



Summary of Article 11 — Gov. McKee's Legalization Proposal

In March 2021, Gov. Dan McKee unveiled a budget proposal for the 2022 Fiscal Year that includes legislation to legalize, regulate, and tax cannabis for adults' use ([Article 11 of Gov. McKee's FY 2022 Budget](#)).

Personal allowances and restrictions

- Adults 21 or older may possess and purchase up to one ounce of cannabis flower (or an equivalent amount in other forms, as determined by a conversion system defined in regulations).
 - Individuals may possess up to five ounces in their residence, provided it is stored in a secure, locked location.
 - Residences with multiple adult occupants may possess no more than 10 ounces.
 - Home cultivation is prohibited and subject to criminal penalties and fines.
 - Public consumption of cannabis is prohibited.
 - Smoking or vaporizing cannabis is not permitted in public housing buildings.
 - Landlords are permitted to prohibit smoking or vaporizing cannabis in their property. Occupants in multi-unit housing complexes must obtain written approval from the property owner to smoke or vaporize cannabis in their residence.
 - Restrictions on smoking or vaporizing in residences also apply to medical cannabis patients.
 - Any person who exceeds possession limits or violates any other provision of the law is subject to existing penalties in the Rhode Island Controlled Substances Act.
 - Personal possession allowances take effect on April 1, 2022.
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Employer policies

- Employers are permitted to fire employees who test positive for marijuana and are suspected of being “impaired by marijuana while in the workplace or during the performance of work.”
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Other penalties

- Anyone who transfers cannabis to a person under 21 years of age is subject to a felony charge and a \$10,000 fine. (There are no age exceptions, which means a 20-year-old who shares marijuana with another 20-year-old is subject to these penalties.)
- Extracting cannabis with use of any solvent other than those explicitly listed is a felony offense.

Licensing and market regulations

- The Department of Business Regulation is authorized to regulate and oversee all aspects of the adult-use market.
- By April 1, 2023, the department is required to issue a report regarding the impact of adult-use legalization on the medical marijuana program and registered patients.
- A 15-member Cannabis Reinvestment Task Force is established to submit recommendations specifically relating to the long-term reinvestment of adult-use cannabis revenues in social welfare programs.
- The department will issue 25 retail licenses per year for three years and may establish a license cap in the future.
 - Licenses are awarded through a lottery system.
 - Twenty percent (20%) of the retail licenses must be awarded to minority business enterprises (as defined in chapter 14.1 of title 37).
- Existing medical cannabis compassion centers (which are not included in the 25 new licenses mentioned above) are permitted to obtain a hybrid license whereby they can operate in both the medical cannabis and adult-use markets.
- Initially, only existing licensed medical cannabis cultivators and compassion centers are permitted to obtain an adult-use cultivation license.
- No entity would be allowed to control more than one business license of any kind (vertical integration for entities other than compassion centers is not permitted).
- No one with a felony drug conviction is permitted to own or manage a cannabis business.
- The department is authorized to issue additional classes of licenses, including craft cultivators, marijuana processors, transporters, social use licenses, etc.
 - No less than 50% of these licenses must be awarded to minority business enterprises.

Cannabis product regulations

- Cannabis products that are considered to be attractive to children are not permitted.
- All cannabis products must be sold in child-proof packaging.
- Edible cannabis products are limited to five (5) mg of THC per serving, with no more than 100 mg of THC in a single package.
- The department is authorized to set additional potency limits on other cannabis products.

Local control

- Local cities and towns are permitted to enact zoning and other rules to govern the manner of operation of cannabis businesses within their jurisdictions.
- Municipalities may limit or ban any class of marijuana establishment, provided that such ordinances are approved by a local referendum.

Cannabis taxes

- Cannabis sold by a cultivator is subject to a \$10 per ounce weight-based tax (trim is taxed at \$3 per ounce).
 - Cannabis sold by a retailer to a consumer is subject to the normal 7% sales tax in addition to a 10% cannabis excise sales tax.
 - Cannabis taxes are deposited into a a restricted receipt account and distributed as follows:
 - 25% is directed to regulatory agencies to implement the law;
 - 15% is directed to municipalities pursuant to a formula that provides some revenue to all cities and towns, with another portion restricted only to cities and towns that permit cannabis establishments to operate within their jurisdictions; and
 - 60% is directed to the state's general fund.
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