



GOV. COMM. 21-66
(HOUSE)

RALPH DLG. TORRES
Governor

ARNOLD I. PALACIOS
Lieutenant Governor

COMMONWEALTH of the NORTHERN MARIANA ISLANDS
OFFICE OF THE GOVERNOR

21 AUG 2019

The Honorable Blas Jonathan "BJ" T. Attao
Speaker
House of Representatives
Twenty-First Northern Marianas
Commonwealth Legislature
Capitol Hill
Saipan, MP 96950

The Honorable Victor B. Hocog
Senate President
The Senate
Twenty-First Northern Marianas
Commonwealth Legislature
Capitol Hill
Saipan, MP 96950



HOUSE LERK'S OFFICE
RECEIVED BY: [Signature]
DATE: 08/22/19 TIME: 4:26pm

Dear Mr. Speaker and Mr. President:

This is to inform you that I have signed into law **House Bill No. 21-13** entitled, "To amend Public Law No. 20-66 and 4 CMC § 53001, et seq., the Taulamwaar Sensible CNMI Cannabis Act of 2018," which was passed by the House of Representatives and the Senate of the Twenty-First Northern Marianas Commonwealth Legislature.

I reiterate my support of the Legislature's intent in the Act's initial passage, that a regulated cannabis market would benefit the health, safety, and overall quality of life for our residents by 1) providing alternative treatments for pain to those afflicted with debilitating illnesses such as cancer and post-traumatic stress disorder; 2) reducing the amount of accidental overdoses, addiction, and abuse from more harmful narcotics like opioids and the market's likeliness to assist in alleviating the level of methamphetamine use in the CNMI; 3) decreasing youth access to marijuana through strict regulation and enforcement; 4) decreasing violent crime throughout our islands as marijuana will be manufactured and sold in approved businesses and facilities; and 5) allowing for the potential generation of substantial revenue through the growing, processing, and sale of marijuana and hemp products in order to fund public safety, our retirement fund, the public school system—of which will be appropriated 25% of the gross revenue taxes collected from the established Cannabis Tax Account, and other governmental and social programs. Furthermore, this industry has the potential to create additional job opportunities for our residents and will aid us in our efforts to diversify our island economy.

I thank the Legislature for its efforts in thoroughly addressing a majority of the issues that the Attorney General and I raised regarding House Bill 20-178, HD4 in this amendment. And although I am approving the passage of this legislation in its entirety, it is imperative that the bill's remaining concerns be addressed, either through a companion bill, or by means of the Cannabis Commission's forthcoming regulations.

First, although 4 CMC § 53012(e) was amended to provide for an immediate implementation of a homegrown marijuana registry system, the cultivation of homegrown marijuana is still permitted absent any registry system regulations. This might be construed to mean that homegrown marijuana would not be subjected to regulatory controls.

I find it essential for its successful implementation into the Commonwealth, that the industry meet the "robust regulatory system" standard envisioned by the United States Department of Justice for all U.S. jurisdictions who have opted to regulate cannabis. Therefore, clear regulations regarding homegrown marijuana usage must be expressed via legislation or through industry regulations.

Second, the durational residency requirement issue in 4 CMC § 53021(e), as raised in my transmittal letter in the passage of H.B. 20-178: HD4 still exists, although the number of years required was reduced from 10 to 5 years. As stated in the Attorney General's review of the initial bill, durational residency requirements conditioning eligibility for a license under this Act must survive scrutiny under the Equal Protection clause. See *Graham v. Richardson*, 403 U.S. 365, 371 (1971). There must be an underlying "compelling government interest" in order for a durational residency requirement to legally exist. This bill does not provide such rationale. Thus, the "compelling government interest" must be expressed either through a companion bill or by means of regulation.

Third, 4 CMC § 54054 (a) and (c) were modified to prohibit the use, display, or exhibit or marijuana in the presence of persons under the age of 21, in public places, public property, schools, and other locations classified as marijuana free zones. These subsections no longer have exception for medical marijuana patients. On the contrary, 4 CMC § 53030 still affords an exception, wherein medical marijuana patients are allowed to engage in the use of marijuana in the presence of persons under the age of 21. To prevent enforcement challenges with these conflicting sections, the Legislature should clarify whether an exception exists for medical marijuana patients to use marijuana in the presence of persons under the age of 21.

