bakeries);

18 (ii) Sold in an unheated state by weight or volume as a single item;

19 (iii) Bakery items, including: bread, rolls, buns, biscuits, bagels, croissants, pastries,
20 donuts, danish, cakes, tortes, pies, tarts, muffins, bars, cookies, tortillas; and

21 is not sold with utensils provided by the seller, including: plates, knives, forks, spoons,
22 glasses, cups, napkins, or straws.

23 (10) Medicines, drugs, and durable medical equipment. From the sale and from the
24 storage, use, or other consumption in this state, of:

25 (i) "Drugs" as defined in § 44-18-7.1(h)(i), sold on prescriptions, medical oxygen, and
26 insulin whether or not sold on prescription [and medical marijuana as defined in § 21-28.6-3](#). For
27 purposes of this exemption drugs shall not include over-the-counter drugs and grooming and
28 hygiene products as defined in § 44-18-7.1(h)(iii).

29 (ii) Durable medical equipment as defined in § 44-18-7.1(k) for home use only,
30 including, but not limited to: syringe infusers, ambulatory drug delivery pumps, hospital beds,
31 convalescent chairs, and chair lifts. Supplies used in connection with syringe infusers and
32 ambulatory drug delivery pumps that are sold on prescription to individuals to be used by them to
33 dispense or administer prescription drugs, and related ancillary dressings and supplies used to
34 dispense or administer prescription drugs, shall also be exempt from tax.

1 (11) Prosthetic devices and mobility enhancing equipment. From the sale and from the
2 storage, use, or other consumption in this state, of prosthetic devices as defined in § 44-18-7.1(t),
3 sold on prescription, including, but not limited to: artificial limbs, dentures, spectacles,
4 eyeglasses, and artificial eyes; artificial hearing devices and hearing aids, whether or not sold on
5 prescription; and mobility enhancing equipment as defined in § 44-18-7.1(p), including
6 wheelchairs, crutches, and canes.

7 (12) Coffins, caskets, and burial garments. From the sale and from the storage, use, or
8 other consumption in this state of coffins or caskets, and shrouds or other burial garments that are
9 ordinarily sold by a funeral director as part of the business of funeral directing.

10 (13) Motor vehicles sold to nonresidents.

11 (i) From the sale, subsequent to June 30, 1958, of a motor vehicle to a bona fide
12 nonresident of this state who does not register the motor vehicle in this state, whether the sale or
13 delivery of the motor vehicle is made in this state or at the place of residence of the nonresident.
14 A motor vehicle sold to a bona fide nonresident whose state of residence does not allow a like
15 exemption to its nonresidents is not exempt from the tax imposed under § 44-18-20. In that event,
16 the bona fide nonresident pays a tax to Rhode Island on the sale at a rate equal to the rate that
17 would be imposed in his or her state of residence not to exceed the rate that would have been
18 imposed under § 44-18-20. Notwithstanding any other provisions of law, a licensed motor vehicle
19 dealer shall add and collect the tax required under this subdivision and remit the tax to the tax
20 administrator under the provisions of chapters 18 and 19 of this title. When a Rhode Island
21 licensed, motor vehicle dealer is required to add and collect the sales and use tax on the sale of a
22 motor vehicle to a bona fide nonresident as provided in this section, the dealer in computing the
23 tax takes into consideration the law of the state of the nonresident as it relates to the trade-in of
24 motor vehicles.

25 (ii) The tax administrator, in addition to the provisions of §§ 44-19-27 and 44-19-28, may
26 require any licensed motor vehicle dealer to keep records of sales to bona fide nonresidents as the
27 tax administrator deems reasonably necessary to substantiate the exemption provided in this
28 subdivision, including the affidavit of a licensed motor vehicle dealer that the purchaser of the
29 motor vehicle was the holder of, and had in his or her possession a valid out-of-state motor
30 vehicle registration or a valid out-of-state driver's license.

31 (iii) Any nonresident who registers a motor vehicle in this state within ninety (90) days of
32 the date of its sale to him or her is deemed to have purchased the motor vehicle for use, storage,
33 or other consumption in this state, and is subject to, and liable for, the use tax imposed under the
34 provisions of § 44-18-20.

1 (14) Sales in public buildings by blind people. From the sale and from the storage, use, or
2 other consumption in all public buildings in this state of all products or wares by any person
3 licensed under § 40-9-11.1.

