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BENJAMIN CRUZ <speaker@senatorbjcruz.com>

# Governor's Proposed Legislation: the Cannabis Control Act

1 message

**Flora W. Fagan** <flora.weilbacher@guam.gov> Tue, Jan 10, 2017 at 4:09 PM
To: speaker@senatorbjcruz.com

Hafa Adai, Speaker:

Please find attached subject document. Hardcopy forthcoming.

Thank you.

2017 JAN 10 PM 4:46

Speaker Benjamin J.F. Cruz

JAN 10 2017

Time: 4:09 [ ] AM [ ] PM File No.

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**Proposed Legislation Cannabis Control Act 1.10.2017.pdf**
1345K

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EDDIE BAZA CALVO
*Governor*

RAY TENORIO
*Lieutenant Governor*

*Office of the Governor of Guam*

January 10, 2017

Honorable Benjamin J.F. Cruz
Speaker
34th Guam Legislature
Guam Congress Building
Hagatna, Guam 96932

Dear Mr. Speaker,

Attached herewith is legislation I am introducing to legalize, control, and tax the sale of cannabis on Guam: the Cannabis Control Act.

I am introducing this bill, not because I personally support the recreational use of marijuana, but as a solution to the regulatory labyrinth that sprouted from the voter-mandated medical marijuana program. The program was well intended, seeking to provide for patients rather than leaving them in the dark or to the risks of the black market. While eliminating the black market is advantageous, the regulatory nightmare that became the medicinal program would have replaced it with a gray market rife with corruption and cronyism.

The solution to this problem is to simplify this matter. The attached bill will decriminalize the production, sale, distribution, and consumption of cannabis, control the industry, and tax its sale.

If passed in its current form, this bill will not affect any of the provisions of the medical marijuana law. Patients with the proper credentials will be able to purchase cannabis products according to the rules and regulations of that program. The sin tax and age limit we propose for non-medicinal cannabis use will not apply to the medicinal program.

The recreational program we propose mirrors the age of alcohol purchase, handling, and consumption at 21. We chose this age to be consistent with existing statute on the age the Legislature believes adults have the wherewithal to decide for themselves whether to consume mind-altering substances.

We also include a home cultivation provision, understanding that adults 21 years or older may decide to grow, harvest and consume cannabis for themselves in the privacy of their homes. They may do this without fear of arrest or the burden of taxation so long as they are not selling their harvest without the business license required by law. If a person is suspected and is reported for unlawfully selling cannabis without a business license, criminal penalties will apply if authorities find more than six cannabis plants in the home, among other restrictions.

We propose a sin tax of 15 percent on the purchase of cannabis. The revenue will be pledged first to paying for the medicinal and recreational programs (to include public education campaigns encouraging healthy lifestyles), followed by the first $40 million collected annually to the operation of Guam Memorial Hospital.

The bill contains several other provisions, which were inspired by Colorado's program, then heavily vetted and changed by my legal counsel appropriate to Guam's needs. We leave much of the rule-making authority to a Cannabis Control Board, which the governor will appoint and the Legislature will confirm.

We can make this work.

Sincerely,



EDDIE BAZA CALVO

*I MINA'TRENTAI QUATRO NA LIHESLATURAN GUÅHAN*
**2017 (FIRST) Regular Session**

**Bill No. _____-34**

Introduced by:

_____
By request of *I Maga'Låhen Guåhan*, the Governor of Guam, in accordance with the Organic Act of Guam.

**AN ACT TO ADD A NEW CHAPTER 8 TO TITLE 11 GUAM CODE ANNOTATED KNOWN AS *"THE CANNABIS CONTROL ACT"* RELATIVE TO REGULATING THE USE, PRODUCTION, SALE, AND TAXATION OF CANNABIS, AND THE DECLASSIFICATION OF MARIJUANA AS A SCHEDULE I CONTROLLED SUBSTANCE UNDER THE GUAM UNIFORM CONTROLLED SUBSTANCES ACT.**

