

CHAPTER 19-24.2
ADULT-USE
CANNABIS

19-24.2-01. Definitions.

As used in this chapter, unless the context indicates otherwise:

1. "Adult-use cannabinoid capsule" means a small, soluble container, usually made of gelatin, which encloses a dose of an adult-use cannabinoid product or an adult-use cannabinoid concentrate intended for consumption. The maximum concentration or amount of tetrahydrocannabinol permitted in a serving of an adult-use cannabinoid capsule is ten milligrams.
2. "Adult-use cannabinoid concentrate" means an adult-use cannabinoid concentrate or extract obtained by separating cannabinoids from cannabis by a mechanical, chemical, or other process.
3. "Adult-use cannabinoid edible product" means a soft or hard lozenge in a geometric square shape into which an adult-use cannabinoid concentrate or the dried leaves or flowers of the plant of the genus cannabis is incorporated. The maximum concentration or amount of tetrahydrocannabinol permitted in a serving of a an-adult-use cannabinoid edible product is ten milligrams and in a package is one hundred milligrams.
4. "Adult-use cannabinoid product" means a product intended for human consumption or use which contains cannabinoids.
 - a. Adult-use cannabinoid products are limited to the following forms:
 - (1) Adult-use cannabinoid solution;
 - (2) Adult-use cannabinoid capsule;
 - (3) Adult-use cannabinoid transdermal patch;
 - (4) Adult-use cannabinoid topical; and
 - (5) Adult-use cannabinoid edible product.
 - b. "Adult-use cannabinoid product" does not include:
 - (1) An adult-use cannabinoid concentrate by itself; or
 - (2) The dried leaves or flowers of the plant of the genus cannabis by itself.
5. "Adult-use cannabinoid solution" means a solution consisting of a mixture created from an adult-use cannabinoid concentrate and other ingredients. A container holding an adult-use cannabinoid solution for dispensing may not exceed thirty milliliters.

6. "Adult-use cannabinoid topical" means an adult-use cannabinoid product intended to be applied to the skin or hair. The maximum concentration or amount of tetrahydrocannabinol permitted in an adult-use cannabinoid topical is six percent.
7. "Adult-use cannabinoid transdermal patch" means an adhesive substance applied to the skin which contains an adult-use cannabinoid product or an adult-use cannabinoid concentrate for absorption into the bloodstream. The maximum concentration or amount of tetrahydrocannabinol permitted in a serving of an adult-use cannabinoid transdermal patch is ten milligrams.
8. "Adult-use cannabis" means the dried leaves or flowers of the plant of the genus cannabis.
9. "Adult-use cannabis business" means a manufacturing facility or dispensary.
10. "Adult-use cannabis business agent" means a principal officer, board member, member, manager, governor, employee, volunteer, or agent of an adult-use cannabis business. The term does not include a lawyer representing an adult-use cannabis business in civil or criminal litigation or in an adversarial administrative proceeding.
11. "Adult-use cannabis consumer" means a person, twenty-one years of age or older, who purchases approved adult-use cannabis products for personal use, but not for resale to others.
12. "Adult-use cannabis product" means adult-use cannabis, adult-use cannabinoid concentrates, or adult-use cannabinoid products.
13. "Cannabinoid" means a chemical compound that is one of the active constituents of cannabis.
14. "Cannabis" is a genus of flowering plants within the Cannabaceae family and means all parts of the plant, whether growing or not; the seeds thereof; the resin extracted from any part of the plant; and every compound, manufacturer, salt, derivative, mixture, or preparation of the plant, its seeds or resin. The term does not include:
 - a. Hemp regulated under chapter 4.1-18.1; or
 - b. A prescription drug approved by the United States food and drug administration under section 505 of the Federal Food, Drug, and Cosmetic Act [21 U.S.C. 355].
15. "Cannabis waste" means unused, surplus, returned, or out-of-date adult-use cannabis products; recalled adult-use cannabis products; unused cannabis; or

plant debris of the plant of the genus cannabis, including dead plants and all unused plant parts and roots.

16. "Cardholder" means an adult-use cannabis business agent who has been issued and possesses a valid registry identification card.
17. "Department" means the state department of health.
18. "Dispensary" means an entity registered by the department as an adult-use cannabis business authorized to sell adult-use cannabis products.
19. "Enclosed, locked facility" means a closet, room, greenhouse, building, or other enclosed area equipped with locks or other security devices that permit access limited to individuals authorized under this chapter or rules adopted under this chapter.
20. "Manufacturing facility" means an entity registered by the department as an adult-use cannabis business authorized to produce and process cannabis and to sell adult-use cannabis products to a dispensary.
21. "Maximum concentration or amount of tetrahydrocannabinol" means the total amount of tetrahydrocannabinol and tetrahydrocannabinolic acid in an adult-use cannabinoid concentrate or an adult-use cannabinoid product.
22. "Owner" means an individual or an organization with an ownership interest in an adult-use cannabis business.
23. "Ownership interest" means an aggregate ownership interest of five percent or more in an adult-use cannabis business, unless such interest is solely a security, lien, or encumbrance, or an individual that will be participating in the direction, control, or management of the adult-use cannabis business.
24. "Processing" or "process" means the compounding or conversion of cannabis into an adult-use cannabinoid concentrate or adult-use cannabinoid product.
25. "Producing", "produce", or "production" mean the planting, cultivating, growing, trimming, or harvesting of the plant of the genus cannabis or the drying of the leaves or flowers of the plant of the genus cannabis.
26. "Registration certificate" means written authorization provided by the department under this chapter permitting an adult-use cannabis business to engage in a specified activity authorized pursuant to this chapter.
27. "Registry identification card" means a document issued by the department which identifies an individual as a registered adult-use cannabis business agent.
28. "School" means an institution of learning and education especially for children, the collective body of students under instruction in an institution of learning, and

a group of people adhering to the same philosophy or system of beliefs.

