

2021 HOUSE FINANCE AND TAXATION

HB 1501

2021 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1501
2/3/2021

A bill relating to imposition of a gross receipts tax and an excise tax on retail marijuana and retail marijuana products.

Vice Chairman Steiner opened the hearing at 10:34am.

Representatives	Present
Representative Craig Headland	Y
Representative Vicky Steiner	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Sebastian Ertelt	Y
Representative Jay Fisher	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Tom Kading	Y
Representative Ben Koppelman	Y
Representative Marvin E. Nelson	Y
Representative Nathan Toman	Y
Representative Wayne A. Trottier	Y

Discussion Topics:

- Excise tax on a marijuana growing operation
- Gross receipts tax on retail marijuana
- Local political subdivisions

Chairman Headland introduced bill and proposed a verbal amendment (no written testimony). Amendment is to extend the marijuana tax to any initiated measure that passed and referenced the state legislature on this matter.

Vice Chairman Steiner closed the hearing at 10:46am.

Dee Wald, General Counsel for the Office of the State Tax Commissioner, assisted committee with amendment language.

Tara Bradner, Assistant Attorney General, clarified issues with bill.

Chairman Headland closed the discussion at 11:02am.

Mary Brucker, Committee Clerk

2021 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1501
2/17/2021
AM

A bill relating to imposition of a gross receipts tax and an excise tax on retail marijuana and retail marijuana products.

Chairman Headland opened up discussion at 9:23am.

Representatives	Present
Representative Craig Headland	Y
Representative Vicky Steiner	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Sebastian Ertelt	Y
Representative Jay Fisher	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	AB
Representative Tom Kading	Y
Representative Ben Koppelman	Y
Representative Marvin E. Nelson	Y
Representative Nathan Toman	Y
Representative Wayne A. Trottier	Y

Discussion Topics:

- Proposed amendment 21.0953.01001
- Committee decision

Chairman Headland distributed proposed amendment 21.0953.01001 (#6798).

Ryan Rauschenberger, North Dakota State Tax Commissioner, explained the proposed amendment.

Dee Wald, General Counsel for the Office of the State Tax Commissioner, further explained the proposed amendment.

Ryan Rauschenberger continued his explanation of the proposed amendment.

Representative B. Koppelman made a motion to further amend section 3 changing the standard effective date to July 1, 2021.

Representative M. Nelson seconded the motion.

Motions withdrawn.

Representative B. Koppelman made a motion to adopt amendment 21.0953.01001 and further amend section 3 page 7 regarding the effective date.

Representative M. Nelson seconded the motion.

Voice vote-motion carried.

Representative Kading made a motion to adopt an amendment removing section 3 out of section one.

Vice Chairman Steiner seconded the motion.

Voice vote-motion carried

Representative B. Koppelman made a motion for a Do Pass As Amended.

Representative D. Anderson seconded the motion.

Roll call vote:

Representatives	Vote
Representative Craig Headland	Y
Representative Vicky Steiner	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	N
Representative Jason Dockter	Y
Representative Sebastian Ertelt	N
Representative Jay Fisher	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	AB
Representative Tom Kading	N
Representative Ben Koppelman	Y
Representative Marvin E. Nelson	Y
Representative Nathan Toman	N
Representative Wayne A. Trottier	Y

Motion carried 9-4-1

Representative Dockter is the bill carrier.

Chairman Headland closed the discussion at 10:03am. (After the committee meeting Legislative Council said this amended bill needed to be reconsidered before the final action. Committee is meeting on this issue this afternoon.)

Mary Brucker, Committee Clerk

21.0953.01001

Sixty-seventh
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1501

Introduced by

Representatives Headland, Boschee, Dockter, Mitskog, Steiner

Senator Meyer

(Approved by the Delayed Bills Committee)

1 A BILL for an Act to create and enact chapter 57-36.2 and a new subsection to section
2 57-39.2-04 of the North Dakota Century Code, relating to imposition of a gross receipts tax and
3 an excise tax on ~~retail marijuana and retail marijuana~~ usable marijuana and adult-use cannabis
4 products; to provide a penalty; to provide a continuing appropriation; and to provide a
5 contingent effective date.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1.** Chapter 57-36.2 of the North Dakota Century Code is created and enacted as
8 follows:

9 **57-36.2-01. Definitions.**

- 10 ~~1. "Person" means any individual, firm, fiduciary, partnership, corporation, limited liability~~
11 ~~company, trust, or association however formed.~~
- 12 ~~2. "Retail marijuana" means marijuana as defined in section 19-24.3-01. Retail marijuana~~
13 ~~does not include marijuana produced, processed, sold, or dispensed under chapter~~
14 ~~19-24.1.~~
- 15 ~~3. "Retail marijuana manufacturer" or "manufacturer" means any person engaged in the~~
16 ~~business of producing, processing, or manufacturing retail marijuana or retail~~
17 ~~marijuana products for sale to retail marijuana stores.~~
- 18 ~~4. "Retail marijuana product" means an edible marijuana product as defined in section~~
19 ~~19-24.3-01. Retail marijuana product does not include medical marijuana products or~~
20 ~~usable marijuana produced, processed, sold, or dispensed under chapter 19-24.1.~~
- 21 ~~5. "Retail marijuana store" or "store" means any person other than a retail marijuana~~
22 ~~manufacturer who is engaged in the business of selling retail marijuana or retail~~
23 ~~marijuana products.~~
- 24 1. "Adult-use cannabis business" means a manufacturing facility or dispensary.