**BE IT ENACTED BY THE PEOPLE OF GUAM:**

**Section 1. Legislative Intent.** *I Liheslaturan Guåhan* finds that in the interest of promoting the efficient use of law enforcement resources, enhancing revenue for public purposes, and enhancing individual freedom, the use of cannabis should be legal for persons twenty-one years of age or older and the production and sale of cannabis should be regulated for public health, welfare, safety, and taxation purposes. In the interest of the health and public safety of our

citizenry, *I Liheslaturan Guåhan* further finds and declares that the use, sale, and production of cannabis should be regulated so that:

(a) Individuals will have to show proof of age before purchasing cannabis ;

(b) Selling, distributing, or transferring marijuana to individuals under the age of twenty-one remains illegal, except that nothing in this Act is intended to, or shall be construed as, prohibiting or restricting the possession or medical use of cannabis by qualified patients as permitted by Guam law; Driving under the influence of cannabis remains illegal;

(c) Legitimate, taxpaying business people, and not criminal actors, will conduct sales of cannabis ;

(d) Cannabis produced and sold by regulated business will be packaged, labeled, and tracked subject to additional regulations to prevent access by individuals under the age of twenty-one; to ensure that consumers are informed and protected; and so that cannabis is not diverted outside of Guam to states or jurisdictions where it is illegal.

**Section 2.** This Chapter shall be known and may be cited as *The Cannabis Control Act.*

**Section 3. Definitions**. For purposes of this Chapter, the following words and phrases have been defined to mean:

(a) *"Board"* means the Cannabis Control Board established by this Act.

(b) *"Cannabis"* means all parts of the plant of the genus cannabis, whether growing or not, the seeds thereof, the resin extracted from any part of the plant, and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or its resin, including cannabis or marijuana concentrate. *"Cannabis"* does not include the mature stalks of the plant, fiber produced from the stalks, oil, or cake made from the seeds of the plant, sterilized seed of the plant which is incapable of germination, or the weight of any other ingredient combined with marijuana to prepare topical or oral administrations, food, drink, or other products.

(c) *"Cannabis accessories"* means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, composting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, vaporizing, or containing marijuana, or for ingesting, inhaling, or otherwise introducing marijuana into the human body.

(d) *"Cannabis concentrate"* means any cannabis product or subset of cannabis produced by extracting cannabinoids from cannabis.

(e) *"Cannabis cultivation facility"* means an entity licensed to cultivate, prepare, and package cannabis and sell cannabis to retail cannabis stores, to

cannabis product manufacturing facilities, and to other cannabis cultivation facilities, but not to consumers.

(f) *"Cannabis establishment"* means a cannabis cultivation facility, cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store.

(g) *"Cannabis flower*," or *"flower,"* means the inflorescence(s) of the mature pistillate (female) cannabis plant.

(h) *"Cannabis-infused product"* means any product that is comprised of cannabis concentrate or cannabis plant material and other ingredients and is intended for use or consumption other than by smoking or vaporizing, including ingestible cannabis-infused products, topical cannabis-infused products, transdermal cannabis-infused products, and transmucosal cannabis-infused products.

(i) *"Cannabis product"* means a finished product intended for human consumption or use that is comprised partially or completely of cannabis. This term is used generally to refer to one or more of the following: cannabis flower, cannabis concentrates, and cannabis-infused products.

(j) *"Cannabis product category"* means a defined group of cannabis products that are in the same form. Cannabis flower, cannabis concentrates, and cannabis-infused products are all cannabis product categories, though the latter

category may be further broken down into sub-categories such as ingestible cannabis-infused products and non-ingestible cannabis-infused products.

(k) *"Cannabis product manufacturing facility"* means an entity licensed to purchase cannabis; manufacture, prepare, and package cannabis products; and sell cannabis and cannabis products to other cannabis product manufacturing facilities and to retail cannabis stores, but not to consumers. Nothing herein shall be construed to prohibit a cannabis product manufacturing facility from purchasing cannabis or cannabis products from other cannabis product manufacturing facilities.