29. “Substantial corporate change” means the following:

- a. For a corporation, a change of ten percent or more of the officers or directors, or a transfer of ten percent or more of the stock of such corporation, or an existing stockholder obtaining ten percent or more of the stock of such corporation;
- b. For a limited liability company, a change of ten percent or more of the managing members of the company, or a transfer of ten percent or more of the ownership interest in said company, or an existing member obtaining a cumulative of ten percent or more of the ownership interest in said company;
or
- c. For a partnership, a change of ten percent or more of the managing partners of the company, or a transfer of ten percent or more of the ownership interest in said company, or an existing member obtaining a cumulative of ten percent or more of the ownership interest in said company.

30. “Verification system” means the system maintained by the department for verification of registry identification cards.

19-24.2-02. Adult-use cannabis program.

The department shall establish and implement an adult-use cannabis program to allow for the production and processing of cannabis and the sale of adult-use cannabis products to persons twenty-one years of age and older, subject to the provisions of this chapter. A person may not produce, process, sell, possess, consume, transport, or transfer cannabis or adult-use cannabis products unless the person is authorized to do so in accordance with this chapter or by rule adopted pursuant to this chapter.

19-24.2-03. Adult-use cannabis businesses.

1. A person may not process or produce or transfer adult-use cannabis products or otherwise act as an adult-use cannabis business in this state unless the person is registered as an adult-use cannabis business.
2. By June 30, 2023, the department shall register no more than:
 - a. Seven adult-use cannabis businesses with the sole purpose of operating as a manufacturing facility; and
 - b. Eighteen adult-use cannabis businesses with the sole purpose of operating as a dispensary.

3. An adult-use cannabis business registered under this chapter shall provide registered qualifying patients and registered designated caregivers access to usable marijuana in accordance with chapter 19-24.1. An adult-use cannabis business shall comply with all requirements in chapter 19-24.1.
4. The department shall establish an open application period for the submission of adult-use cannabis business applications. At the completion of the open application period, the department shall review each complete application using a competitive process established in accordance with rules adopted under this chapter and shall determine which applicants to register as adult-use cannabis businesses.
5. If the department revokes or does not renew an adult-use cannabis business registration certificate, the department may establish an open application period for the submission of adult-use cannabis business applications.
6. The department of commerce may not certify an adult-use cannabis business as a primary sector business.

19-24.2-04. Adult-use cannabis businesses - Authority - Ownership.

1. The activities of a manufacturing facility are limited to producing and processing and related activities, including acquiring, possessing, storing, transferring, and transporting cannabis and adult-use cannabis products, for the sole purpose of selling adult-use cannabis products to a dispensary.
2. The activities of a dispensary are limited to purchasing adult-use cannabis products from a manufacturing facility, and related activities, including storing, delivering, transferring, and transporting adult-use cannabis products, for the sole purpose of dispensing adult-use cannabis products to adult-use cannabis consumers.
3. The activities of a dispensary also include providing education material and selling supplies related to the consumption and storage of adult-use cannabis products. A dispensary may only sell supplies related to the consumption and storage of adult-use cannabis products to an adult-use cannabis consumer. All education material and supplies related to the consumption and storage of adult-use cannabis products are subject to prior department approval.
4. An individual or an organization is prohibited from holding an ownership interest in the following:
 - a. More than one manufacturing facility.

- b. More than four dispensaries.
 - c. More than one dispensary within a twenty mile radius of another dispensary.
5. No agreement may be entered into between a manufacturing facility and dispensary whereby a dispensary agrees to limit purchases or sales of adult-use cannabis products to one manufacturing facility.

19-24.2-05. Adult-use cannabis businesses - Application.

1. The department shall establish forms for an application to be registered as an adult-use cannabis business. For an adult-use cannabis business registration application to be complete and eligible for review, the applicant shall submit to the department all of the following:
- a. A nonrefundable application fee, not to exceed five thousand dollars, made payable to the "North Dakota State Department of Health".
 - b. The legal name, articles of incorporation or articles of organization, and bylaws or operating agreement of the proposed adult-use cannabis business applicant.
 - c. Evidence of the proposed adult-use cannabis business applicant's registration with the secretary of state and certificate of good standing.
 - d. The physical address of the proposed location of the proposed adult-use cannabis business and:
 - (1) Evidence of approval from local officials as to the proposed adult-use cannabis business applicant's compliance with local zoning laws for the physical address to be used by the proposed cannabis business; and
 - (2) Evidence the physical address of the proposed adult-use cannabis business is not located within one thousand feet [304.80 meters] of a property line of a pre-existing public or private school.
 - e. For a manufacturing facility applicant, a description of the enclosed, locked facility that would be used in the production and processing of cannabis, including steps that will be taken to ensure the production and processing is not visible from the street or other public areas.
 - f. The name, address, and date of birth of each principal officer and board member, or of each member-manager, manager, or governor, of the proposed adult-use cannabis business applicant and verification each officer and board member, or each member-manager, manager, or

governor, has consented to a criminal history record check conducted under section 12-60-24.