1 2. "Adult-use cannabis product" means adult-use cannabis, adult-use cannabinoid
2 concentrates, or adult-use cannabinoid products sold to an adult-use cannabis
3 consumer under chapter 19-24.2.

4 3. "Department" means the state department of health.

5 4. "Dispensary" means an entity registered by the department under chapter 19-24.2 as
6 an adult-use cannabis business authorized to sell adult-use cannabis products.

7 5. "Manufacturing facility" means an entity registered by the department under chapter
8 19-24.1 and 19-24.2 that is authorized to produce and process cannabis and to sell
9 usable marijuana and adult-use cannabis products to a dispensary.

10 6. "Person" means any individual, firm, fiduciary, partnership, corporation, limited liability
11 company, trust, or association however formed.

12 7. "Usable marijuana" has the meaning provided in section 19-24.1-01.

13 **57-36.2-02. Retail marijuana manufacturers and stores to be licensed**
14 **Adult-use cannabis permit and bond requirement.**

15 1. ~~Each person engaged in the~~ conducting business of selling retail marijuana or retail
16 ~~marijuana products~~ as an adult-use cannabis business in this state shall ~~secure a~~
17 ~~license from the state department of health before engaging or continuing to engage in~~
18 ~~business. A separate application and license are required for each retail marijuana~~
19 ~~manufacturer at each outlet or place of business within the state, and a separate retail~~
20 ~~marijuana store license is required for each retail outlet when a person owns or~~
21 ~~controls more than one place of business dealing in retail marijuana or retail marijuana~~
22 ~~products.~~ file with the tax commissioner an application for a permit. Every application
23 for a permit must be made on a form prescribed by the tax commissioner and must
24 identify the business name, the location of the applicant's place or places of business,
25 proof of registration with the department, and other information required by the tax
26 commissioner. The application must be signed by the owner if a natural person; in the
27 case of an association, partnership, or limited liability company, by a member or
28 partner; and in the case of a corporation, by an executive officer or other person
29 specifically authorized by the corporation to sign the application. A permit is not
30 assignable and must be displayed conspicuously at the place of business.

- 1 2. The tax commissioner shall require any person required to file and pay tax under this
2 chapter to file a bond with the tax commissioner, issued by a surety company
3 authorized to transact business in this state and approved by the insurance
4 commissioner as to solvency and responsibility in an amount as the tax commissioner
5 may fix, to secure the payment of any tax and penalties due or which may become
6 due from the person. In lieu of a bond, securities approved by the tax commissioner in
7 an amount as prescribed by the tax commissioner may be deposited with the tax
8 commissioner. The securities must be kept in the custody of the tax commissioner and
9 may be sold by the tax commissioner at public or private sale without notice to the
10 depositor if it becomes necessary to recover any tax, interest, or penalty due. All
11 moneys deposited as security with the tax commissioner under this subsection must
12 be paid by the tax commissioner to the state treasurer and must be credited by the
13 state treasurer into a special fund to be known as the ~~retail sales and use tax~~adult-use
14 cannabis business security trust fund. If any tax, interest, penalty, or costs imposed by
15 this chapter are not paid when due, the tax commissioner shall certify that information
16 to the director of the office of management and budget who shall transmit the money
17 to the tax commissioner. The tax commissioner shall apply the money deposited by
18 the person or so much as is necessary to satisfy the amount due. If the tax
19 commissioner determines it is no longer necessary to require the deposit to be
20 maintained by the person, the tax commissioner shall certify that information to the
21 director of the office of management and budget who shall pay the unused money to
22 the person entitled to receive the money.
- 23 ~~3. A person may not sell, offer for sale, or possess with the intent to sell, any retail~~
24 ~~marijuana or retail marijuana products without a license.~~
- 25 57-36.2-03. ~~Revocation of license – Penalty~~Suspension or revocation of registration certificate
26 and permit.
- 27 The ~~state~~ department of ~~health~~ may ~~suspend or~~ revoke the ~~license~~registration certificate
28 and the tax commissioner may suspend or revoke the permit of any ~~retail marijuana~~
29 ~~manufacturer or retail marijuana store~~adult-use cannabis business for failure to comply with this
30 chapter or any of the rules or regulations prescribed by the tax commissioner or the ~~state~~
31 ~~department of health. When a license has been revoked, no license may be issued again to the~~

~~licensee for a period of one year. A person may not sell any retail marijuana or retail marijuana products after the license has been revoked.~~

57-36.2-04. Retail marijuana Dispensary gross receipts tax imposed.

1. ~~There is imposed a tax of fifteen percent upon the gross receipts of retail marijuana stores from all sales at retail of retail marijuana and retail marijuana products within this state~~adult-use cannabis products. The tax is measured by a dispensary's gross receipts derived from the sale of adult-use cannabis products, exclusive of any discount or other reduction.