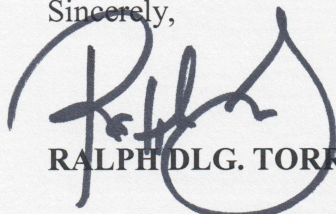
I express my gratitude to the Legislature for their due diligence in the passing of this bill and urge the Commission to keep public safety and health concerns at the forefront of its priorities in establishing its rules and regulations. These concerns include providing local law enforcement agencies with the ample time and resources needed for the proper training of enforcement officials with regard to the new regulatory system that will govern our Cannabis Industry. Moreover, a clear outline needs to be placed in the bill amendment entailing the Act's effects on public and private employment.

Lastly, I must also strongly advise the public to await for the promulgation of the Industry's impending regulations which will provide clear guidelines as to what is permitted through the

passage of this Act.

This bill becomes **Public Law No. 21-5**. Copies bearing my signature are forwarded for your reference.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ralph DLG. Torres', written over a circular stamp or mark.

RALPH DLG. TORRES

cc: Lt. Governor; Press Secretary; Attorney General's Office; Secretary of Finance; Office of Public Auditor; Special Assistant for Administration; Special Assistant for Programs and Legislative Review



Twenty-First Legislature
of the
Commonwealth of the Northern Mariana Islands
IN THE HOUSE OF REPRESENTATIVES

FIRST REGULAR SESSION

FEBRUARY 8, 2019

REPRESENTATIVE JOHN PAUL P. SABLAN of Saipan, Precinct 2 (*for himself*, Representatives Roman C. Benavente, Joseph A. Flores, Richard T. Lizama, and Ralph N. Yumul,) in an open and public meeting with an opportunity for the public to comment, introduced the following Bill:

H. B. NO. 21-13, HD1, SS1

AN ACT

TO AMEND PUBLIC LAW NO. 20-66 AND 4 CMC § 53001, ET SEQ., THE TAULAMWAAR SENSIBLE CNMI CANNABIS ACT OF 2018.

The Bill was referred to the House Committee on Cannabis, which submitted Standing Committee Report No. 21-8; adopted 5/8/19.

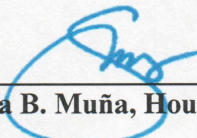
THE BILL WAS PASSED BY THE HOUSE OF REPRESENTATIVES ON FIRST AND FINAL READING, MAY 8, 2019
with amendments in the form of H. B. No. 21-13, HD1 and transmitted to the
THE SENATE.

The Bill was referred to the Senate Committee on Fiscal Affairs, which submitted Standing Committee Report No. 21-22; adopted 7/17/19.

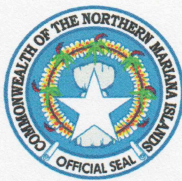
THE BILL WAS PASSED BY THE SENATE ON FIRST AND FINAL READING, JULY 17, 2019;
with amendments in the form of H. B. No. 21-13, HD1, SS1 *and was returned to*
THE HOUSE OF REPRESENTATIVES.

The House of Representatives accepted the Senate amendments and passed H. B. No. 21-13, HD1, SS1 during its First Day, Second Regular Session on August 2, 2019.

THE BILL WAS FINALLY PASSED ON AUGUST 2, 2019.



Linda B. Muña, House Clerk



Twenty-First Legislature
of the
Commonwealth of the Northern Mariana Islands
IN THE HOUSE OF REPRESENTATIVES

FIRST DAY, SECOND REGULAR SESSION

AUGUST 2, 2019

H. B. No. 21-13, HD1, SS1

AN ACT

**TO AMEND PUBLIC LAW NO. 20-66 AND 4 CMC § 53001, ET SEQ.,
THE TAULAMWAAR SENSIBLE CNMI CANNABIS ACT OF 2018.**

**BE IT ENACTED BY THE TWENTY-FIRST NORTHERN MARIANAS
COMMONWEALTH LEGISLATURE:**

1 **Section 1. Findings.** The Legislature finds that Taulamwaar Sensible CNMI Cannabis
2 Act of 2018 became law on September 21, 2018. The Governor, in his transmittal letter to the
3 Legislature, recommended changes to some provisions of the Act (House Governor's
4 Communication 20-235). The Attorney General also recommended changes to the Act. The
5 proposed amendments have been reviewed by the Governor's Office and the appointees to the
6 Cannabis Commission.