4 (15) Air and water pollution control facilities. From the sale, storage, use, or other
5 consumption in this state of tangible personal property or supplies acquired for incorporation into
6 or used and consumed in the operation of a facility, the primary purpose of which is to aid in the
7 control of the pollution or contamination of the waters or air of the state, as defined in chapter 12
8 of title 46 and chapter 23 of title 23, respectively, and that has been certified as approved for that
9 purpose by the director of environmental management. The director of environmental
10 management may certify to a portion of the tangible personal property or supplies acquired for
11 incorporation into those facilities or used and consumed in the operation of those facilities to the
12 extent that that portion has as its primary purpose the control of the pollution or contamination of
13 the waters or air of this state. As used in this subdivision, "facility" means any land, facility,
14 device, building, machinery, or equipment.

15 (16) Camps. From the rental charged for living quarters, or sleeping, or housekeeping
16 accommodations at camps or retreat houses operated by religious, charitable, educational, or
17 other organizations and associations mentioned in subsection (5), or by privately owned and
18 operated summer camps for children.

19 (17) Certain institutions. From the rental charged for living or sleeping quarters in an
20 institution licensed by the state for the hospitalization, custodial, or nursing care of human beings.

21 (18) Educational institutions. From the rental charged by any educational institution for
22 living quarters, or sleeping, or housekeeping accommodations or other rooms or accommodations
23 to any student or teacher necessitated by attendance at an educational institution. "Educational
24 institution" as used in this section means an institution of learning not operated for profit that is
25 empowered to confer diplomas, educational, literary, or academic degrees; that has a regular
26 faculty, curriculum, and organized body of pupils or students in attendance throughout the usual
27 school year; that keeps and furnishes to students and others records required and accepted for
28 entrance to schools of secondary, collegiate, or graduate rank; and no part of the net earnings of
29 which inures to the benefit of any individual.

30 (19) Motor vehicle and adaptive equipment for persons with disabilities.

31 (i) From the sale of: (A) Special adaptations; (B) The component parts of the special
32 adaptations; or (C) A specially adapted motor vehicle; provided that the owner furnishes to the
33 tax administrator an affidavit of a licensed physician to the effect that the specially adapted motor
34 vehicle is necessary to transport a family member with a disability or where the vehicle has been

1 specially adapted to meet the specific needs of the person with a disability. This exemption
2 applies to not more than one motor vehicle owned and registered for personal, noncommercial
3 use.

4 (ii) For the purpose of this subsection the term "special adaptations" includes, but is not
5 limited to: wheelchair lifts, wheelchair carriers, wheelchair ramps, wheelchair securements, hand
6 controls, steering devices, extensions, relocations, and crossovers of operator controls, power-
7 assisted controls, raised tops or dropped floors, raised entry doors, or alternative signaling devices
8 to auditory signals.

9 (iii) From the sale of: (a) Special adaptations, (b) The component parts of the special
10 adaptations, for a "wheelchair accessible taxicab" as defined in § 39-14-1, and/or a "wheelchair
11 accessible public motor vehicle" as defined in § 39-14.1-1.

12 (iv) For the purpose of this subdivision the exemption for a "specially adapted motor
13 vehicle" means a use tax credit not to exceed the amount of use tax that would otherwise be due
14 on the motor vehicle, exclusive of any adaptations. The use tax credit is equal to the cost of the
15 special adaptations, including installation.

16 (20) Heating fuels. From the sale and from the storage, use, or other consumption in this
17 state of every type of heating fuel.

18 (21) Electricity and gas. From the sale and from the storage, use, or other consumption in
19 this state of electricity and gas.

20 (22) Manufacturing machinery and equipment.

21 (i) From the sale and from the storage, use, or other consumption in this state of tools,
22 dies, molds, machinery, equipment (including replacement parts), and related items to the extent
23 used in an industrial plant in connection with the actual manufacture, conversion, or processing of
24 tangible personal property, or to the extent used in connection with the actual manufacture,
25 conversion, or processing of computer software as that term is utilized in industry numbers 7371,
26 7372, and 7373 in the standard industrial classification manual prepared by the Technical
27 Committee on Industrial Classification, Office of Statistical Standards, Executive Office of the
28 President, United States Bureau of the Budget, as revised from time to time, to be sold, or that
29 machinery and equipment used in the furnishing of power to an industrial manufacturing plant.
30 For the purposes of this subdivision, "industrial plant" means a factory at a fixed location
31 primarily engaged in the manufacture, conversion, or processing of tangible personal property to
32 be sold in the regular course of business;