(l) *"Cannabis testing facility"* means an entity licensed to analyze and certify the safety and potency of cannabis. Only a licensed cannabis testing facility may collect and transport cannabis or cannabis samples to and from a cannabis testing facility.

(m) *"Consumer"* means a person twenty-one years of age or older who purchases cannabis or marijuana products for personal use only, but not for resale to others.

(n) *"Consumption"* means the act of ingesting, inhaling, or otherwise introducing cannabis or marijuana into the human body, including through the use of topicals, ointments, or tinctures.

(o) *"Department"* means the Guam Department of Revenue and

Taxation.

(p) *Ingestible cannabis-infused product,"* or *"ingestible,"* means a product that contains cannabis and at least one other ingredient, is intended for use or consumption other than by inhalation, is intended to be taken into the body, and is one of the following:

1. An "*edible cannabis-infused product,"* or *"edible,"* which is an ingestible cannabis-infused product that is intended to be taken by mouth, swallowed, and is primarily absorbed through the gastrointestinal tract. Edible cannabis-infused products may be psychoactive when used as intended. Without limitation, edible cannabis-infused products may be in the form of a food, beverage, capsule, or tablet; or

2. A "*transmucosal cannabis-infused product*," or "transmucosal," which is an ingestible cannabis-infused product that is intended to be placed in a body cavity and absorbed through the mucosal lining of that cavity, and may be psychoactive when used as intended. Transmucosal cannabis-infused products include but are not limited to cannabis-infused tinctures, anal suppositories, lozenges, and nasal sprays.

(q) *Marijuana"* means *"cannabis"* as defined in subsection (b) above. For purposes of this Act, the terms "marijuana" and "cannabis" shall carry the same meaning and shall be used interchangeably.

(r) *"Non-ingestible cannabis-infused product,"* or *"non-ingestible,"* means a product that contains cannabis and at least one other ingredient, is intended for use or consumption other than by inhalation, is intended for external use only, and is one of the following:

1. A "*topical cannabis-infused product*," or *"topical,"* which is a non-ingestible cannabis-infused product that produces a non-psychoactive effect when used as intended. Topical cannabis-infused products include but are not limited to cannabis-infused creams, salves, bath soaks, and lotions; or

2. A "*transdermal cannabis-infused product*," or *"transdermal,"* which is a non-ingestible cannabis-infused product that contains at least one skin-permeation-enhancing ingredient to facilitate absorption through the skin into the bloodstream, and may be psychoactive when used as intended. Transdermal cannabis-infused products include but are not limited to cannabis-infused adhesive patches that are applied to the skin surface.

(s) *"Retail cannabis store"* means an entity licensed to purchase cannabis and to sell cannabis and cannabis products to consumers. Nothing herein shall be construed to prohibit a licensed retail cannabis store to purchase, sell, or transfer cannabis and cannabis products to another licensed retail cannabis store.

(t) *"Unreasonably impracticable"* means that the measures necessary to comply with this part require such a high investment of risk, money, time, or any other resource or asset that the operation of a cannabis establishment is not worthy of being carried out in practice by a reasonably prudent businessperson.

**Section 4. Personal use of cannabis.** Notwithstanding any other provision of law, except as provided in this chapter, the following acts, by persons twenty-one years of age or older, are lawful and shall not be a criminal or civil offense under Guam law or be a basis for seizure or forfeiture of assets under Guam law.

(a) Possessing, using, displaying, purchasing, or transporting cannabis accessories, or one ounce or less of cannabis, or eight grams or less of cannabis concentrate, or any cannabis-infused products containing 800 mg or less of tetrahydrocannabinol;

(b) Possessing, growing, processing, or transporting no more than six (6) cannabis plants, with three or fewer being mature, flowering plants, and possession of the cannabis produced by the plants on the premises where the plants were grown, provided that the growing takes place in an enclosed, locked place, is not conducted openly or publicly, and is not made available for sale.