7 **Section 2. Amendments.** 4 CMC § 53001, et seq., the Taulamwaar Sensible CNMI
8 Cannabis Act of 2018 is hereby amended as follows:

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1 **A. 4 CMC §53007 is hereby amended by amending subsection (b)(4) and (i);**
2 **inserting a new subsection (c)(6); and repealing and reenacting subsections (g) and (j) to**
3 **read as follows:**

4 “(b) Appointment of Commissioners and Term. The Commission shall consist
5 of five commissioners.

6 (4) Each member shall serve a term of four years, except that of the
7 members first appointed, two members shall serve a term of two years, and three
8 members shall serve a term of four years, which shall be determined by lottery
9 at the first meeting of the Commission. No member shall serve more than two
10 terms.

11 (c) Qualifications of Commissioners.

12 (6) No person shall be appointed who is an employee of the
13 Commonwealth Government.

14 (g) Compensation. The Commission shall be a working Commission and the
15 members of the Commission shall each be compensated at the rate of \$55,000 per
16 annum; provided that each Commissioner must attend all scheduled meetings unless
17 excused by the Chairperson of the Commission; provided further that if a
18 Commissioner fails to attend three scheduled meetings without excuse, his or her salary
19 shall be reduced and prorated accordingly. All travel will be subject to 1 CMC § 7407.

20 (i) Quorum. The minimum number of members needed to constitute a quorum
21 for the conduct of Commission business shall be three members; provided at least one
22 member of the Senatorial District of Tinian or Rota is counted in the quorum. The

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1 Commission is encouraged to adopt rules and regulations to provide for the appearance
2 at meetings telephonically or via videoconference by members who are physically in
3 the CNMI but not physically present at the meeting. A member who appears
4 telephonically or via videoconference pursuant to Commission rule or regulation shall
5 be deemed present to constitute a quorum and attend the scheduled meeting.

6 (j) The members of the Commission shall be subject to 1 CMC § 8392
7 (reemployment and double dipping) and 1 CMC §§ 8441 and 8442 (reemployment and
8 salary waiver).”

9 **B. 4 CMC §53008 is hereby amended by amending (b)(9) to read as follows; and**
10 **to delete subsection (f) in its entirety and renumber all subsections accordingly:**

11 “(b) (9) To ensure that the relationship of the licensed marijuana and hemp
12 business and individuals or entities authorized for personal or medicinal use of
13 marijuana with the government and the public is in compliance with the Commission’s
14 regulations and provides the highest interest to the Commonwealth.

15 **C. 4 CMC § 53009 is amended to read:**

16 “§ 53009. Managing Director.

17 (a) The Commission shall hire a Managing Director who will be responsible for
18 the overall administration of the Commission and the supervision of the marijuana and
19 hemp licensee and others pursuant to this chapter.

20 (b) Qualification of the Managing Director. The Managing Director shall
21 possess the following minimum qualification:

22 (1) A bachelor's degree from a United States accredited educational

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institution; and

(2) Five years' work experience - professional, administrative or management in government or private sectors; and

(3) Good ethical and moral character; and

(4) The Commission shall not hire any person for the Managing Director's position who has been convicted of a crime in any jurisdiction of the United States, or any foreign country carrying a minimum sentence of imprisonment of more than six months, excepting traffic offenses.

(5) The Managing Director shall not have any interest, directly or indirectly, in any business under the jurisdiction of the Commission.

(c) The Managing Director shall be the head of the administration of the Commission, and subject to the general oversight and direction of the Commission, shall organize the work of the Commission in a manner that will ensure its efficient and effective operation and, subject to the budgetary authority, the Managing Director may hire and terminate such staff necessary to carry out the purpose of the Commission. Such staff shall be exempt from the civil service. The Managing Director shall obtain such equipment, rent or build such additional office space, and generally make such regular office expenditure and acquisitions as necessary to establish and maintain a working office suitable for the Commission to effectively function pursuant to this chapter.

(d) The Managing Director shall have such other duties as may be assigned or delegated by the Commission.

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1 (e) The Managing Director serves at the pleasure of the Commission.

2 (f) The Managing Director's annual salary shall be determined by the
3 Commission, subject to availability of funds, but in no event shall it exceed \$70,000
4 per year. The director's salary shall be commensurate with his or her educational
5 background and work experience. All travel will be subject to 1 CMC §7407.

6 (g) The Commission shall hire a Managing Director within sixty (60) days after
7 the Commission's organizational meeting."