33 (ii) Machinery and equipment and related items are not deemed to be used in connection
34 with the actual manufacture, conversion, or processing of tangible personal property, or in

1 connection with the actual manufacture, conversion, or processing of computer software as that
2 term is utilized in industry numbers 7371, 7372, and 7373 in the standard industrial classification
3 manual prepared by the Technical Committee on Industrial Classification, Office of Statistical
4 Standards, Executive Office of the President, United States Bureau of the Budget, as revised from
5 time to time, to be sold to the extent the property is used in administration or distribution
6 operations;

7 (iii) Machinery and equipment and related items used in connection with the actual
8 manufacture, conversion, or processing of any computer software or any tangible personal
9 property that is not to be sold and that would be exempt under subdivision (7) or this subdivision
10 if purchased from a vendor or machinery and equipment and related items used during any
11 manufacturing, converting, or processing function is exempt under this subdivision even if that
12 operation, function, or purpose is not an integral or essential part of a continuous production flow
13 or manufacturing process;

14 (iv) Where a portion of a group of portable or mobile machinery is used in connection
15 with the actual manufacture, conversion, or processing of computer software or tangible personal
16 property to be sold, as previously defined, that portion, if otherwise qualifying, is exempt under
17 this subdivision even though the machinery in that group is used interchangeably and not
18 otherwise identifiable as to use.

19 (23) Trade-in value of motor vehicles. From the sale and from the storage, use, or other
20 consumption in this state of so much of the purchase price paid for a new or used automobile as is
21 allocated for a trade-in allowance on the automobile of the buyer given in trade to the seller, or of
22 the proceeds applicable only to the automobile as are received from the manufacturer of
23 automobiles for the repurchase of the automobile whether the repurchase was voluntary or not
24 towards the purchase of a new or used automobile by the buyer. For the purpose of this
25 subdivision, the word "automobile" means a private passenger automobile not used for hire and
26 does not refer to any other type of motor vehicle.

27 (24) Precious metal bullion.

28 (i) From the sale and from the storage, use, or other consumption in this state of precious
29 metal bullion, substantially equivalent to a transaction in securities or commodities.

30 (ii) For purposes of this subdivision, "precious metal bullion" means any elementary
31 precious metal that has been put through a process of smelting or refining, including, but not
32 limited to: gold, silver, platinum, rhodium, and chromium, and that is in a state or condition that
33 its value depends upon its content and not upon its form.

34 (iii) The term does not include fabricated precious metal that has been processed or

1 manufactured for some one or more specific and customary industrial, professional, or artistic
2 uses.

3 (25) Commercial vessels. From sales made to a commercial ship, barge, or other vessel of
4 fifty (50) tons burden or over, primarily engaged in interstate or foreign commerce, and from the
5 repair, alteration, or conversion of the vessels, and from the sale of property purchased for the use
6 of the vessels including provisions, supplies, and material for the maintenance and/or repair of the
7 vessels.

8 (26) Commercial fishing vessels. From the sale and from the storage, use, or other
9 consumption in this state of vessels and other watercraft that are in excess of five (5) net tons and
10 that are used exclusively for "commercial fishing", as defined in this subdivision, and from the
11 repair, alteration, or conversion of those vessels and other watercraft, and from the sale of
12 property purchased for the use of those vessels and other watercraft including provisions,
13 supplies, and material for the maintenance and/or repair of the vessels and other watercraft and
14 the boats nets, cables, tackle, and other fishing equipment appurtenant to or used in connection
15 with the commercial fishing of the vessels and other watercraft. "Commercial fishing" means
16 taking or attempting to take any fish, shellfish, crustacea, or bait species with the intent of
17 disposing of it for profit or by sale, barter, trade, or in commercial channels. The term does not
18 include subsistence fishing, i.e., the taking for personal use and not for sale or barter; or sport
19 fishing; but shall include vessels and other watercraft with a Rhode Island party and charter boat
20 license issued by the department of environmental management pursuant to § 20-2-27.1 that meet
21 the following criteria: (i) The operator must have a current U.S.C.G. license to carry passengers
22 for hire; (ii) U.S.C.G. vessel documentation in the coast wide fishery trade; (iii) U.S.C.G. vessel
23 documentation as to proof of Rhode Island home port status or a Rhode Island boat registration to
24 prove Rhode Island home port status; and (iv) The vessel must be used as a commercial passenger
25 carrying fishing vessel to carry passengers for fishing. The vessel must be able to demonstrate
26 that at least fifty percent (50%) of its annual gross income derives from charters or provides
27 documentation of a minimum of one hundred (100) charter trips annually; and (v) The vessel
28 must have a valid Rhode Island party and charter boat license. The tax administrator shall
29 implement the provisions of this subdivision by promulgating rules and regulations relating
30 thereto.