2. ~~The tax on medical~~Gross receipts of usable marijuana stores is and adult-use cannabis products are not subject to the tax imposed under 57-39.2 or local option taxes. ~~A local jurisdiction~~

3. ~~A political subdivision may not impose a local option tax on the sale of retail~~usable marijuana ~~or retail marijuana~~and adult-use cannabis products.

57-36.2-05. Retail marijuana manufacturer excise tax Manufacturing facility gross receipts tax imposed.

There is imposed an excise tax of ~~fifteen~~ten percent on the sale of ~~retail~~usable marijuana and ~~retail marijuana~~adult-use cannabis products by a ~~retail marijuana manufacturer to a retail marijuana store~~manufacturing facility to a dispensary. The tax is measured by a ~~manufacturer's~~manufacturing facility's gross receipts derived from the sale of ~~retail~~usable marijuana and ~~retail marijuana~~adult-use cannabis products to a ~~store~~dispensary located in this state, exclusive of any discount or other reduction.

57-36.2-06. Retail marijuana manufacturer and store Filing of returns requirement - Penalty.

1. ~~On or before the last day of the month next succeeding each month, a retail marijuana manufacturer and a retail marijuana store~~manufacturing facility shall prepare a return for the preceding month in the form and manner as may be prescribed by the tax commissioner, showing the gross receipts from the sale of ~~retail~~usable marijuana ~~or retail marijuana~~and adult-use cannabis products to dispensaries, the amount of the tax for the period covered by the return, and any other information as the tax commissioner may require. The tax commissioner, upon request and a showing of good cause, may grant an extension of time not to exceed thirty days for filing a return.

1 If the extension is granted, the time required to make a payment must be extended for
2 the same period of time, but the amount of interest imposed under section
3 ~~57-36.2-28~~57-36.2-08 applies to the amount of the deferred payment from the date the
4 tax would have been due if the extension had not been granted to the date the tax is
5 paid.

6 2. On or before the last day of the month next succeeding each month, a dispensary
7 shall prepare a return for the preceding month in the form and manner as may be
8 prescribed by the tax commissioner, showing the gross receipts from the sale of
9 adult-use cannabis products, the amount of the tax for the period covered by the
10 return, and any other information as the tax commissioner may require. The tax
11 commissioner, upon request and a showing of good cause, may grant an extension of
12 time not to exceed thirty days for filing a return. If the extension is granted, the time
13 required to make a payment must be extended for the same period of time, but the
14 amount of interest imposed under section 57-36.2-08 applies to the amount of the
15 deferred payment from the date the tax would have been due if the extension had not
16 been granted to the date the tax is paid.

17 3. Returns must be filed electronically by the ~~manufacturer, store~~manufacturing facility,
18 dispensary, or a duly authorized agent and must contain a declaration that the returns
19 are made and signed under the penalty of perjury.

20 **57-36.2-07. Payment of tax - Penalty.**

21 1. The tax levied under this chapter is due and payable on or before the last day of the
22 next succeeding month. The ~~retail marijuana manufacturer and retail marijuana~~
23 ~~store~~manufacturing facility and dispensary shall pay the total tax due in the manner
24 prescribed by the tax commissioner. A ~~retail marijuana manufacturer and retail~~
25 ~~marijuana store~~manufacturing facility and dispensary are subject to the penalties and
26 interest imposed under section 57-39.2-18 for failure to file a return, for filing an
27 incorrect return, or for failure to pay the tax due. If there is a sale or discontinuance of
28 ~~a~~an adult-use cannabis business ~~licensed under this chapter~~, the tax is due
29 immediately before the sale or discontinuance of the business and if the tax is not paid
30 within fifteen days, the tax becomes delinquent and subject to the penalties and
31 interest provided in section 57-39.2-18. A ~~marijuana retail store or retail marijuana~~

- 1 ~~manufacturer~~ manufacturing facility or dispensary is not eligible to receive
2 compensation under section 57-39.2-12.1.
- 3 2. Every ~~retailer~~ adult-use cannabis business, at the time of filing the required return, shall
4 compute and pay to the tax commissioner the tax due.
- 5 3. Remittances of tax due under this chapter may not be deemed or considered payment
6 until the tax commissioner has collected or received the tax due.
- 7 **57-36.2-08. Administration.**
- 8 The provisions of chapter 57-39.2 pertaining to the administration of the retail sales tax,
9 including provisions for penalties and interest, credits, or adoption of rules, which are not in
10 conflict with this chapter, govern the administration of the gross receipts tax imposed in this
11 chapter. The provisions of chapter 57-39.2 pertaining to refunds of tax due do not apply to this
12 chapter.
- 13 **57-36.2-09. Tax, penalties, and other charges paid to tax commissioner - Disposition.**
- 14 All fees, taxes, penalties, and other charges imposed and collected under this chapter must
15 be paid to the tax commissioner in the form of a remittance payable to the tax commissioner,
16 who shall transfer the moneys to the state treasurer, for deposit in the general fund.
- 17 **57-36.2-10. Deposit of revenue - Report to state treasurer - Allocation - Continuing**
18 **appropriation.**
- 19 1. Except as provided in subsection 2, all moneys collected under this chapter must be
20 transmitted to the state treasurer at the end of each month and must be credited by
21 the state treasurer to the general fund. Moneys deposited with the tax commissioner
22 as security for the payment of tax, penalty, or costs due must be deposited and
23 accounted for as provided for in subsection 3 of section 57-39.2-12. The tax
24 commissioner also shall certify to the state treasurer the allocations to be made under
25 this section.
- 26 2. Three percent of the revenue received ~~under the marijuana retail gross receipts~~
27 ~~tax~~ from the tax collected from dispensaries under this chapter must be transferred by
28 the state treasurer to the city or county in which the ~~retail marijuana store~~ dispensary is
29 located and is provided as a standing and continuing appropriation to the state
30 treasurer for distribution on a monthly basis.