(c) Transferring one ounce or less of cannabis and immature cannabis plants, or eight grams or less of cannabis concentrate, or any cannabis-infused

products containing 800 mg or less of tetrahydrocannabinol to a person who is twenty-one years of age or older without remuneration;

(d) Consumption of cannabis, except that absent regulations otherwise promulgated by the Cannabis Control Board, nothing in this Chapter shall permit the consumption of marijuana in public; and

(e) Assisting another person who is twenty-one years of age or older in any of the acts described in paragraphs (a) through (d) of this section if such assistance is provided for a non-commercial purpose.

**Section 5. Restrictions on personal cultivation, penalty.** The personal cultivation of cannabis described in Section 4(b) of this Chapter is subject to the following terms:

(a) Cannabis cultivation for personal use may only occur inside a private residence, inside an accessory structure to a private residence located upon the grounds of a private residence, or within an enclosed locked outdoor space on the grounds of a private residence, provided that: (1) cultivation takes place within a closet, room, greenhouse, or other enclosed area that is equipped with a lock or other security device that allows access only to persons authorized to access the area; and (2) no more than six (6) plants in total are possessed, cultivated, or processed at a single residence, or upon the grounds of that residence, at one time;

(b) Cannabis cultivation for personal use may only occur on property lawfully possessed by the cultivator or with the consent of the person in lawful possession of the property;

(c) Cannabis plants shall be cultivated in a location where the plants are not subject to public view without the use of binoculars, aircraft, or other optical aids;

(d) A person who cultivates cannabis shall take reasonable precautions to ensure the plants are secure from unauthorized access; and

(e) The Board may enact and enforce reasonable regulations for the personal cultivation of cannabis but may not completely prohibit persons from engaging in personal cultivation inside a private residence or inside an accessory structure to a private residence located upon the grounds of a private residence that is fully enclosed and secure.

(f) A person who violates this section while otherwise acting in compliance with Section 4(b) of this Chapter is guilty of a violation punishable by a fine of up to $500.

**Section 6. Public consumption banned, penalty**. It is unlawful to consume cannabis openly and in public, unless otherwise permitted by regulations duly promulgated and enacted by the Cannabis Control Board. A person who violates this section is guilty of a fine of up to $100.

**Section 7. False Identification, penalty.**

(a) A person who is under twenty-one years of age may not present or offer to a licensed cannabis establishment or the cannabis establishment's agent or employee any written or oral evidence of age that is false, fraudulent, or not actually the person's own, for the purpose of:

(1) Purchasing, attempting to purchase, or otherwise procuring or attempting to procure cannabis or cannabis products; or

(2) Gaining access or attempting to gain access to a cannabis establishment.

(3) A person who violates this Section is guilty of a violation punishable by a fine of up to $500.

(b) A licensee, his agent or employee shall not sell, give, nor permit to be sold, given or served any cannabis or cannabis products to any person under twenty-one years of age. For the purpose of preventing any violation of this Section, any licensee, or his agent or employee, may refuse to sell or serve cannabis or cannabis products to any person who is unable to produce adequate written evidence that he or she has reached the age of twenty-one (21) years. In any criminal prosecution or proceeding for the suspension or revocation of any license and based upon a violation of this Section, proof that the defendant licensee, or his agent or employee, demanded and was shown, before furnishing

any alcoholic beverage to a minor, an identification card or other bona fide documentary evidence of majority of such person shall be a defense to such prosecution or proceeding for the suspension or revocation of any license, unless it is demonstrated that a reasonable person would have determined that the identification exhibited was altered or did not accurately describe the person to whom the cannabis or cannabis products were sold or served. Every person who violates this Section shall be guilty of a petty misdemeanor.

**Section 8. Cannabis accessories authorized.** Notwithstanding any other provision of law, it is lawful and shall not be an offense under Guam law or be a basis for seizure or forfeiture of assets for persons twenty-one years of age or older to manufacture, possess, or purchase cannabis accessories, or to distribute or sell cannabis accessories to a person who is twenty-one years of age or older.