31 (27) Clothing and footwear. From the sales of articles of clothing, including footwear,
32 intended to be worn or carried on or about the human body for sales prior to October 1, 2012.
33 Effective October 1, 2012, the exemption will apply to the sales of articles of clothing, including
34 footwear, intended to be worn or carried on or about the human body up to two hundred and fifty

1 dollars (\$250) of the sales price per item. For the purposes of this section, "clothing or footwear"
2 does not include clothing accessories or equipment or special clothing or footwear primarily
3 designed for athletic activity or protective use as these terms are defined in section 44-18-7.1(f).
4 In recognition of the work being performed by the streamlined sales and use tax governing board,
5 upon passage of any federal law that authorizes states to require remote sellers to collect and
6 remit sales and use taxes, this unlimited exemption will apply as it did prior to October 1, 2012.
7 The unlimited exemption on sales of clothing and footwear shall take effect on the date that the
8 state requires remote sellers to collect and remit sales and use taxes.

9 (28) Water for residential use. From the sale and from the storage, use, or other
10 consumption in this state of water furnished for domestic use by occupants of residential
11 premises.

12 (29) Bibles. [Unconstitutional; see Ahlburn v. Clark, 728 A.2d 449 (R.I. 1999); see Notes
13 to Decisions.] From the sale and from the storage, use, or other consumption in the state of any
14 canonized scriptures of any tax-exempt nonprofit religious organization including, but not limited
15 to, the Old Testament and the New Testament versions.

16 (30) Boats.

17 (i) From the sale of a boat or vessel to a bona fide nonresident of this state who does not
18 register the boat or vessel in this state or document the boat or vessel with the United States
19 government at a home port within the state, whether the sale or delivery of the boat or vessel is
20 made in this state or elsewhere; provided, that the nonresident transports the boat within thirty
21 (30) days after delivery by the seller outside the state for use thereafter solely outside the state.

22 (ii) The tax administrator, in addition to the provisions of §§ 44-19-27 and 44-19-28, may
23 require the seller of the boat or vessel to keep records of the sales to bona fide nonresidents as the
24 tax administrator deems reasonably necessary to substantiate the exemption provided in this
25 subdivision, including the affidavit of the seller that the buyer represented himself or herself to be
26 a bona fide nonresident of this state and of the buyer that he or she is a nonresident of this state.

27 (31) Youth activities equipment. From the sale, storage, use, or other consumption in this
28 state of items for not more than twenty dollars (\$20.00) each by nonprofit Rhode Island
29 eleemosynary organizations, for the purposes of youth activities that the organization is formed to
30 sponsor and support; and by accredited elementary and secondary schools for the purposes of the
31 schools or of organized activities of the enrolled students.

32 (32) Farm equipment. From the sale and from the storage or use of machinery and
33 equipment used directly for commercial farming and agricultural production; including, but not
34 limited to: tractors, ploughs, harrows, spreaders, seeders, milking machines, silage conveyors,