1 3. One percent of the revenue received from the tax collected from dispensaries under
2 this chapter, not to exceed two hundred thousand dollars in a fiscal year, must be
3 transferred by the state treasurer to the department for an educational campaign
4 against cannabis use geared toward those under twenty-one years of age and other
5 high-risk populations.

6 **SECTION 2.** A new subsection to section 57-39.2-04 of the North Dakota Century Code is
7 created and enacted as follows:

8 Gross receipts from the sale of ~~retail~~usable marijuana and ~~retail marijuana~~adult-use
9 cannabis products as defined in section 1 of this Act.

10 **SECTION 3. CONTINGENT EFFECTIVE DATE.** This Act is contingent on the passage of a
11 bill by the sixty-seventh legislative assembly which authorizes the retail sale of usable
12 marijuana and ~~marijuana~~adult-use cannabis products, and if the contingency occurs, this Act is
13 effective for taxable events occurring after June 30, 2021.

2021 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1501
2/17/2021
PM

A bill relating to imposition of a gross receipts tax and an excise tax on retail marijuana and retail marijuana products.

Chairman Headland opened up for discussion at 3:45pm.

Representatives	Present
Representative Craig Headland	Y
Representative Vicky Steiner	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Sebastian Ertelt	Y
Representative Jay Fisher	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Tom Kading	Y
Representative Ben Koppelman	Y
Representative Marvin E. Nelson	Y
Representative Nathan Toman	Y
Representative Wayne A. Trottier	Y

Discussion Topics:

- Reconsideration of actions
- Committee decision

Representative Toman made a motion for reconsideration.

Vice Chairman Steiner seconded the motion.

Voice vote-motion carried

Representative D. Anderson made a motion to adopt an amendment including a contingency clause.

Representative Bosch seconded the motion.

Voice vote-motion carried

Representative D. Anderson made a motion for a Do Pass As Amended.

Vice Chairman Steiner seconded the motion.

Roll call vote:

Representatives	Vote
Representative Craig Headland	Y
Representative Vicky Steiner	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	N
Representative Jason Dockter	Y
Representative Sebastian Ertelt	N
Representative Jay Fisher	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Tom Kading	N
Representative Ben Koppelman	N
Representative Marvin E. Nelson	Y
Representative Nathan Toman	N
Representative Wayne A. Trottier	Y

Motion carried 9-5-0

Representative Dockter is the bill carrier.

Chairman Headland closed the discussion at 3:49pm.

Mary Brucker, Committee Clerk

February 17, 2021

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PROPOSED AMENDMENTS TO HOUSE BILL NO. 1501

Page 1, line 3, replace "retail marijuana and retail marijuana" with "usable marijuana and adult-use cannabis"

Page 1, replace lines 9 through 22 with:

1. "Adult-use cannabis business" means a manufacturing facility or dispensary.
2. "Adult-use cannabis product" means adult-use cannabis, adult-use cannabinoid concentrates, or adult-use cannabinoid products sold to an adult-use cannabis consumer under chapter 19-24.2.
3. "Department" means the state department of health.
4. "Dispensary" means an entity registered by the department under chapter 19-24.2 as an adult-use cannabis business authorized to sell adult-use cannabis products.
5. "Manufacturing facility" means an entity registered by the department under chapter 19-24.1 and 19-24.2 that is authorized to produce and process cannabis and to sell usable marijuana and adult-use cannabis products to a dispensary.
6. "Person" means any individual, firm, fiduciary, partnership, corporation, limited liability company, trust, or association however formed.
7. "Usable marijuana" has the meaning provided in section 19-24.1-01."

Page 1, line 23, replace "**Retail marijuana manufacturers and stores to be licensed**" with "**Adult-use cannabis permit and bond requirement**"

Page 2, line 1, replace "the" with "or conducting"

Page 2, line 1, remove "of selling retail marijuana or retail marijuana"

Page 2, line 2, replace "products" with "as an adult-use cannabis business"

Page 2, line 2, remove "secure a license from the state department of health before"

Page 2, replace lines 3 through 7 with "file with the tax commissioner an application for a permit. Every application for a permit must be made on a form prescribed by the tax commissioner and must identify the business name, the location of the applicant's place or places of business, proof of registration with the department, and other information required by the tax commissioner. The application must be signed by the owner if a natural person; in the case of an association, partnership, or limited liability company, by a member or partner; and in the case of a corporation, by an executive officer or other person specifically authorized by the corporation to sign the application. A permit is not assignable and must be displayed conspicuously at the place of business"

Page 2, line 20, replace "retail sales and use tax" with "adult-use cannabis business"

