



THE REC ROUNDUP: UPDATES TO HB701 IMPLEMENTATION

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Economic Affairs Interim Committee

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MONTANA STATE LEGISLATURE

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Voters approved Initiative 190 (I-190) in November 2020 allowing recreational marijuana in addition to medical marijuana sales in Montana. House Bill 701 (HB701), passed during the 2021 Legislative Session, implements I-190 with a January 1, 2022 effective date for the recreational marijuana program. This paper provides updates to the implementation of HB701 for the SJ31 study by the Economic Affairs Interim Committee.

DAWSON COUNTY TURNS GREEN¹

I-190 failed in Dawson County 53% to 46% by a margin of 341 votes, making Dawson County a "red county."² In December 2021, voters approved recreational marijuana, becoming the first county to flip from red to green³.

Voters also approved a 3% local option tax for recreational marijuana and marijuana products in Dawson County, bringing the number of counties adding local tax to four:

- Dawson County – 3% on all marijuana sales
- Missoula County – 3% on recreational sales only
- Park County – 3% on all marijuana sales
- Yellowstone County – 3% on all marijuana sales

GRANTS AWARDED FOR DRUG DOG RETIREMENTS



HB701 included a one-time appropriation for a grant program to help Montana law enforcement agencies replace some canine units.⁴ New drug-detecting dogs replace those trained to detect marijuana, now that the substance is legal. The Attorney General's office awarded about \$300,000 to the law enforcement agencies. Twenty-three agencies were approved for funding, through two rounds of applications⁵ and review. The retiring dogs will likely get adopted by their handlers and enjoy retirement as pets.⁶

¹ https://helenair.com/news/state-and-regional/govt-and-politics/dawson-county-flips-green-local-officials-still-leery-on-recreational-cannabis/article_39304786-6fac-5df8-a432-0a68864c8499.html#tncms-source=login

² A "red county" means a county where the majority of voters voted against approval of I-190 in the November 3, 2020 general election. [ARM 42.39.102\(43\)](#).

³ A "green county" means a county where the majority of voters voted to approve I-190 in the November 3, 2020 general election. [ARM 42-39.102\(19\)](#).

⁴ <https://leg.mt.gov/bills/2021/sesslaws/ch0576.pdf>; p. 63.

⁵ https://dojmt.gov/attorney-general-knudsen-announces-first-round-of-k9-grant-awards-to-crack-down-on-illegal-drugs/?utm_medium=email&utm_source=govdelivery

⁶ https://www.bozemandailychronicle.com/news/county/sniff-it-out-marijuana-legalization-spurs-k9-retirements-retraining/article_85309345-2d4b-522a-8ec2-0036afb8bba7.html

AGENCIES AWARDED GRANTS

Agency	Grant	Agency	Grant
Billings Police Department	\$15,000	Lewis and Clark County Sheriff's Office	\$10,000
Bozeman Police Department	\$13,132	Meagher County Sheriff's Office	\$13,313
Carbon County Sheriff's Office	\$14,900	Missoula County Sheriff's Office	\$10,000
Cascade County Sheriff's Office	\$13,303	Missoula Police Department	\$14,000
Columbus Police Department	\$10,000	Montana Highway Patrol	\$20,000
Dawson County Sheriff's Office	\$13,589	Musselshell County Sheriff's Office	\$10,000
Fort Peck Tribal Police Department	\$13,000	Ravalli County Sheriff's Office	\$10,000
Gallatin County Sheriff's Office	\$14,000	Roosevelt County Sheriff's Office	\$13,000
Havre Police Department	\$10,000	Rosebud County Sheriff's Office	\$13,500
Helena Police Department	\$10,000	Sidney Police Department	\$15,000
Hill County Sheriff's Office	\$10,760	Valley County Sheriff's Office	\$10,460
Lake County Sheriff's Office	\$14,648		\$308,105

FEDERAL POLICY UPDATE

SJ31 calls for monitoring changes in federal policy for potential state implications.

SAFE BANKING ACT

The Secure and Fair Enforcement Banking (SAFE) Act, H.R.1996,⁷ has been around in some form since 2013. The SAFE Act creates a safe harbor from federal penalties for banks who elect to service state-licensed marijuana-related businesses. Although the SAFE Act was removed from the National Defense Authorization Act (NDAA) for fiscal year 2022 by the U.S. Senate,⁸ it passed the House as an amendment in the America COMPETES Act on February 4, 2022, though its fate in the Senate remains uncertain.⁹

MORE ACT

The Marijuana Opportunity Reinvestment & Expungement (MORE) Act, H.R.3617, is one of several bills introduced last session seeking to decriminalize marijuana. In addition to removing marijuana from the list of scheduled substances under the Controlled Substances Act, the bill eliminates certain criminal penalties and replaces statutory references of the term "marijuana" with the term "cannabis."¹⁰ If passed, the MORE Act would address potential collateral consequences arising from federal and state policy gaps in areas like financial aid eligibility, gun ownership, bankruptcy, tax deductions, and immigration.^{11,12} The MORE Act passed the House Judiciary Committee with slight bipartisan support, has 105 cosponsors, and is awaiting a House floor vote.¹³

⁷ <https://www.congress.gov/bill/117th-congress/house-bill/1996>

⁸ <https://www.idsupra.com/legalnews/safe-banking-act-removed-from-defense-2397461/>

⁹ <https://www.thedenverchannel.com/news/politics/house-again-passes-perlmutter-s-safe-banking-act-in-broader-measure-senate-passage-uncertain>

¹⁰ <https://www.congress.gov/bill/117th-congress/house-bill/3617>

¹¹ <https://crsreports.congress.gov/product/pdf/LSB/LSB10556>

¹² <https://sgp.fas.org/crs/misc/R44782.pdf>

¹³ <https://www.bhfs.com/insights/alerts-articles/2022/cannabis-legislation-wrap-up-for-2021>