1 balers, bulk milk storage tanks, trucks with farm plates, mowers, combines, irrigation equipment,
2 greenhouses and greenhouse coverings, graders and packaging machines, tools and supplies and
3 other farming equipment, including replacement parts appurtenant to or used in connection with
4 commercial farming and tools and supplies used in the repair and maintenance of farming
5 equipment. "Commercial farming" means the keeping or boarding of five (5) or more horses or
6 the production within this state of agricultural products, including, but not limited to, field or
7 orchard crops, livestock, dairy, and poultry, or their products, where the keeping, boarding, or
8 production provides at least two thousand five hundred dollars (\$2,500) in annual gross sales to
9 the operator, whether an individual, a group, a partnership, or a corporation for exemptions issued
10 prior to July 1, 2002. For exemptions issued or renewed after July 1, 2002, there shall be two (2)
11 levels. Level I shall be based on proof of annual, gross sales from commercial farming of at least
12 twenty-five hundred dollars (\$2,500) and shall be valid for purchases subject to the exemption
13 provided in this subdivision except for motor vehicles with an excise tax value of five thousand
14 dollars (\$5,000) or greater. Level II shall be based on proof of annual gross sales from
15 commercial farming of at least ten thousand dollars (\$10,000) or greater and shall be valid for
16 purchases subject to the exemption provided in this subdivision including motor vehicles with an
17 excise tax value of five thousand dollars (\$5,000) or greater. For the initial issuance of the
18 exemptions, proof of the requisite amount of annual gross sales from commercial farming shall be
19 required for the prior year; for any renewal of an exemption granted in accordance with this
20 subdivision at either level I or level II, proof of gross annual sales from commercial farming at
21 the requisite amount shall be required for each of the prior two (2) years. Certificates of
22 exemption issued or renewed after July 1, 2002, shall clearly indicate the level of the exemption
23 and be valid for four (4) years after the date of issue. This exemption applies even if the same
24 equipment is used for ancillary uses, or is temporarily used for a non-farming or a non-
25 agricultural purpose, but shall not apply to motor vehicles acquired after July 1, 2002, unless the
26 vehicle is a farm vehicle as defined pursuant to § 31-1-8 and is eligible for registration displaying
27 farm plates as provided for in § 31-3-31.

28 (33) Compressed air. From the sale and from the storage, use, or other consumption in the
29 state of compressed air.

30 (34) Flags. From the sale and from the storage, consumption, or other use in this state of
31 United States, Rhode Island or POW-MIA flags.

32 (35) Motor vehicle and adaptive equipment to certain veterans. From the sale of a motor
33 vehicle and adaptive equipment to and for the use of a veteran with a service-connected loss of or
34 the loss of use of a leg, foot, hand, or arm, or any veteran who is a double amputee, whether

1 service connected or not. The motor vehicle must be purchased by and especially equipped for
2 use by the qualifying veteran. Certificate of exemption or refunds of taxes paid is granted under
3 rules or regulations that the tax administrator may prescribe.

4 (36) Textbooks. From the sale and from the storage, use, or other consumption in this
5 state of textbooks by an "educational institution", as defined in subsection (18) of this section,
6 and any educational institution within the purview of § 16-63-9(4), and used textbooks by any
7 purveyor.

8 (37) Tangible personal property and supplies used in on-site hazardous waste recycling,
9 reuse, or treatment. From the sale, storage, use, or other consumption in this state of tangible
10 personal property or supplies used or consumed in the operation of equipment, the exclusive
11 function of which is the recycling, reuse, or recovery of materials (other than precious metals, as
12 defined in subdivision (24)(ii) of this section) from the treatment of "hazardous wastes", as
13 defined in § 23-19.1-4, where the "hazardous wastes" are generated in Rhode Island solely by the
14 same taxpayer and where the personal property is located at, in, or adjacent to a generating
15 facility of the taxpayer in Rhode Island. The taxpayer shall procure an order from the director of
16 the department of environmental management certifying that the equipment and/or supplies as
17 used or consumed, qualify for the exemption under this subdivision. If any information relating to
18 secret processes or methods of manufacture, production, or treatment is disclosed to the
19 department of environmental management only to procure an order, and is a "trade secret" as
20 defined in § 28-21-10(b), it is not open to public inspection or publicly disclosed unless
21 disclosure is required under chapter 21 of title 28 or chapter 24.4 of title 23.

22 (38) Promotional and product literature of boat manufacturers. From the sale and from
23 the storage, use, or other consumption of promotional and product literature of boat
24 manufacturers shipped to points outside of Rhode Island that either: (i) Accompany the product
25 that is sold; (ii) Are shipped in bulk to out-of-state dealers for use in the sale of the product; or
26 (iii) Are mailed to customers at no charge.

27 (39) Food items paid for by food stamps. From the sale and from the storage, use, or
28 other consumption in this state of eligible food items payment for which is properly made to the
29 retailer in the form of U.S. government food stamps issued in accordance with the Food Stamp
30 Act of 1977, 7 U.S.C. § 2011 et seq.

31 (40) Transportation charges. From the sale or hiring of motor carriers as defined in § 39-
32 12-2(l) to haul goods, when the contract or hiring cost is charged by a motor freight tariff filed
33 with the Rhode Island public utilities commission on the number of miles driven or by the
34 number of hours spent on the job.