- g. For each of the proposed adult-use cannabis business applicant's principal officers and board members, or for each of the proposed adult-use cannabis business applicant's member-managers, managers, or governors, a description of that individual's relevant experience, including training or professional licensing related to medicine, pharmaceuticals, natural treatments, botany, food science, food safety, production, processing, and the individual's experience running a business entity.
 - h. A description of proposed security and safety measures.
 - i. An example of the design and security features of adult-use cannabis product containers.
 - j. A complete operations manual.
 - k. A description of the plans for making usable marijuana available on an affordable basis to registered qualifying patients with limited financial resources in accordance with chapter 19-24.1.
 - l. A list of all individuals and business entities having direct or indirect authority over the management or policies of the proposed adult-use cannabis business applicant.
 - m. A list of all individuals and business entities having an ownership interest in the proposed adult-use cannabis business applicant, whether direct or indirect, and whether the interest is in profits, land, or building, including owners of any business entity that owns all or part of the land or building.
 - n. The identity of any creditor holding a security interest in the proposed adult-use cannabis business premises.
2. The department is not required to review an application submitted under this section unless the department determines the application is complete. The criteria considered by the department in reviewing an application must include:
- a. The suitability of the proposed adult-use cannabis business location, including compliance with any local zoning laws, and the geographic convenience to access adult-use cannabis businesses for adult-use consumers throughout the state;
 - b. The character and relevant experience of the principal officers and board members, or of the member-managers, managers, or governors, including training or professional licensing and business experience;

- c. The applicant's plan for operations and services, including staffing and training plans, whether the applicant has sufficient capital to operate, and the applicant's ability to provide an adequate supply of adult-use cannabis products and usable marijuana as defined in chapter 19-24.1.
 - d. The sufficiency of the applicant's plans for recordkeeping;
 - e. The sufficiency of the applicant's plans for safety, security, and the prevention of diversion, including the proposed location and security devices employed;
 - f. The applicant's plan for making usable marijuana, as defined in chapter 19-24.1, available on an affordable basis to registered qualifying patients with limited financial resources;
 - g. The applicant's plan for safe and accurate packaging and labeling of adult-use cannabis products; and
 - h. The applicant's plans for testing adult-use cannabis products and cannabis.
3. Following completion of the review under subsection 2, the department shall select the applicants eligible for registration.

19-24.2-06. Adult-use cannabis businesses - Registration.

1. Upon receiving notification by the department that an adult-use cannabis business application is eligible for registration, the applicant shall submit all of the following additional items to the department to qualify for registration:
 - a. A certification fee, made payable to the "North Dakota Department of Health", in the amount not to exceed ninety thousand dollars for a dispensary and one hundred ten thousand dollars for a manufacturing facility.

- b. A financial assurance or security bond to ensure the protection of the public health and safety and the environment in the event of abandonment, default, or other inability or unwillingness to meet the requirements of this chapter.
 - c. The physical address of the proposed adult-use cannabis business; confirmation the information in the application regarding the physical location of the proposed adult-use cannabis business has not changed, and if the information has changed the department shall determine whether the new information meets the requirements of this chapter; and a current certificate of occupancy, or equivalent document, to demonstrate compliance with the provisions of state and local fire code for the physical address of the proposed adult-use cannabis business. It is not necessary for an applicant to resubmit any information provided in the initial application unless there has been a change in that information.
 - d. An update to previously submitted information, including information about adult-use cannabis business agents.
2. If an applicant complies with subsection 1, the department shall issue the applicant a registration certificate.

19-24.2-07. Adult-use cannabis businesses - Renewal.

1. An adult-use cannabis business registration certificate expires two years after issuance. An adult-use cannabis business may submit a renewal application at any time beginning ninety calendar days before the expiration of the registration certificate. An adult-use cannabis business shall submit a renewal application a minimum of sixty calendar days before the expiration of the registration certificate to avoid suspension of the certificate.
2. The department shall approve an adult-use cannabis business's renewal application within sixty calendar days of submission, if the following conditions are satisfied:
 - a. The adult-use cannabis business submits a renewal fee, in the amount not to exceed ninety thousand dollars for a dispensary and one hundred ten thousand dollars for a manufacturing facility, which the department shall refund if the department rejects the renewal application;
 - b. The adult-use cannabis business submits a complete renewal application;
 - c. The department has at no time suspended the adult-use cannabis business's registration for violation of this chapter or chapter 19-24.1;

- d. Inspections conducted under this chapter do not raise any serious concerns about the continued operation of the adult-use cannabis business; and
 - e. The adult-use cannabis business continues to meet all the requirements for the operation of an adult-use cannabis business as set forth in this chapter, chapter 19-24.1, and rules adopted under this chapter.
3. If an-adult-use cannabis business does not meet the requirements for renewal, the department may not issue a registration certificate and the department shall provide the adult-use cannabis business with written notice of the determination. If an adult-use cannabis business's certificate is not renewed, the adult-use cannabis business shall dispose of all cannabis and adult-use cannabis products in accordance with rules adopted under this chapter.

19-24.2-08. Adult-use cannabis businesses - Registration certificates.

A registration certificate authorizing the operation of an adult-use cannabis shall include the following:

1. The name and address of the adult-use cannabis business;
2. Whether the type of adult-use cannabis business is a manufacturing facility or dispensary;
3. A unique license number issued by the department; and
4. Any other information deemed necessary by the department.

19-24.2-09. Adult-use cannabis businesses - Notification of changes.

1. Upon application of an adult-use cannabis business to the department, a registration certificate of an adult-use cannabis business may be amended to authorize a change in the authorized physical location of the adult-use cannabis business, or to amend the ownership or organizational structure of the adult-use cannabis business with the registration certificate. An adult-use cannabis business shall provide the department a written notice of any change described under this section at least sixty calendar days before the proposed effective date of the change.
2. A registration certificate authorizing the operation of an adult-use cannabis business shall become void by a change in ownership, substantial corporate change, change in location, or discontinued operation, without prior approval of the department. The department may adopt rules allowing for certain types of changes in ownership without the need for prior written approval from the

department.

3. The department shall authorize the use of additional structures located within five hundred feet [152.40 meters] of the location described in the original application, unless the department makes an affirmative finding the use of additional structures would jeopardize public health or safety or would result in the cannabis business being within one thousand feet [304.80 meters] of a property line of a pre-existing public or private school. The department may waive all or part of the required advance notice to address emergent or emergency situations.

19-24.2-10. Adult-use cannabis businesses - Agents - Registry identification cards.