8 **D. 4 CMC §53012 (c) and (e) are amended to read:**

9 "(c) The Commission shall provide renewable annual homegrown marijuana
10 registry cards to qualified persons and shall assess an annual registration fee of \$75 per
11 person.

12 (e) The Commission shall not prohibit nor deny persons aged 21 or older from
13 obtaining a homegrown marijuana registry card. Notwithstanding any law or regulation
14 to the contrary, the Commission shall immediately implement a homegrown marijuana
15 registry system upon the effective date of this Act. The absence of homegrown
16 marijuana registry system regulations should not prohibit any person 21 years of age or
17 older from the cultivation of homegrown marijuana, as long as the marijuana is
18 cultivated in accordance with the guidelines defined in this chapter and the person
19 obtains a homegrown marijuana registry card when made available by the
20 Commission."

21 **E. 4 CMC § 53014 (d) and (e) of the Commonwealth Code are deleted.**

22 **F. 4 CMC § 53017 is amended to read:**

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1 “§ 53017. Purchaser's Qualifications.

2 (a) No licensee or licensee representative may sell or deliver any marijuana
3 items to any person under 21 years of age.

4 (b) The prohibitions of this section do not apply to a person between the age of
5 18 to 21 years of age who has a valid recommendation for marijuana issued by a doctor
6 licensed in the Northern Mariana Islands, or by a country of origin for the non-CNMI
7 resident patient.”

8 **G. 4 CMC § 53021(e) is amended to read:**

9 “(e) The Commission shall not issue licenses to applicants without proof of
10 continued CNMI residency for 5 years immediately prior to the date of license
11 application. Disruption of continued residency shall not be applicable to residents who
12 left the CNMI and are abroad for military service or academic post-secondary education
13 or other technical and agricultural trades enhancement or training.”

14 **H. 4 CMC § 53036 is hereby amended by amending (d), (e), (f), and (g) to read:**

15 “(d) The Commission shall assess annual nonrefundable license fees and annual
16 nonrefundable fees for processing a new or renewal application for each license as set
17 forth below:

License	Application Fee	License Fee
Section 122. Production License.		
Class 1-Less than 750 square feet under cultivation	\$500	\$1,000
Class 2-750 to 2,999 square feet under cultivation	\$750	\$3,700
Class 3-3,000 to 5,000 square feet under cultivation	\$1,000	\$6,500

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Section 123. Processor License.	\$1,000	\$4,500
Section 124. Wholesale License.	\$250	\$2,000
Section 125. Retail License.	\$1,000	\$6,000
Section 126. Marijuana Lounge License.		
Class 1	\$1,500	\$5,000
Class 2	\$1,500	\$3,500
Section 127. Marijuana Testing Facility License.	\$1,500	\$4,500
Section 128. Transfer of Ownership	\$500	

1 (e) The Commission may review the application fees and license fees and
2 determine if any changes in the fees are needed. If the Commission finds that changes
3 in the fees are needed, the Commission may by regulation increase by any percentage
4 any of the license fees or application fees; provided that the Commission shall not
5 reduce the fees by more than twenty-five percent (25%).

6 (f) The annual license fee for a micro production license shall not exceed \$500
7 with an application fee of \$250. The license fee is nonrefundable and shall be paid by
8 each applicant upon the granting or committing of a license.

9 (g) All license fees and application fees shall be placed in an account separate
10 from the general fund to pay the expenses necessary for the operation on the
11 Commission subject to appropriation by the legislature. The Chairman of the
12 Commission or his/her designee shall be the expenditure authority.”

13 **I. 4 CMC § 53049(i) is amended to read:**

14 “(i) The prohibitions of this section do not apply to a person between the age
15 of 18 to 21 years of age who has a valid recommendation for marijuana issued by a

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1 doctor licensed in the Northern Mariana Islands, or by a country of origin for the non-
2 CNMI resident patient.”

3 **J. 4 CMC § 53054 (a) and (c) is amended to read:**

4 “(a) It is unlawful for any person to engage in the use, display, or exhibit of
5 marijuana items in a public place or public property or in the presence of a person
6 under 21 years of age.

7 (c) Marijuana Free Zones. It is unlawful for any person to engage in the use of
8 marijuana or to possess marijuana in any of the following locations:”

9 [the remainder of §53054(c) is unchanged]

10 **K. 4 CMC § 53072 is repealed in its entirety.**

11 **L. Title 4, Division 5, Chapter 21 of the Commonwealth Code is amended by**
12 **adding a new section to read:**

13 “§ xxx. Business by Commission Prohibited.