**Section 9. Lawful operation of cannabis-related facilities.** Notwithstanding any other provision of law the following acts, when performed by a retail cannabis store with a current, valid registration, or a person twenty-one years of age or older who is acting in his or her capacity as an owner, employee, or agent of a retail cannabis store, are lawful and shall not be an offense under Guam law or be a basis for seizure or forfeiture of assets under Guam law:

(a) Possessing, displaying, storing, or transporting cannabis, cannabis products, or cannabis accessories, except that such items may not be displayed in

a manner that is visible to the general public from a public right-of-way;

(1) Delivering or transferring cannabis or cannabis products to a cannabis testing facility;

(2) Receiving cannabis or cannabis products from a cannabis cultivation facility or cannabis product manufacturing facility;

(3) Purchasing cannabis from a cannabis cultivation facility;

(4) Purchasing cannabis or cannabis products from a cannabis product manufacturing facility; and

(5) Delivering, distributing, or selling cannabis, cannabis products, or cannabis accessories to consumers.

(b) Notwithstanding any other provision of law, the following acts, when performed by a cannabis cultivation facility with a current, valid registration, or a person twenty-one years of age or older who is acting in his or her capacity as an owner, employee, or agent of a cannabis cultivation facility, are lawful and shall not be an offense under Guam law or be a basis for seizure or forfeiture of assets under Guam law:

(1) Cultivating, harvesting, processing, packaging, transporting, displaying, storing, or possessing cannabis;

(2) Delivering or transferring cannabis to a cannabis testing facility;

(3) Delivering, distributing, or selling cannabis to a cannabis cultivation

facility, a cannabis product manufacturing facility, or a retail cannabis store;

(4) Receiving or purchasing cannabis from a cannabis cultivation facility;

(5) Receiving cannabis seeds or immature cannabis plants from a person twenty-one years of age or older.

(c) Notwithstanding any other provision of law, the following acts, when performed by cannabis product manufacturing facility with a current, valid registration, or a person twenty-one years of age or older who is acting in his or her capacity as an owner, employee, or agent of a cannabis product manufacturing facility, are lawful and shall not be an offense under Guam law or be a basis for seizure or forfeiture of assets under Guam law:

(1) Packaging, processing, transporting, manufacturing, displaying, or possessing cannabis or cannabis products;

(2) Delivering or transferring cannabis or cannabis products to a cannabis testing facility;

(3) Delivering or selling cannabis or cannabis products to a person or establishment authorized to possess, use, display, purchase, or transport cannabis or cannabis products.

(d) Notwithstanding any other provision of law, the following acts, when performed by a cannabis testing facility with a current, valid registration, or a person twenty-one years of age or older who is acting in his or her capacity as an

owner, employee or agent of a cannabis testing facility, are lawful and shall not be an offense under Guam law or be a basis for seizure or forfeiture of assets under Guam law:

(1) Possessing, cultivating, processing, repackaging, storing, transporting, displaying, transferring or delivering cannabis.

(e) Notwithstanding any other provision of law, it is lawful and shall not be an offense under Guam law or be a basis for seizure or forfeiture of assets under Guam law to lease or otherwise allow the use of property owned, occupied, or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (d) of this section.

(f) Nothing in this Section prevents the imposition of penalties upon cannabis establishments for violating this Chapter or rules adopted by the Board created by Section 10 of this Chapter.

(g) The provisions of Section 4 of this Chapter do not apply to cannabis establishments.

**Section 10. Cannabis Control Board.** (a) There is within the government of Guam the Cannabis Control Board, which shall be composed of five members. Four members shall be appointed by the Governor with the advice and consent of the Guam Legislature. The fifth member shall be the Director of Revenue and Taxation or his designee, who shall serve as the chairperson. Of the members

appointed by the Governor, one shall be from the discipline of agriculture or farming, the second shall be from the discipline of health or medicine, and the third and fourth members shall be from the public at large. Of the members first appointed, two members shall be appointed for an initial term of two (2) years each, and the remaining two members shall be appointed for an initial term of one (1) year each. Thereafter, every appointment shall be for a term of three (3) years, commencing from the date of the expiration of the last preceding term.