1. Upon issuance of an adult-use cannabis business registry certificate, the department shall issue a registry identification card to each qualified adult-use cannabis business agent associated with the adult-use cannabis business.
2. To qualify to be issued a registry identification card, each adult-use cannabis business agent must be at least twenty-one years of age and shall submit all of the following registry identification card application material to the department:
 - a. A photographic copy of the agent's department-approved identification. The agent shall make the identification available for inspection and verification by the department.
 - b. A recent two-by-two inch [5.08-by-5.08 centimeter] photograph of the agent.
 - c. A written and signed statement from an officer or executive staff member of the adult-use cannabis business stating the applicant is associated with the adult-use cannabis business and the capacity of the association.
 - d. The name, address, and telephone number of the agent.
 - e. The name, address, and telephone number of the adult-use cannabis business with which the agent is associated.
 - f. The agent's signature and the date.
 - g. A nonrefundable application or renewal fee in the amount of two hundred dollars.
3. Each adult-use cannabis business agent shall consent to a criminal history record check conducted under section 12-60-24 to demonstrate compliance with the eligibility requirements.
 - a. All applicable fees associated with the required criminal history record checks must be paid by the adult-use cannabis business or the agent.
 - b. A criminal history record check must be performed upon initial application

and biennially upon renewal. An adult-use cannabis business agent shall consent to a criminal history record check at any time the department determines necessary.

- c. An individual convicted of a drug-related misdemeanor offense within the two-year period, or a felony offense within the ten-year period, before the date of application is prohibited from being an adult-use cannabis business agent.
4. The department shall notify the adult-use cannabis business in writing of the purpose for denying an adult-use cannabis business agent application for a registry identification card. The department shall deny an application if the agent fails to meet the registration requirements or to provide the information required, or if the department determines the information provided is false. The cardholder may appeal a denial or revocation of a registry identification card to the district court of Burleigh County for hearing. The court may authorize the cardholder to appear by reliable electronic means.
5. The department shall issue an adult-use cannabis business agent a registry identification card within thirty calendar days of approval of an application.
6. An adult-use cannabis business agent with a registry identification card shall notify the department of any of the following within ten calendar days of the change, in a manner prescribed by the department:
 - a. A change in the cardholder's name or address; and
 - b. Knowledge of a change that would render the adult-use cannabis business agent no longer eligible to be a cardholder.
7. If an adult-use cannabis business agent loses the agent's registry identification card, that agent shall notify the department in writing within twenty-four hours of becoming aware the card has been lost.
8. If a cardholder notifies the department of items listed in this section but the nature of the item reported results in the cardholder remaining eligible, the department may issue the cardholder a new registry identification card with a new random ten-digit alphanumeric identification number within twenty calendar days of approving the updated information and the cardholder shall pay a fee, not to exceed twenty-five dollars. If a cardholder notifies the department of an item that results in the cardholder being ineligible, the registry identification card immediately becomes void.
9. An adult-use cannabis business shall notify the department in writing within two

calendar days of the date an adult-use cannabis business agent ceases to work for or be associated with the adult-use cannabis business. Upon receipt of the notification, that individual's registry identification card becomes void immediately.

10. The registry identification card of an adult-use cannabis business agent expires one year after issuance or upon the termination of the adult-use cannabis business's registration certificate, whichever occurs first. To prevent interruption of possession of a valid registry identification card, an adult-use cannabis business agent shall renew a registry identification card by submitting a complete renewal application no less than forty-five calendar days before the expiration date of the existing registry identification card.

19-24.2-11. Registry identification cards - Nontransferable.

A registry identification card of an adult-use cannabis business agent is not transferable, by assignment or otherwise, to another person. If a person attempts to transfer a card in violation of this section, the registry identification card is void and the person is prohibited from all privileges provided under this chapter.

19-24.2-12. Registry identification cards.

1. The registry identification card of an adult-use cannabis business agent must include:
 - a. The name of the cardholder;
 - b. The cardholders affiliated adult-use cannabis business;
 - c. The date of issuance and expiration date;
 - d. A random ten-digit alphanumeric identification number containing at least four numbers and at least four letters which is unique to the cardholder;
 - e. A photograph of the cardholder; and
 - f. The phone number or website address at which the card can be verified.
2. Except as otherwise provided in this section or rule adopted under this chapter, a registry identification card expiration date must be one year after the date of issuance.

19-24.2-13. Adult-use cannabis businesses and adult-use cannabis agents - Suspension and revocation.

1. The department may suspend or revoke the registry identification card of an

- adult-use cannabis business agent or a registration certificate of an adult-use cannabis business for a material misstatement by an applicant in an application or renewal.
2. The department may suspend or revoke a registry identification card of an adult-use cannabis business agent or registration certificate of an adult-use cannabis business for a violation of this chapter or rules adopted under this chapter.
 3. If an adult-use cannabis business agent or an adult-use cannabis business sells or otherwise transfers cannabis or adult-use cannabis products to a person not authorized to possess cannabis or adult-use cannabis products under this chapter, the department may suspend or revoke the registry identification card of the adult-use cannabis business agent or the registration certificate of the adult-use cannabis business, or both.
 4. If an adult-use cannabis business agent or an adult-use cannabis business sells or otherwise transfers cannabis or adult-use cannabis products in a form not authorized under this chapter or chapter 19-24.1, the department may suspend or revoke the registry identification card of the adult-use cannabis business agent or the registration certificate of the adult-use cannabis business, or both.
 5. The department shall provide written notice of suspension or revocation of a registry identification card or registration certificate.
 - a. A suspension may not be for a period longer than six months.
 - b. A manufacturing facility may continue to produce, process, and possess cannabis and adult-use cannabis products during a suspension, but may not transfer or sell adult-use cannabis products.
 - c. A dispensary may continue to possess adult-use cannabis products during a suspension, but may not purchase, transfer, or transfer adult-use cannabis products.
 - d. An adult-use cannabis business agent or adult-use cannabis business may appeal a suspension or revocation of a registry identification card or registration certificate to the district court of Burleigh County for hearing. The court may authorize the adult-use cannabis business agent or adult-use cannabis business to appear by reliable electronic means.
 6. If the department revokes a registry identification card of an adult-use cannabis business agent under this chapter, the adult-use cannabis business agent is disqualified from further participation under this chapter.