1 (41) Trade-in value of boats. From the sale and from the storage, use, or other
2 consumption in this state of so much of the purchase price paid for a new or used boat as is
3 allocated for a trade-in allowance on the boat of the buyer given in trade to the seller or of the
4 proceeds applicable only to the boat as are received from an insurance claim as a result of a stolen
5 or damaged boat, towards the purchase of a new or used boat by the buyer.

6 (42) Equipment used for research and development. From the sale and from the storage,
7 use, or other consumption of equipment to the extent used for research and development purposes
8 by a qualifying firm. For the purposes of this subsection, "qualifying firm" means a business for
9 which the use of research and development equipment is an integral part of its operation and
10 "equipment" means scientific equipment, computers, software, and related items.

11 (43) Coins. From the sale and from the other consumption in this state of coins having
12 numismatic or investment value.

13 (44) Farm structure construction materials. Lumber, hardware, and other materials used
14 in the new construction of farm structures, including production facilities such as, but not limited
15 to: farrowing sheds, free stall and stanchion barns, milking parlors, silos, poultry barns, laying
16 houses, fruit and vegetable storages, rooting cellars, propagation rooms, greenhouses, packing
17 rooms, machinery storage, seasonal farm worker housing, certified farm markets, bunker and
18 trench silos, feed storage sheds, and any other structures used in connection with commercial
19 farming.

20 (45) Telecommunications carrier access service. Carrier access service or
21 telecommunications service when purchased by a telecommunications company from another
22 telecommunications company to facilitate the provision of telecommunications service.

23 (46) Boats or vessels brought into the state exclusively for winter storage, maintenance,
24 repair, or sale. Notwithstanding the provisions of §§ 44-18-10, 44-18-11 and 44-18-20, the tax
25 imposed by § 44-18-20 is not applicable for the period commencing on the first day of October in
26 any year up to and including the 30th day of April next succeeding with respect to the use of any
27 boat or vessel within this state exclusively for purposes of: (i) Delivery of the vessel to a facility
28 in this state for storage, including dry storage and storage in water by means of apparatus
29 preventing ice damage to the hull, maintenance, or repair; (ii) The actual process of storage,
30 maintenance, or repair of the boat or vessel; or (iii) Storage for the purpose of selling the boat or
31 vessel.

32 (47) Jewelry display product. From the sale and from the storage, use, or other
33 consumption in this state of tangible personal property used to display any jewelry product;
34 provided that title to the jewelry display product is transferred by the jewelry manufacturer or

1 seller and that the jewelry display product is shipped out of state for use solely outside the state
2 and is not returned to the jewelry manufacturer or seller.

3 (48) Boats or vessels generally. Notwithstanding the provisions of this chapter, the tax
4 imposed by §§ 44-18-20 and 44-18-18 shall not apply with respect to the sale and to the storage,
5 use, or other consumption in this state of any new or used boat. The exemption provided for in
6 this subdivision does not apply after October 1, 1993, unless prior to October 1, 1993, the federal
7 ten percent (10%) surcharge on luxury boats is repealed.

8 (49) Banks and regulated investment companies interstate toll-free calls. Notwithstanding
9 the provisions of this chapter, the tax imposed by this chapter does not apply to the furnishing of
10 interstate and international, toll-free terminating telecommunication service that is used directly
11 and exclusively by or for the benefit of an eligible company as defined in this subdivision;
12 provided that an eligible company employs on average during the calendar year no less than five
13 hundred (500) "full-time equivalent employees" as that term is defined in § 42-64.5-2. For
14 purposes of this section, an "eligible company" means a "regulated investment company" as that
15 term is defined in the Internal Revenue Code of 1986, 26 U.S.C. § 851, or a corporation to the
16 extent the service is provided, directly or indirectly, to or on behalf of a regulated investment
17 company, an employee benefit plan, a retirement plan or a pension plan, or a state-chartered bank.

18 (50) Mobile and manufactured homes generally. From the sale and from the storage, use,
19 or other consumption in this state of mobile and/or manufactured homes as defined and subject to
20 taxation pursuant to the provisions of chapter 44 of title 31.

21 (51) Manufacturing business reconstruction materials.

22 (i) From the sale and from the storage, use, or other consumption in this state of lumber,
23 hardware, and other building materials used in the reconstruction of a manufacturing business
24 facility that suffers a disaster, as defined in this subdivision, in this state. "Disaster" means any
25 occurrence, natural or otherwise, that results in the destruction of sixty percent (60%) or more of
26 an operating manufacturing business facility within this state. "Disaster" does not include any
27 damage resulting from the willful act of the owner of the manufacturing business facility.