14 No member, officer, employee, or agent of the Commission shall knowingly be
15 an employee of, or have any business or financial association with or interest in any
16 marijuana licensee under this chapter or any business reasonably related to such
17 license.”

18 **Section 3. Repeal and Reenactment.** 4 CMC §1402(a)(21) and (22) are repealed and
19 reenacted as follows:

20 “(21) Cannabis and marijuana as defined in the CNMI Cannabis Act of 2018,
21 including cannabis and marijuana manufactured, grown or entirely derived from
22 sources within the Commonwealth 15 percent ad valorem.

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1 (22) All other goods, commodities, resources, or merchandise not otherwise
2 provided by law, five percent ad valorem.”

3 **Section 4. Amendment.** Title 4, Division 1, Chapter 3 of the Commonwealth Code is
4 amended by adding the following new section:

5 “Section 1310. Tax on Marijuana Retailer.

6 In addition to the tax imposed by 4 CMC §1301(a) a yearly surtax is imposed
7 on total gross revenue of Marijuana Retailers, as defined in the Taulamwaar Sensible
8 CNMI Cannabis Act of 2018, in the amount of fifteen percent, except gross revenue
9 attributable to the sale of medical marijuana shall be taxed in the amount of 7.5
10 percent.”

11 **Section 5. Amendment.** Title 4, Division 1 of the Commonwealth Code, is amended
12 by adding the following new section subject to codification by the Commonwealth Law
13 Revision Commission:

14 “§ 101. Disposition of Taxes.

15 (a) The Secretary of Finance shall establish a special Cannabis Tax Account
16 (CTA) separate from the general funds. The funds in the CTA Account shall not lapse
17 and shall not be subject to fiscal year limitation. The taxes collected pursuant to 4 CMC
18 §1402(a)(21), 4 CMC §1310, and any other gross revenue tax imposed under Title 4,
19 Division 1, Chapter 3, generated from a licensee of the Cannabis Commission shall be
20 deposited in the special CTA, for appropriation by the Legislature; twenty-five percent
21 of the appropriation provided under this subsection shall go to the Public School
22 System.

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1 (b) Within 30 days after each quarter, the Secretary of Finance shall report to
2 the presiding officers of the legislature describing the total funds in the CTA.”

3 **Section 6. Amendment.** Section 1103(j) of Title 4 of the Commonwealth Code is
4 hereby amended by the addition of a new subsection (j)(5) as follows:


5 “(5) Any entity licensed by the CNMI Cannabis Commission shall not deduct
6 from gross revenue an unpaid balance on any credit instrument extended for marijuana
7 or marijuana products.”


8 **Section 7. Severability.** If any provisions of this Act or the application of any such
9 provision to any person or circumstance should be held invalid by a court of competent
10 jurisdiction, the remainder of this Act or the application of its provisions to persons or
11 circumstances other than those to which it is held invalid shall not be affected thereby.

12 **Section 8. Savings Clause.** This Act and any repealer contained herein shall not be
13 construed as affecting any existing right acquired under contract or acquired under statutes
14 repealed or under any rule, regulation, or order adopted under the statutes. Repealers contained
15 in this Act shall not affect any proceeding instituted under or pursuant to prior law. The
16 enactment of the Act shall not have the effect of terminating, or in any way modifying, any
17 liability, civil or criminal, which shall already be in existence on the date this Act becomes
18 effective.

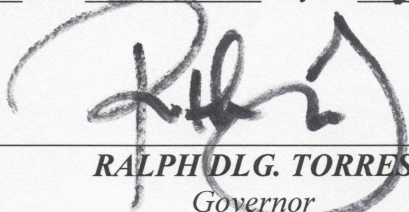
HOUSE BILL 21-13, HD1, SS1

1 **Section 9. Effective Date.** This Act shall take effect upon its approval by the
2 Governor, or its becoming law without such approval.

Attested to by: 
Linda B. Muña, House Clerk

Certified by: 
SPEAKER BLAS JONATHAN "BJ" T. ATTAO
House of Representatives
21st Northern Marianas Commonwealth Legislature

Approved this 21st day of August, 2019


RALPH DLG. TORRES
Governor
Commonwealth of the Northern Mariana Islands