19-24.2-14. Adult-use cannabis businesses and adult-use cannabis

business agents - Violations - Penalties.

1. An adult-use cannabis business agent or adult-use cannabis business that fails to provide a notice as required under this chapter shall pay to the department a fee in an amount established by the department, not to exceed one hundred fifty dollars.
2. In addition to any other penalty applicable in law, a manufacturing facility or an adult-use cannabis business agent of a manufacturing facility is guilty of a class B felony for intentionally selling or otherwise transferring cannabis or adult-use cannabis products in any form, to a person other than a dispensary, or for intentionally selling or otherwise transferring cannabis in any form other than adult-use cannabis products, to a dispensary.
3. In addition to any other penalty applicable in law, a dispensary or an adult-use cannabis business agent of a dispensary is guilty of a class B felony for intentionally selling or otherwise transferring adult-use cannabis products, to a person under twenty-one years of age, in a form not allowed under this chapter, or in an amount that would cause the adult-use cannabis consumer to purchase or possess more than the amount of adult-use cannabis products authorized by this chapter.
4. In addition to any other penalty applicable in law, a dispensary or an adult-use cannabis business agent of a dispensary is guilty of a class A misdemeanor for intentionally selling or otherwise transferring paraphernalia, to a person under twenty-one years of age, or in a form not allowed under this chapter. A dispensary or an adult-use cannabis business agent is not subject to prosecution under this subsection for selling paraphernalia to a registered qualifying patient who is nineteen years of age or older.
5. In addition to any other penalty applicable in law, an adult-use cannabis business or an adult-use cannabis business agent is guilty of a class B felony for intentionally selling or otherwise transferring adult-use cannabis products in a form not allowed under this chapter.
6. An adult-use cannabis business or an adult-use cannabis business agent that knowingly submits false records or documentation required by the department to certify an adult-use cannabis business under this chapter is guilty of a class C felony.
7. In addition to any other penalty applicable in law, if an adult-use cannabis

business violates this chapter the department may fine the cannabis business up to one thousand dollars per violation, per day, and upon subsequent violations a fine not to exceed five thousand dollars per violation, per day.

8. In addition to any other penalty applicable in law, an adult-use cannabis consumer who intentionally sells or otherwise transfers adult-use cannabis products, to a person under twenty-one years of age, is guilty of a class B felony. An individual convicted under this subsection is disqualified from further participation under this chapter.
9. An individual who knowingly submits false records or documentation required by the department to receive an adult-use cannabis business agent registry identification card is guilty of a class A misdemeanor. An individual convicted under this subsection may not continue to be affiliated with an adult-use cannabis business.

19-24.2-15. Adult-use cannabis businesses - Transfer and sale.

1. An adult-use cannabis business shall comply with the transfer and sale requirements of this section.
2. Design and security features of adult-use cannabis products containers must be in accordance with rules adopted under this chapter.
3. A manufacturing facility or an adult-use cannabis business agent of the manufacturing facility may not transfer or sell cannabis or adult-use cannabis products, except a manufacturing facility or an adult-use cannabis business agent of a manufacturing facility may sell adult-use cannabis products to a dispensary.
4. A dispensary or an adult-use cannabis business agent of the dispensary may not sell or provide adult-use cannabis products to the following:
 - a. An individual under twenty-one years of age, unless the individual is registered qualifying patient and the sale or dispensing is in accordance with chapter 19-24.1; or
 - b. An adult-use cannabis consumer in an amount that would cause the adult-use cannabis consumer to purchase or possess more adult-use cannabis products than permitted by this chapter.
5. Before selling or providing an adult-use cannabis product to an individual, a dispensary or an adult-use cannabis business agent of the dispensary must verify the following:

- a. The individuals age by requiring the individual to produce one of the following pieces of identification:
 - (1) The person's passport, issued by the United States or a foreign government;
 - (2) The person's driver license, issued by the State of North Dakota or another state of the United States;
 - (3) An identification card issued by the State of North Dakota;
 - (4) A United States military identification card;
 - (5) An identification card issued by a federally recognized Indian tribe; or
 - (6) Any other identification card issued by a state or territory of the United States that bears a picture of the person, the name of the person, the person's date of birth and a physical description of the person.
 - b. The purchase history of the adult-use cannabis consumer using the department approved information technology system to ensure the adult-use cannabis consumer does not purchase more than the amount of adult-use cannabis products authorized by this chapter.
6. The Department may adopt rules requiring a dispensary to use an age verification scanner or any other equipment used to verify a person's age for the purpose of ensuring that the dispensary does not sell adult-use cannabis products to a person under twenty-one years of age. Information obtained under this section may not be retained after verifying a person's age and may not be used for any purpose other than verifying a person's age.

19-24.2-16. Maximum purchase amount for adult-use cannabis consumers.

The maximum amount an adult-use cannabis consumer is authorized to purchase is as follows:

1. For the first day of a calendar month through the fifteenth day of the same calendar month:
 - a. Twenty-one grams of adult-use cannabis;
 - b. One gram of adult-use cannabinoid concentrates; and
 - c. Three hundred milligrams of total tetrahydrocannabinol in the form of adult-use cannabinoid products.
2. For the sixteenth day of the calendar month through the last day of the same calendar month:
 - a. Twenty-one grams of adult-use cannabis;

- b. One gram of adult-use cannabinoid concentrates; and
- c. Three hundred milligrams of total tetrahydrocannabinol in the form of adult-use cannabinoid products.