(b) Three members of the Board shall constitute a quorum for the conduct of business. A vote of a majority of the members of the Board shall be required for any action of the Board. In accordance with the Guam Administrative Adjudication Law, the Board shall adopt rules and regulations as necessary to carry out and enforce its powers, duties, and authorities under this Act.

**Section 11. Rulemaking.**

(a) Not later than one year after the effective date of this Act, the Board shall prescribe forms and adopt such rules and regulations necessary for implementation of this chapter. Such regulations shall not prohibit the operation of cannabis establishments, either expressly or through regulations that make their operation unreasonably impracticable. Such regulations shall include:

(1) Procedures and grounds for the issuance, renewal, suspension, denial and revocation of a registration to operate a cannabis establishment;

(2) A schedule of application, registration and renewal fees, provided, application fees shall not exceed $5,000, with this upper limit adjusted annually for inflation, unless the Board determines a greater fee is necessary to carry out its responsibilities under this Chapter;

(3) Qualifications for registration that are directly and demonstrably related to the operation of a cannabis establishment or security requirements for cannabis establishments, including for the transportation and storage of cannabis by cannabis establishments;

(4) Requirements to prevent the sale or diversion of cannabis and cannabis products to persons under the age of twenty-one;

(5) Labeling and packaging requirements for cannabis and cannabis products sold or distributed by a cannabis establishment;

(6) Health and safety regulations and standards for the manufacture of cannabis products and the cultivation of cannabis;

(7) Reasonable restrictions on the advertising and display of cannabis and cannabis products;

(8) Reasonable restrictions on the quantity of cannabis and cannabis products purchased at any one time by a consumer so as to effectually prevent the resale of cannabis items;

(9) Implementation of a "seed to sale" tracking system;

(10) Civil penalties for the failure to comply with regulations made pursuant to this Chapter; and

(11) Any other rules the Board considers necessary for the administration of the Cannabis Control Act and implementation and enforcement of this Chapter.

(b) In order to ensure that individual privacy is protected, the Board shall not require a consumer to provide a retail cannabis store with personal information other than government-issued identification to determine the consumer's age, and a retail cannabis store shall not be required to acquire and record personal information about consumers.

**Section 12. Cannabis establishment registrations.**

(a) Each application or renewal application for a registration to operate a cannabis establishment shall be submitted to the Board. A renewal application may be submitted up to ninety days prior to the expiration of the cannabis establishment's registration.

(b) The Board shall begin accepting and processing applications to operate cannabis establishments no later than 90 days after the regulations prescribed in Section 11 of this Act become effective. Upon receipt of a license application, the Board shall not unreasonably delay the processing, approval, or rejection of the application, or if the application is approved, the issuance of the

license.

(c) Within 60 days after receiving an application or 30 days after receiving a renewal application, the Board shall issue an annual registration to the applicant unless the Board finds the applicant is not in compliance with regulations enacted pursuant to Section 11 of this Act.

(d) Upon denial of an application, the Board shall notify the applicant in writing of the specific reason for its denial and of the applicant's right to seek administrative and judicial review as provided for under the Guam Administrative Adjudication Law.

(e) Every cannabis establishment registration shall specify the location where the cannabis establishment will operate which location shall have defined boundaries. A separate registration shall be required for each location at which a cannabis establishment operates. The Board may require reasonable restrictions for the operation of a licensed cannabis establishment.

(f) Cannabis establishments and the books and records maintained and created by cannabis establishments are subject to inspection by the Board with reasonable notice to the owner or agent of the business.

**Section 13. Employers, driving, minors, and control of property.**

(a) Nothing in this Chapter shall be construed or interpreted to amend, repeal, affect, restrict, or preempt the rights and obligations of public and private

employers to maintain a drug and alcohol free workplace or require an employer to permit or accommodate the use, consumption, possession, transfer, display, transportation, sale, or growth of cannabis in the workplace, or affect the ability of employers to have policies prohibiting the use of marijuana by employees and prospective employees, or prevent employers from complying with Guam, state, or federal law.