Page 3, remove lines 1 and 2

Page 3, line 3, replace "**Revocation of license - Penalty**" with "**Suspension or revocation of registration certificate and permit**"

Page 3, line 4, remove "state"

Page 3, line 4, remove "of health"

Page 3, line 4, after the first "may" insert "suspend or"

Page 3, line 4, replace "license" with "registration certificate and the tax commissioner may suspend or revoke the permit"

Page 3, line 4, remove "retail marijuana manufacturer"

Page 3, line 5, replace "or retail marijuana store" with "adult-use cannabis business"

Page 3, line 6, remove "state"

Page 3, line 6, remove "of health. When a license has been"

Page 3, remove line 7

Page 3, line 8, remove "not sell any retail marijuana or retail marijuana products after the license has been revoked"

Page 3, line 9, replace "**Retail marijuana**" with "**Dispensary**"

Page 3, line 10, remove "retail marijuana"

Page 3, remove line 11

Page 3, line 12, replace "this state" with "adult-use cannabis products. The tax is measured by a dispensary's gross receipts derived from the sale of adult-use cannabis products, exclusive of any discount or other reduction"

Page 3, line 13, replace "The tax on medical" with "Gross receipts of usable"

Page 3, line 13, replace "stores is" with "and adult-use cannabis products are"

Page 3, line 13, after "to" insert "the tax imposed under 57-39.2 or"

Page 3, line 13, remove "A local"

Page 3, line 14, replace "jurisdiction" with " 3. A political subdivision"

Page 3, line 14, after "a" insert "local option"

Page 3, line 14, replace the first "retail" with "usable"

Page 3, line 14, replace "or retail marijuana" with "and adult-use cannabis"

Page 3, line 16, replace "**Retail marijuana manufacturer excise tax**" with "**Manufacturing facility gross receipts tax imposed**"

Page 3, line 17, replace "fifteen" with "ten"

Page 3, line 17, replace the first "retail" with "usable"

Page 3, line 17, remove "retail"

Page 3, line 18, replace the first "marijuana" with "adult-use cannabis"

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Page 3, line 18, replace "retail marijuana manufacturer to a retail marijuana store" with "manufacturing facility to a dispensary"

Page 3, line 19, replace "manufacturer's" with "manufacturing facility's"

Page 3, line 19, replace the first "retail" with "usable"

Page 3, line 19, remove "retail"

Page 3, line 20, replace "marijuana" with "adult-use cannabis"

Page 3, line 20, replace "store" with "dispensary"

Page 3, line 21, replace "**Retail marijuana manufacturer and store**" with "**Filing of**"

Page 3, line 21, remove " **requirement**"

Page 3, line 22, remove "retail marijuana"

Page 3, line 23, replace "manufacturer and a retail marijuana store" with "manufacturing facility"

Page 3, line 25, replace the first "retail" with "usable"

Page 3, line 25, replace "or retail marijuana" with "and adult-use cannabis"

Page 3, line 26, after "products" insert "to dispensaries"

Page 3, line 31, replace "57-36.2-28" with "57-36.2-08"

Page 4, line 3, after "2." insert "On or before the last day of the month next succeeding each month, a dispensary shall prepare a return for the preceding month in the form and manner as may be prescribed by the tax commissioner, showing the gross receipts from the sale of adult-use cannabis products, the amount of the tax for the period covered by the return, and any other information as the tax commissioner may require. The tax commissioner, upon request and a showing of good cause, may grant an extension of time not to exceed thirty days for filing a return. If the extension is granted, the time required to make a payment must be extended for the same period of time, but the amount of interest imposed under section 57-36.2-08 applies to the amount of the deferred payment from the date the tax would have been due if the extension had not been granted to the date the tax is paid.

3."

Page 4, line 3, replace "manufacturer, store" with "manufacturing facility, dispensary"

Page 4, line 8, replace "retail marijuana manufacturer and retail marijuana store" with "manufacturing facility and dispensary"

Page 4, line 9, remove "retail"

Page 4, line 10, replace "marijuana manufacturer and retail marijuana store" with "manufacturing facility and dispensary"

Page 4, line 13, replace "a" with "an adult-use cannabis"

Page 4, line 13, remove "licensed under this chapter"

Page 4, line 16, replace "marijuana retail store or retail marijuana manufacturer" with "manufacturing facility or dispensary"

Page 4, line 18, replace "retailer" with "adult-use cannabis business"

Page 5, line 10, replace "under the marijuana retail gross receipts tax" with "from the tax collected from dispensaries under this chapter"

Page 5, line 11, remove "retail"

Page 5, line 12, replace "marijuana store" with "dispensary"

Page 5, line 16, replace the first "retail" with "usable"

Page 5, line 16, replace "retail marijuana" with "adult-use cannabis"

Page 5, line 18, remove "a"

Page 5, remove line 19

Page 5, line 20, replace "marijuana products" with "House Bill No. 1420"

Renumber accordingly

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REPORT OF STANDING COMMITTEE

HB 1501: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (9 YEAS, 5 NAYS, 0 ABSENT AND NOT VOTING). HB 1501 was placed on the Sixth order on the calendar.