28 (ii) Manufacturing business facility includes, but is not limited to, the structures housing
29 the production and administrative facilities.

30 (iii) In the event a manufacturer has more than one manufacturing site in this state, the
31 sixty percent (60%) provision applies to the damages suffered at that one site.

32 (iv) To the extent that the costs of the reconstruction materials are reimbursed by
33 insurance, this exemption does not apply.

34 (52) Tangible personal property and supplies used in the processing or preparation of

1 floral products and floral arrangements. From the sale, storage, use, or other consumption in this
2 state of tangible personal property or supplies purchased by florists, garden centers, or other like
3 producers or vendors of flowers, plants, floral products, and natural and artificial floral
4 arrangements that are ultimately sold with flowers, plants, floral products, and natural and
5 artificial floral arrangements or are otherwise used in the decoration, fabrication, creation,
6 processing, or preparation of flowers, plants, floral products, or natural and artificial floral
7 arrangements, including descriptive labels, stickers, and cards affixed to the flower, plant, floral
8 product, or arrangement, artificial flowers, spray materials, floral paint and tint, plant shine,
9 flower food, insecticide, and fertilizers.

10 (53) Horse food products. From the sale and from the storage, use, or other consumption
11 in this state of horse food products purchased by a person engaged in the business of the boarding
12 of horses.

13 (54) Non-motorized recreational vehicles sold to nonresidents.

14 (i) From the sale, subsequent to June 30, 2003, of a non-motorized recreational vehicle to
15 a bona fide nonresident of this state who does not register the non-motorized recreational vehicle
16 in this state, whether the sale or delivery of the non-motorized recreational vehicle is made in this
17 state or at the place of residence of the nonresident; provided that a non-motorized recreational
18 vehicle sold to a bona fide nonresident whose state of residence does not allow a like exemption
19 to its nonresidents is not exempt from the tax imposed under § 44-18-20; provided, further, that in
20 that event the bona fide nonresident pays a tax to Rhode Island on the sale at a rate equal to the
21 rate that would be imposed in his or her state of residence not to exceed the rate that would have
22 been imposed under § 44-18-20. Notwithstanding any other provisions of law, a licensed, non-
23 motorized recreational vehicle dealer shall add and collect the tax required under this subdivision
24 and remit the tax to the tax administrator under the provisions of chapters 18 and 19 of this title.
25 Provided, that when a Rhode Island licensed, non-motorized recreational vehicle dealer is
26 required to add and collect the sales and use tax on the sale of a non-motorized recreational
27 vehicle to a bona fide nonresident as provided in this section, the dealer in computing the tax
28 takes into consideration the law of the state of the nonresident as it relates to the trade-in of motor
29 vehicles.

30 (ii) The tax administrator, in addition to the provisions of §§ 44-19-27 and 44-19-28, may
31 require any licensed, non-motorized recreational vehicle dealer to keep records of sales to bona
32 fide nonresidents as the tax administrator deems reasonably necessary to substantiate the
33 exemption provided in this subdivision, including the affidavit of a licensed, non-motorized
34 recreational vehicle dealer that the purchaser of the non-motorized recreational vehicle was the

1 holder of, and had in his or her possession a valid out-of-state non-motorized recreational vehicle
2 registration or a valid out-of-state driver's license.

3 (iii) Any nonresident who registers a non-motorized recreational vehicle in this state
4 within ninety (90) days of the date of its sale to him or her is deemed to have purchased the non-
5 motorized recreational vehicle for use, storage, or other consumption in this state, and is subject
6 to, and liable for, the use tax imposed under the provisions of § 44-18-20.

7 (iv) "Non-motorized recreational vehicle" means any portable dwelling designed and
8 constructed to be used as a temporary dwelling for travel, camping, recreational, and vacation use
9 that is eligible to be registered for highway use, including, but not limited to, "pick-up coaches"
10 or "pick-up campers," "travel trailers," and "tent trailers" as those terms are defined in chapter 1
11 of title 31.