(b) Nothing in this Chapter is intended to require an employer to permit or accommodate the use, consumption, possession, transfer, display, transportation, sale or growing of cannabis in the workplace or to affect the ability of employers to enact and enforce workplace policies restricting the use or consumption of cannabis by employees.

(c) Nothing in this Chapter is intended to impair, restrict, or diminish the ability of a government agency to prohibit or restrict any of the actions or conduct otherwise permitted under this Chapter within a building owned, leased, or occupied by the government agency.

(d) Nothing in this Chapter is intended to allow driving under the influence of cannabis or to supersede laws related to driving under the influence of cannabis.

(e) Nothing in this Chapter is intended to permit the transfer of cannabis, with or without remuneration, to a person under the age of twenty-one.

(f) Nothing in this Chapter shall prohibit a person, employer, school, hospital, recreation or youth center, correction facility, corporation or any other entity who occupies, owns or controls private property from prohibiting or otherwise regulating the possession, consumption, use, display, transfer, distribution, sale, transportation, or growing of cannabis on or in that property.

**Section 14. Excise Tax on Cannabis.**

(a) A local Guam excise tax is imposed on the sale or transfer of cannabis at the rate of fifteen percent (15%).

(b) The Department of Revenue and Taxation shall establish procedures for the collection of all excise taxes levied. Provided, that after deducting the cost of establishing the Cannabis Control Board, the program established by the "*Joaquin (KC) Concepcion II Compassionate Cannabis Use Act of 2013*" as amended, and any necessary procedures, rules, regulations, or studies, the first forty million dollars ($40 million) in revenue raised annually from any such excise tax shall be credited to the Guam Memorial Hospital Authority. Provided further, no such excise tax shall be levied upon cannabis intended for sale at medical cannabis centers.

(c) The Board may exempt certain parts of the cannabis plant from the excise tax described in subsection (a), or may establish an alternate rate or tax structure in accordance with the rules and regulations promulgated in accordance

with this Act.

**Section 15. Monthly Statements and Payments.**

(a) Each cannabis cultivation facility shall send a statement by mail or electronically to the Department on or before the last day of each calendar month. The statement must contain an account of the amount of cannabis sold or transferred to retail cannabis stores and cannabis product manufacturing facilities in Guam during the preceding month, setting out:

(1) The total number of ounces, including fractional ounces sold or transferred;

(2) The names and addresses of each buyer and transferee; and

(3) The weight of cannabis sold or transferred to the respective buyers or transferees.

**Section 16. Federal Law, applicability.** Nothing in this Act proposes or intends to require any individual or entity to engage in any conduct that violates federal law, or exempt any individual or entity from any requirement of federal law, or pose any obstacle to federal enforcement of federal law.

**Section 17.** This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

**Section 18. Contracts.** No contract shall be void or unenforceable on the basis that manufacturing, distributing, dispensing, possessing, or using cannabis or marijuana products is prohibited by federal law.

**Section 19.** Chapter 67, Title 9 Guam Code Annotated, the *Guam Controlled Substances Act*, is hereby *amended* to exclude and thereby *declassify* marijuana as a Schedule 1 Controlled Substance. Any reference by the *Guam Controlled Substances Act* to marijuana, such as "marihuana," "tetrahydrocannabinol," cannabis, and derivatives thereof shall be deemed repealed, null, and void upon passage of this Act.

**Section 20.** Nothing in this Chapter shall be construed or interpreted to amend, repeal, affect, restrict, or preempt laws pertaining to Guam Public Law 32-237 (the "Joaquin (KC) Concepcion II Compassionate Cannabis Use Act of 2013"), as amended by Public Law 33-220.

**Section 21. Severability.** *If* any provision of this Act or its application to any person or circumstance is found to be invalid or contrary to law, such invalidity *shall not* affect other provisions or applications of this Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

**Section 22. Effective Date.** This Act *shall* become effective immediately upon enactment.