Page 1, line 3, replace "retail marijuana and retail marijuana" with "usable marijuana and adult-use cannabis"

Page 1, replace lines 9 through 22 with:

1. "Adult-use cannabis business" means a manufacturing facility or dispensary.
2. "Adult-use cannabis product" means adult-use cannabis, adult-use cannabinoid concentrates, or adult-use cannabinoid products sold to an adult-use cannabis consumer under chapter 19-24.2.
3. "Department" means the state department of health.
4. "Dispensary" means an entity registered by the department under chapter 19-24.2 as an adult-use cannabis business authorized to sell adult-use cannabis products.
5. "Manufacturing facility" means an entity registered by the department under chapter 19-24.1 and 19-24.2 that is authorized to produce and process cannabis and to sell usable marijuana and adult-use cannabis products to a dispensary.
6. "Person" means any individual, firm, fiduciary, partnership, corporation, limited liability company, trust, or association however formed.
7. "Usable marijuana" has the meaning provided in section 19-24.1-01."

Page 1, line 23, replace "**Retail marijuana manufacturers and stores to be licensed**" with "**Adult-use cannabis permit and bond requirement**"

Page 2, line 1, replace "the" with "or conducting"

Page 2, line 1, remove "of selling retail marijuana or retail marijuana"

Page 2, line 2, replace "products" with "as an adult-use cannabis business"

Page 2, line 2, remove "secure a license from the state department of health before"

Page 2, replace lines 3 through 7 with "file with the tax commissioner an application for a permit. Every application for a permit must be made on a form prescribed by the tax commissioner and must identify the business name, the location of the applicant's place or places of business, proof of registration with the department, and other information required by the tax commissioner. The application must be signed by the owner if a natural person; in the case of an association, partnership, or limited liability company, by a member or partner; and in the case of a corporation, by an executive officer or other person specifically authorized by the corporation to sign the application. A permit is not assignable and must be displayed conspicuously at the place of business"

Page 2, line 20, replace "retail sales and use tax" with "adult-use cannabis business"

Page 3, remove lines 1 and 2

Page 3, line 3, replace "**Revocation of license - Penalty**" with "**Suspension or revocation of registration certificate and permit**"

Page 3, line 4, remove "state"

Page 3, line 4, remove "of health"

Page 3, line 4, after the first "may" insert "suspend or"

Page 3, line 4, replace "license" with "registration certificate and the tax commissioner may suspend or revoke the permit"

Page 3, line 4, remove "retail marijuana manufacturer"

Page 3, line 5, replace "or retail marijuana store" with "adult-use cannabis business"

Page 3, line 6, remove "state"

Page 3, line 6, remove "of health. When a license has been"

Page 3, remove line 7

Page 3, line 8, remove "not sell any retail marijuana or retail marijuana products after the license has been revoked"

Page 3, line 9, replace "**Retail marijuana**" with "**Dispensary**"

Page 3, line 10, remove "retail marijuana"

Page 3, remove line 11

Page 3, line 12, replace "this state" with "adult-use cannabis products. The tax is measured by a dispensary's gross receipts derived from the sale of adult-use cannabis products, exclusive of any discount or other reduction"

Page 3, line 13, replace "The tax on medical" with "Gross receipts of usable"

Page 3, line 13, replace "stores is" with "and adult-use cannabis products are"

Page 3, line 13, after "to" insert "the tax imposed under 57-39.2 or"

Page 3, line 13, remove "A local"

Page 3, line 14, replace "jurisdiction" with " 3. A political subdivision"

Page 3, line 14, after "a" insert "local option"

Page 3, line 14, replace the first "retail" with "usable"

Page 3, line 14, replace "or retail marijuana" with "and adult-use cannabis"

Page 3, line 16, replace "**Retail marijuana manufacturer excise tax**" with "**Manufacturing facility gross receipts tax imposed**"

Page 3, line 17, replace "fifteen" with "ten"

Page 3, line 17, replace the first "retail" with "usable"

Page 3, line 17, remove "retail"

Page 3, line 18, replace the first "marijuana" with "adult-use cannabis"

Page 3, line 18, replace "retail marijuana manufacturer to a retail marijuana store" with "manufacturing facility to a dispensary"

Page 3, line 19, replace "manufacturer's" with "manufacturing facility's"

Page 3, line 19, replace the first "retail" with "usable"

Page 3, line 19, remove "retail"

Page 3, line 20, replace "marijuana" with "adult-use cannabis"

Page 3, line 20, replace "store" with "dispensary"

Page 3, line 21, replace "**Retail marijuana manufacturer and store**" with "**Filing of**"

Page 3, line 21, remove "**requirement**"

Page 3, line 22, remove "retail marijuana"

Page 3, line 23, replace "manufacturer and a retail marijuana store" with "manufacturing facility"

Page 3, line 25, replace the first "retail" with "usable"

Page 3, line 25, replace "or retail marijuana" with "and adult-use cannabis"

Page 3, line 26, after "products" insert "to dispensaries"

Page 3, line 31, replace "57-36.2-28" with "57-36.2-08"

Page 4, line 3, after "2." insert "On or before the last day of the month next succeeding each month, a dispensary shall prepare a return for the preceding month in the form and manner as may be prescribed by the tax commissioner, showing the gross receipts from the sale of adult-use cannabis products, the amount of the tax for the period covered by the return, and any other information as the tax commissioner may require. The tax commissioner, upon request and a showing of good cause, may grant an extension of time not to exceed thirty days for filing a return. If the extension is granted, the time required to make a payment must be extended for the same period of time, but the amount of interest imposed under section 57-36.2-08 applies to the amount of the deferred payment from the date the tax would have been due if the extension had not been granted to the date the tax is paid."