19-24.2-17. Maximum possession amounts for adult-use cannabis consumers.

1. It is unlawful for an adult-use cannabis consumer to possess more than the following:
 - a. One ounce of adult-use cannabis;
 - b. One and one half grams of an adult use cannabinoid concentrate; and
 - c. Four hundred milligrams of total tetrahydrocannabinol in the form of an adult-use cannabinoid product.
2. An adult-use cannabis consumer who possesses more than the maximum amount of adult-use cannabis products authorized by this chapter is subject to prosecution under chapter 19-03.1.

19-24.2-17. Adult-use cannabis businesses - Inspections.

1. An adult-use cannabis business is subject to random inspection by the department. During an inspection, the department may review the adult-use cannabis business's records, including the adult-use cannabis business's financial, inventory, and sales records.
2. The department shall conduct inspections of adult-use cannabis businesses to ensure compliance with this chapter and chapter 19-24.1. The department shall conduct inspections of manufacturing facilities for the presence of contaminants. The department shall select a certified laboratory to conduct random quality sampling testing, in accordance with rules adopted under this chapter. An adult-use cannabis business shall pay the cost of all random quality sampling testing.
3. The provisions of chapter 54-44.4 do not apply to the selection of a certified laboratory required by this chapter.

19-24.2-18. Adult-use cannabis businesses - Pesticide testing.

A manufacturing facility shall test cannabis at a manufacturing facility for the presence of pesticides. If a cannabis test indicates the presence of a pesticide, the manufacturing facility shall report the test result immediately to the department and to the agriculture commissioner. Upon the order of the department or agriculture commissioner, the manufacturing facility immediately shall destroy all affected or contaminated cannabis and

adult-use cannabis products inventory in accordance with rules adopted under this chapter, and shall certify to the department and to the agriculture commissioner that all affected or contaminated inventory has been destroyed.

19-24.2-19. Adult-use cannabis businesses - Cannabis plants.

1. A manufacturing facility may have no more than ten thousand plants. For every five hundred plants in excess of one thousand plants a manufacturing facility possesses, the manufacturing facility shall pay the department an additional certification fee of ten thousand dollars. This fee is due at the time of increase and again at renewal of the adult-use cannabis business registration certificate.
2. A dispensary may not possess more than three thousand five hundred ounces [99.22 kilograms] of adult-use cannabis products at any time, regardless of formulation.
3. The health council shall adopt rules to allow a manufacturing facility to possess no more than an additional fifty plants for the exclusive purpose of department-authorized research and development related to production and processing. These plants are not counted in a manufacturing facility possession amount and are not subject to an additional fee.

19-24.2-20. Adult-use cannabis businesses - Security and safety.

1. In compliance with rules adopted under this chapter, an adult-use cannabis business shall implement appropriate security and safety measures to deter and prevent the unauthorized entrance to areas containing cannabis and adult-use cannabis products and to prevent the theft of cannabis and adult-use cannabis products.
2. An adult-use cannabis business shall limit entry to an area in which production or processing takes place or in which cannabis or adult-use cannabis products are held to authorized personnel .
3. An adult-use cannabis business must have a fully operational security alarm system at the authorized physical address which includes an electrical support backup system for the alarm system to provide suitable protection against theft and diversion.
4. An adult-use cannabis business shall maintain documentation in an auditable form for:
 - a. All maintenance inspections and tests conducted under this section, and

- any servicing, modification, or upgrade performed on the security alarm system;
- b. An alarm activation or other event that requires response by public safety personnel; and
- c. Any breach of security.

19-24.2-21. Adult-use cannabis businesses - Inventory control.

1. An adult-use cannabis business shall comply with the inventory control requirements provided under this section and rules adopted under this chapter.
 - a. A manufacturing facility shall:
 - (1) Employ a bar coding inventory control system to track batch, strain, and amounts of cannabis and adult-use cannabis products in inventory and to track amounts of adult-use cannabis products sold to dispensaries; and
 - (2) Host a secure computer interface to transfer inventory amounts and dispensary purchase information to the department.
 - b. A dispensary shall:
 - (1) Employ a bar coding inventory control system to track batch, strain, and amounts of adult-use cannabis products in inventory and to track amounts sold to adult-use cannabis consumers; and
 - (2) Host a secure computer interface to transfer inventory amounts and adult-use cannabis consumer purchase information to the department.
2. An adult-use cannabis business shall store the adult-use cannabis business's cannabis and adult-use cannabis products in an enclosed locked facility with adequate security, in accordance with rules adopted under this chapter.
3. An adult-use cannabis business shall conduct inventories of cannabis and adult-use cannabis products at the authorized location at the frequency and in the manner provided by rules adopted under this chapter. If an inventory results in the identification of a discrepancy, the adult-use cannabis business shall notify the department immediately and appropriate law enforcement authorities within seventy-two hours. An adult-use cannabis business shall document each inventory conducted by the adult-use cannabis business.
4. The provisions of chapter 54-44.4 do not apply to the selection of the information technology system selected by the department.

19-24.2-22. Adult-use cannabis businesses - Operating manual - Training.

1. An adult-use cannabis business shall maintain a current copy of the adult-use cannabis business's operating manual that meets the requirements of rules adopted under this chapter.
2. An adult-use cannabis business shall develop, implement, and maintain on the premises an onsite training curriculum or shall enter contractual relationships with outside resources capable of meeting adult-use cannabis business agent training needs.

19-24.2-23. Adult-use cannabis businesses - Bylaws and operating agreements.

As part of a proposed adult-use cannabis business's initial application, the applicant shall provide to the department a current copy of the applicant's bylaws or operating agreement. Upon receipt of a registration certificate, an adult-use cannabis business shall maintain the bylaws or operating agreement in accordance with this chapter. In addition to any other requirements, the bylaws or operating agreement must include the ownership or management structure of the adult-use cannabis business; the composition of the board of directors, board of governors, member-managers, or managers; and provisions relative to the disposition of revenues and earnings

19-24.2-24. Adult-use cannabis businesses - Retention of and access to records and reports.