12 (55) Sprinkler and fire alarm systems in existing buildings. From the sale in this state of
13 sprinkler and fire alarm systems; emergency lighting and alarm systems; and the materials
14 necessary and attendant to the installation of those systems that are required in buildings and
15 occupancies existing therein in July 2003 in order to comply with any additional requirements for
16 such buildings arising directly from the enactment of the Comprehensive Fire Safety Act of 2003
17 and that are not required by any other provision of law or ordinance or regulation adopted
18 pursuant to that act. The exemption provided in this subdivision shall expire on December 31,
19 2008.

20 (56) Aircraft. Notwithstanding the provisions of this chapter, the tax imposed by §§ 44-
21 18-18 and 44-18-20 shall not apply with respect to the sale and to the storage, use, or other
22 consumption in this state of any new or used aircraft or aircraft parts.

23 (57) Renewable energy products. Notwithstanding any other provisions of Rhode Island
24 general laws, the following products shall also be exempt from sales tax: solar photovoltaic
25 modules or panels, or any module or panel that generates electricity from light; solar thermal
26 collectors, including, but not limited to, those manufactured with flat glass plates, extruded
27 plastic, sheet metal, and/or evacuated tubes; geothermal heat pumps, including both water-to-
28 water and water-to-air type pumps; wind turbines; towers used to mount wind turbines if
29 specified by or sold by a wind turbine manufacturer; DC to AC inverters that interconnect with
30 utility power lines; and manufactured mounting racks and ballast pans for solar collector, module,
31 or panel installation. Not to include materials that could be fabricated into such racks; monitoring
32 and control equipment, if specified or supplied by a manufacturer of solar thermal, solar
33 photovoltaic, geothermal, or wind energy systems or if required by law or regulation for such
34 systems but not to include pumps, fans or plumbing or electrical fixtures unless shipped from the

1 manufacturer affixed to, or an integral part of, another item specified on this list; and solar storage
2 tanks that are part of a solar domestic hot water system or a solar space heating system. If the tank
3 comes with an external heat exchanger it shall also be tax exempt, but a standard hot water tank is
4 not exempt from state sales tax.

5 (58) Returned property. The amount charged for property returned by customers upon
6 rescission of the contract of sale when the entire amount exclusive of handling charges paid for
7 the property is refunded in either cash or credit, and where the property is returned within one
8 hundred twenty (120) days from the date of delivery.

9 (59) Dietary supplements. From the sale and from the storage, use, or other consumption
10 of dietary supplements as defined in § 44-18-7.1(l)(v), sold on prescriptions.

11 (60) Blood. From the sale and from the storage, use, or other consumption of human
12 blood.

13 (61) Agricultural products for human consumption. From the sale and from the storage,
14 use, or other consumption of livestock and poultry of the kinds of products that ordinarily
15 constitute food for human consumption and of livestock of the kind the products of which
16 ordinarily constitute fibers for human use.

17 (62) Diesel emission control technology. From the sale and use of diesel retrofit
18 technology that is required by § 31-47.3-4.

19 (63) Feed for certain animals used in commercial farming. From the sale of feed for
20 animals as described in subsection (61) of this section.

21 (64) Alcoholic beverages. From the sale and storage, use, or other consumption in this
22 state by a Class A licensee of alcoholic beverages, as defined in § 44-18-7.1, excluding beer and
23 malt beverages; provided, further, notwithstanding § 6-13-1 or any other general or public law to
24 the contrary, alcoholic beverages, as defined in § 44-18-7.1, shall not be subject to minimum
25 markup.

26 (65) Seeds and plants used to grow food and food ingredients. From the sale, storage, use,
27 or other consumption in this state of seeds and plants used to grow food and food ingredients as
28 defined in § 44-18-7.1(l)(i). "Seeds and plants used to grow food and food ingredients" shall not
29 include marijuana seeds or plants.

30 SECTION 8. Chapter 44-49 of the General Laws entitled "Taxation of Marijuana and
31 Controlled Substances" is hereby amended by adding thereto the following section:

32 **44-49-17. No tax stamp required.**

33 [Controlled substance tax payment with a stamp or other official indicia, as referred to in §](#)
34 [44-49-5, is not required for marijuana establishments and the penalties provided for in this](#)

1 [chapter do not apply to those acting in accordance with the laws of and regulations enacted](#)
2 [through the authority of title 21.](#)

3 SECTION 9. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO FOOD AND DRUGS -- ADULT USE OF CANNABIS PILOT PROGRAM

1 This act would establish a system for the regulation and taxation for adult use and
2 cultivation of marijuana.

3 This act would take effect upon passage.

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LC000710
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