3."

Page 4, line 3, replace "manufacturer, store" with "manufacturing facility, dispensary"

Page 4, line 8, replace "retail marijuana manufacturer and retail marijuana store" with "manufacturing facility and dispensary"

Page 4, line 9, remove "retail"

Page 4, line 10, replace "marijuana manufacturer and retail marijuana store" with "manufacturing facility and dispensary"

Page 4, line 13, replace "a" with "an adult-use cannabis"

Page 4, line 13, remove "licensed under this chapter"

Page 4, line 16, replace "marijuana retail store or retail marijuana manufacturer" with "manufacturing facility or dispensary"

Page 4, line 18, replace "retailer" with "adult-use cannabis business"

Page 5, line 10, replace "under the marijuana retail gross receipts tax" with "from the tax collected from dispensaries under this chapter"

Page 5, line 11, remove "retail"

Page 5, line 12, replace "marijuana store" with "dispensary"

Page 5, line 16, replace the first "retail" with "usable"

Page 5, line 16, replace "retail marijuana" with "adult-use cannabis"

Page 5, line 18, remove "a"

Page 5, remove line 19

Page 5, line 20, replace "marijuana products" with "House Bill No. 1420"

Renumber accordingly

2021 SENATE FINANCE AND TAXATION

HB 1501

2021 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1501
3/16/2021

A BILL for an Act to create and enact chapter 57-36.2 and a new subsection to section 57-39.2-04 of the North Dakota Century Code, relating to imposition of a gross receipts tax and an excise tax on usable marijuana and adult-use cannabis products; to provide a penalty; to provide a continuing appropriation; and to provide a contingent effective date.

Chair Bell calls the meeting to order. Chair Bell, Vice Chair Kannianen, Senators Meyer, J. Roers, Patten, Piepkorn, Weber are present. [9:54]

Discussion Topics:

- Recreational and medical marijuana
- Permits and taxes
- Local political subdivision impact payments percentage
- Cigarette Tax
- Effective date

Representative Headland [9:54] introduces orally in favor.

Ty Hegland [10:16] President/CEO and Volunteer Chair, ShareHouse and NDATPC in opposition #9242.

Dee Wald [10:22] General Counsel, Office of the Tax Commissioner provides oral information.

Chair Bell adjourns the hearing. [10:30]

Committee discussion [10:30].

Sharon Fleischer [10:53] Office of the Tax Commissioner provides oral information.

Chair Bell adjourns the meeting [11:01]

Joel Crane, Committee Clerk

Addiction Providers On HB 1501

Chairman Bell & Members of the Committee,

Addiction providers recognize the North Dakota Legislature is debating the legalization of recreational marijuana. It is the hope of providers that a robust discussion on how legalized marijuana will negatively impact our state and its citizens is included in the debate. Marijuana legalization is not without significant consequences and we ask the following items be taking into account;

1. Marijuana is an addictive substance and studies by the Journal of the American Medical Association have shown enacted recreational marijuana legislation have led to an increase in Cannabis Use Disorder. According to the National Institute on Drug Abuse, 30% of cannabis users have a Cannabis Use Disorder. This disorder is often linked to severe mental health conditions including depression, anxiety, and psychosis. Furthermore, the impacts of Cannabis Use Disorder on those under 30 years of age can result in significant damage to ones brain which can last a lifetime.
2. Any discussion on marijuana legalization should coincide with discussion on significant investments and funding for Substance Use Disorder treatment services. Nearly 50% of addiction services are provided for a legal substance, alcohol. By making cannabis legal, providers expect to see a significant increase in demand for services and ask for a portion of the tax revenue from recreational marijuana be redirected to combat the problems created. Specifically providers request;
 - Similar to Gambling and Cigarettes, we initially request 1.5% of tax revenue collected up to \$10,000,000 to be directed into a Substance Use Disorder Fund and housed within the Department of Human of Services.
 - Spending of the Substance Use Disorder Fund should be directed to support SUD treatment providers,
 - All spending decisions of the Substance Use Disorder Fund should be decided by the North Dakota Legislature.

We hope there will be a thorough conversation about the symptoms of this legislation, as this bill will not be revenue neutral nor without human consequences.

Thank you for your time.,



Ty Hegland
Volunteer Chair (NDATPC)
President/CEO (ShareHouse)



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Randi Berglund
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Kristie Spooner
Treasurer

Megan Busch
Member At Large

Candis Mock
Member At Large

2021 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1501
3/23/2021

A BILL for an Act to create and enact chapter 57-36.2 and a new subsection to section 57-39.2-04 of the North Dakota Century Code, relating to imposition of a gross receipts tax and an excise tax on usable marijuana and adult-use cannabis products; to provide a penalty; to provide a continuing appropriation; and to provide a contingent effective date.