An adult-use cannabis business shall keep detailed financial reports of proceeds and expenses. An adult-use cannabis business shall maintain all inventory, sales, and financial records in accordance with generally accepted accounting principles. The adult use cannabis business shall maintain for a period of seven years all reports and records required under this section. An adult-use cannabis business shall allow the department, or an audit firm contracted by the department, access at all times to all books and records kept by the adult-use cannabis business.

19-24.2-25. Adult-use cannabis businesses - Recordkeeping - Adult-use cannabis business agents - Registry identification cards.

1. Each adult-use cannabis business shall maintain:
 - a. In compliance with rules adopted under this chapter, a personnel record for each adult-use cannabis business agent for a period of at least three years

following termination of the individual's affiliation with the adult-use cannabis business. The personnel record must comply with minimum requirements set by rule adopted under this chapter.

- b. A record of the source of funds that will be used to open or maintain the adult-use cannabis business, including the name, address, and date of birth of any investor.
 - c. A record of each instance in which a current or prospective board member, member-manager, manager, or governor, who managed or served on the board of a business or not-for-profit entity and in the course of that service was convicted, fined, or censured or had a registration or license suspended or revoked in any administrative or judicial proceeding.
2. Each adult-use cannabis business agent shall hold a valid registry identification card.

19-24.2-26. Verification system.

1. The department shall maintain a confidential list of cardholders and each cardholder's registry identification number.
2. The department shall establish a secure verification system. The verification system must allow law enforcement personnel twenty-four-hour access to enter a registry identification number to determine whether the number corresponds with a current valid registry identification card. The system may disclose:
 - a. Whether an identification card is valid;
 - b. The name of the cardholder; and
 - c. The cardholders affiliated adult-use cannabis business.

19-24.2-27. Protections.

Except as provided in sections 19-24.2-14 and 19-24.1-28:

1. An adult-use cannabis consumer is not subject to arrest or prosecution or the denial of any right or privilege, including a civil penalty or disciplinary action by a court or occupational or professional regulating entity for the acquisition, use, consumption, or possession of adult-use cannabis products or related supplies under this chapter.
2. It is presumed an adult-use cannabis consumer is engaged in the acquisition, use, consumption, or possession of adult-use cannabis products or related supplies in accordance with this chapter if the adult-use consumer is not in

possession of adult-use cannabis products in an amount that exceeds what is authorized under this chapter. This presumption may be rebutted by evidence that the conduct related to acquisition, use, consumption, or possession of adult-use cannabis products or related supplies was not in accordance with this chapter.

3. A manufacturing facility is not subject to prosecution, search or inspection, or seizure, except by the department or a department designee, under this chapter for acting under this chapter to:
 - a. Produce or process or to conduct related activities for the sole purpose of selling adult-use cannabis products to a dispensary; or
 - b. Transfer, transport, or deliver cannabis or adult-use cannabis products to and from a department designee or manufacturing facility in accordance with this chapter.
4. A dispensary is not subject to prosecution, search or inspection, or seizure, except by the department or a department designee, under this chapter for acting under this chapter to:
 - a. Purchase adult-use cannabis products from a manufacturing facility and conducting related activities for the sole purpose of selling adult-use cannabis products and related supplies, and providing educational materials to adult-use cannabis consumers; or
 - b. Transfer adult-use cannabis products to and from a department designee or related manufacturing facility in accordance with this chapter.
5. A registered adult-use cannabis business agent is not subject to arrest or prosecution or the denial of any right or privilege, including a civil penalty or disciplinary action by a court or occupational or professional regulating entity, for working or volunteering for an adult-use cannabis business if the action performed by the adult-use cannabis business agent on behalf of the adult-use cannabis business is authorized under this chapter.
6. The sale and possession of supplies related to possession and consumption of adult-use cannabis products by a dispensary is lawful if in accordance with this chapter.
7. The adult-use of cannabis by an adult-use cannabis consumer or the producing and processing and the selling of adult-use cannabis products by an adult-use cannabis business is lawful if in accordance with this chapter.
8. An adult-use cannabis consumer, adult-use cannabis business agent, or adult-

use cannabis business is not subject to arrest or prosecution for use of drug paraphernalia or possession with intent to use drug paraphernalia in a manner consistent with this chapter.

9. A person in possession of cannabis waste in the course of transporting or disposing of the waste under this chapter and rules adopted under this chapter may not be subject to arrest or prosecution for that possession or transportation.
10. A person in possession of cannabis, adult-use cannabis products, or cannabis waste in the course of performing laboratory tests as provided under this chapter and rules adopted under this chapter may not be subject to arrest or prosecution for that possession or testing.

19-24.2-28. Limitations.

1. An adult-use cannabis consumer may use adult-use cannabis products in the following locations:
 - a. A private residence, including the person's curtilage, or yard;
 - b. On private property, not generally accessible by the public, when the adult-use cannabis consumer is explicitly permitted to consume the adult-use cannabis products on the property by the owner of the property
2. This chapter does not authorize an adult-use cannabis consumer to engage in, and does not prevent the imposition of any civil liability or criminal liability or other penalties for engaging in the following conduct:
 - a. Use, possession, or transportation of adult-use cannabis products by an individual under twenty-one years of age.
 - b. Use or consumption of adult-use cannabis products by an adult-use consumer in any public place, including an indoor or outdoor area used by, or open to, the general public or on any form of public transportation.
 - c. Use or consumption of an adult-use cannabis product on the grounds of any adult-use cannabis business.
 - d. Undertaking an activity under the influence of cannabis if doing so would constitute negligence or professional malpractice.
 - e. Possession or consumption of adult-use cannabis products in any of the following locations:
 - i. On a school bus or school van that is used for school purposes;
 - ii. On the grounds of any public or private school, including all facilities, whether owned, rented, or leased, and all vehicles that a public or

- private school owns, leases, rents, contracts for, or controls;
 - iii. At any location while a public or private school sanctioned event is occurring at that location;
 - iv. On state or federal property, including all facilities, whether owned, rented, or leased, and all vehicles the state or federal government, leases, rents, contracts for, or controls;
 - v. On the grounds of a correctional facility;
 - vi. On the grounds of a child care facility or licensed home day care, unless authorized under rules adopted by the department of human services.
 - f. Undertaking any activity prohibited by section 23-12-09, 23-12-10, 23-12-10.2, 23-12-10.4, 23-12-10.5, or 23-12-11.
 - g. Use of adult-use cannabis products in a motor vehicle as defined by chapter 39-01.
 - h. Using a combustible delivery form of adult-use cannabis products or vaporizing adult-use cannabis products under this chapter if the smoke or vapor would be inhaled by a person under twenty-one years of age.
 - i. Operating, navigating, or being in actual physical control of a motor vehicle, aircraft, train, snowmobile, or motorboat, while under the influence of cannabis. However, a registered qualifying patient may not be considered to be under the influence of cannabis solely because of the presence of metabolites or components of cannabis that appear in insufficient concentration to cause impairment.
3. This chapter does not require the following:
- a. A person in lawful possession of property to allow a guest, client, customer, or other visitor to possess or consume adult-use cannabis products on or in that property; or
 - b. A landlord to allow production and processing of cannabis or possession and consumption of adult-use cannabis products on rental property.
4. This chapter does not prohibit an employer from the following:
- a. Disciplining or terminating the employment of an employee for possessing or consuming adult-use cannabis products in the workplace or for working while under the influence of cannabis. Working as used in this subsection includes when an employee is on call.
 - b. Adopting reasonable zero tolerance or drug-free workplace policies, or

- employment policies concerning drug testing, smoking, consumption, storage, or use of cannabis in the workplace or while on call provided that the policy is applied in a nondiscriminatory manner.
- c. Disciplining or terminating the employment of an employee for violating an employer's employment policies or workplace drug policy.
5. An employer may consider an employee to be impaired or under the influence of cannabis if the employer has a good faith belief that an employee manifests specific, articulable symptoms while working that decrease or lessen the employee's performance of the duties or tasks of the employee's job position, including symptoms of the employee's speech, physical dexterity, agility, coordination, demeanor, irrational or unusual behavior or negligence or carelessness in operating equipment or machinery; disregard for the safety of the employee or others, or involvement in any accident that results in serious damage to equipment or property; disruption of a production or manufacturing process; or carelessness that results in any injury to the employee or others. If an employer elects to discipline an employee on the basis that the employee is under the influence or impaired by cannabis, the employer must afford the employee a reasonable opportunity to contest the basis of the determination.
 6. Nothing in this chapter shall be construed to create or imply a cause of action for any person against an employer for:
 - a. Actions, including subjecting an employee or applicant to reasonable drug and alcohol testing under the employer's workplace drug policy, including an employee's refusal to be tested or to cooperate in testing procedures or disciplining termination of employment, based on the employer's good faith belief that an employee used or possessed cannabis in the employer's workplace or while performing the employee's job duties or while on call in violation of the employer's employment policies;
 - b. Actions, including discipline or termination of employment, based on the employer's good faith belief that an employee was impaired as a result of the use of cannabis, or under the influence of cannabis, while at the employer's workplace or while performing the employee's job duties or while on call in violation of the employer's workplace drug policy; or
 - c. Injury, loss or liability to a third party if the employer neither knew nor had reason to know that the employee was impaired.
 7. Nothing in this chapter shall be construed to interfere with any federal, state or local

restrictions on employment including, the United States Department of Transportation regulation 49 CFR 40.151(e) or impact an employer's ability to comply with federal or state law or cause it to lose a federal or state contract or funding.

19-24.2-29. Health council - Rules.

1. The health council shall adopt rules as necessary for the implementation and administration of this chapter, including transportation and storage of cannabis and adult-use cannabis products, advertising, packaging and labeling, standards for testing facilities, inventory management, and accurate recordkeeping.
2. The health council may adopt rules regarding the operation and governance of additional categories of registered adult-use cannabis businesses.

19-24.2-30. Confidentiality.

1. Except as provided under subsection 2, information kept or maintained by the department is confidential, including information in a registration application or renewal and supporting information submitted by an adult-use cannabis business, proposed adult-use cannabis business, or adult-use cannabis business agent. Information kept or maintained by the department that could be used to identify an adult-use cannabis consumer is confidential.
2. Information kept or maintained by the department may be disclosed as necessary for:
 - a. The verification of registration certificates and registry identification cards under this chapter;
 - b. Notification of state or local law enforcement of apparent criminal violation;
 - c. Notification of state and local law enforcement about falsified or fraudulent information submitted for purposes of obtaining or renewing a registry identification card; or
 - d. Date for statistical purposes in a manner such that no individual person or adult-use cannabis business is identified.
3. Information submitted to a local government to demonstrate compliance with any security requirements required by local zoning ordinances or regulations is confidential.

19-24.2-31. Annual Report to Legislative Management

The department shall submit an annual report to the legislative management. The following information shall be included in the annual report in a manner such that no individual person or adult-use cannabis business can be identified:

1. The number and type of adult-use cannabis businesses;
2. Revenue and expenses of the department related to the implementation of this chapter;
3. Sales data by product type; and
4. Information for statistical purposes.

19-24.2-32. Adult-use cannabis fees.

The department shall deposit all fees collected under this chapter in the fund established under section 19-24.1-40.