Chair Bell calls the meeting to order. Chair Bell, Vice Chair Kannianen, Senators Meyer, J. Roers, Patten, Piepkorn, Weber are present. [8:53]

Discussion Topics:

- Effective date
- Revenue allocation
- Substance abuse disorder fund

Senator Bell [8:53] submits an amendment #10516 which changes 3 to 20 percent of revenue received and changes the effective date to June 30, 2022 [LC 21.0953.02003].

Chair Bell adjourns the meeting [8:56]

Chair Bell calls meeting back to order for committee work [9:21]

Senator Piepkorn [9:21] submits an amendment [LC 21.0953.02002] #10515

Chair Bell adjourns the meeting [9:33]

Chair Bell calls meeting back to order for committee work [10:43]

Senator Meyer [10:45] moved amendment [LC 21.0953.02003] which changes 3 to 20 percent of revenue received and changes the effective date to June 30, 2022.

Senator J. Roers seconds the motion.

Motion carries by voice vote.

Senator Piepkorn [10:54] moved amendment LC 21.0953.02002
Senator Meyer seconds

Senators	Vote
Senator Jessica Bell	N
Senator Jordan Kannianen	N
Senator Scott Meyer	N
Senator Dale Patten	N
Senator Merrill Piepkorn	Y
Senator Jim Roers	N
Senator Mark Weber	Y

Motion fails 2-5-0

Senator Meyer [10:52] moved DO PASS as Amended
Senator Weber Seconds

Senators	Vote
Senator Jessica Bell	Y
Senator Jordan Kannianen	Y
Senator Scott Meyer	Y
Senator Dale Patten	Y
Senator Merrill Piepkorn	Y
Senator Jim Roers	Y
Senator Mark Weber	Y

Motion carries 7-0-0

Senator Meyer carries

Chair Bell adjourns the meeting [10:58]

Joel Crane, Committee Clerk

March 23, 2021

9/13/21

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1501

Page 5, line 20, replace "Three" with "Twenty"

Page 5, line 30, replace "June 30, 2021" with "June 30, 2022"

Renumber accordingly

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1501

Page 1, line 1, after "enact" insert "a new section to chapter 50-06,"

Page 1, line 1, after "57-36.2" insert a comma

Page 1, line 2, after "to" insert "the creation of a substance use disorder fund and the"

Page 1, after line 5, insert:

"SECTION 1. A new section to chapter 50-06 of the North Dakota Century Code is created and enacted as follows:

Substance use disorder fund.

There is created in the state treasury the substance use disorder fund. The fund consists of all moneys deposited in the fund pursuant to subsection 3 of section 57-36.2-10. Moneys in the fund may be spent by the department pursuant to legislative appropriation for the support of substance use disorder services."

Page 5, line 13, replace "subsection" with "subsections"

Page 5, line 13, after "2" insert "and 3"

Page 5, after line 23, insert:

"3. One and one-half percent of the revenue received from the tax collected from dispensaries under this chapter, but not to exceed ten million dollars per biennium, must be transferred by the state treasurer to the substance use disorder fund."

Page 5, line 27, replace "1" with "2"

Renumber accordingly

REPORT OF STANDING COMMITTEE

HB 1501, as engrossed: Finance and Taxation Committee (Sen. Bell, Chairman)
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends
DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1501
was placed on the Sixth order on the calendar.

Page 5, line 20, replace "Three" with "Twenty"

Page 5, line 30, replace "June 30, 2021" with "June 30, 2022"

Renumber accordingly

Potential Amendments to HB 1501

Amendment to 57-36.2-10 subsection 2 (page 5 lines 20-23)

Remove “Three” and replace with “Twenty”

- Twenty percent of the revenue received from the tax collected from dispensaries under this chapter must be transferred by the state treasurer to the city or county in which the dispensary is located and is provided as a standing and continuing appropriation to the state treasurer for the distribution on a monthly basis.

Amendment to Section 3

Remove “June 30, 2021” and replace with “June 30, 2022”

- This Act is contingent on the passage of House Bill No. 1420, and if the contingency occurs, this Act is effective for taxable events occurring after June 30, 2022.

21.0953.02002
Title.

Prepared by the Legislative Council staff for
Senator Piepkorn
March 19, 2021

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1501

Page 1, line 1, after "enact" insert "a new section to chapter 50-06,"

Page 1, line 1, after "57-36.2" insert a comma

Page 1, line 2, after "to" insert "the creation of a substance use disorder fund and the"

Page 1, after line 5, insert:

"SECTION 1. A new section to chapter 50-06 of the North Dakota Century Code is created and enacted as follows:

Substance use disorder fund.

There is created in the state treasury the substance use disorder fund. The fund consists of all moneys deposited in the fund pursuant to subsection 3 of section 57-36.2-10. Moneys in the fund may be spent by the department pursuant to legislative appropriation for the support of substance use disorder services."

Page 5, line 13, replace "subsection" with "subsections"

Page 5, line 13, after "2" insert "and 3"

Page 5, after line 23, insert:

"3. One and one-half percent of the revenue received from the tax collected from dispensaries under this chapter, but not to exceed ten million dollars per biennium, must be transferred by the state treasurer to the substance use disorder fund."

Page 5, line 27, replace "1" with "2"

Renumber accordingly