Public Commission Meeting
Monday, December 11, 2017

10:30 a.m.
Mass Gaming Commission Offices
101 Federal Street, 12th Floor
Boston, MA
Cannabis Control Commission
12.11.17 Public Meeting

Agenda

• Call to Order
• Chairman’s Comments & Updates
• Discussion of Policies and Draft Regulations
• New Business that the Chairman did not anticipate at time of posting
• Next Meeting date (if known)
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• Call to Order
• Chairman’s Comments & Updates
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Framework & Licensing

A) Marijuana Establishments
- Marijuana Cultivator (KD)
  - Craft Marijuana Cooperative (KD)
- Marijuana Product Manufacturer (KD)
- Independent Testing Lab (KD)
- Marijuana Retailer (KD)
- Marijuana Distributor (SH)
- Marijuana Delivery Operator (SH)
- Marijuana Social Consumption Operator (ST)
  - Primary Use
  - Mixed Use
  - Event License
- Micro Business (ST)

B) Licensing Process (BM)
- General
- Specific Issues

C) Priority Econ Empowerment Review (ST)

D) Social Equity (ST)

E) Background Checks (BM)

F) Fees (SH)
Operations

- Cultivation (KD)
  - Pesticides
  - Plant Nutrients
  - Organic Growing
  - Energy
- Sanitary Requirements (KD)
- Edibles (JF)
- Storage/Distribution (SH)
- Inventory/Records (SH)
- Insurance (KD)
- Labs/Testing (KD)
- Packaging, Labelling, Advertising (BM & JF)
- Retail
  - Consumer Access (BM)
  - Consumer Education (JF)
  - Delivery (SH)
  - Separation of Adult & Medical (KD)
  - Employees (ST & BM)
Additional Topics

- Leadership Program Categories
- Martha’s Vineyard/Nantucket

DRAFT--FOR DISCUSSION PURPOSES ONLY
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Framework & Licensing

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Issue: Marijuana Cultivator

Options:
• Consistent with statute: an entity licensed to cultivate, process and package marijuana, to deliver marijuana to marijuana establishments and to transfer marijuana to other marijuana establishments, but not to consumers.
• Tiered licensing (see next slide)
• Production management controls (see next slide)
• Additional or different restrictions

Recommendation: Adopt wording of statute with clarification that each license is specific to a certain address; adopt tiered licensing structure recommended by Marijuana Industry Subcommittee and Market Participation Subcommittee; require production management controls.
Issue: Marijuana Cultivator: Tiered Licensing Structure

Options: (Recommendation of Industry & Market Participation Subcommittee)
Indoor/Outdoor/Greenhouse/Hoop House/ are combined as one. Tiers are as follows:
(A) Tier I: Up to 1,000 square feet of plant cultivation space
(B) Tier II: 1,001 to 5,000 square feet of plant cultivation space
(C) Tier III: 5,001 to 10,000 square feet of cultivation space
(D) Tier IV: 10,001+ square feet (proportionate fee associated with each additional 5,000 square feet

- Add production management requirements
- Add requirement that vertical growing structures be included in calculation of square footage

Recommendation: Adopt recommendation of subcommittee with addition of requiring demonstration of consistent sales of 85% of inventory during the past 6 months before licensee can move up a tier and condition on vertical structures.
Issue: Craft Marijuana Cooperatives

Options:
• Consistent with statute: a marijuana cultivator comprised of residents of the commonwealth organized as a limited liability company or limited liability partnership under the laws of the commonwealth, or an appropriate business structure as determined by the commission, and that is licensed to cultivate, obtain, manufacture, process, package and brand marijuana and marijuana products to deliver marijuana to marijuana establishments but not to consumers.
• Massachusetts residency requirements; Number of locations; Scope of license
• Additional or different requirements

Recommendation:
• Members of limited liability partnerships or corporations must be MA residents for the preceding 12 months
• Consolidated license: a cooperative may have up to 6 cultivation locations and 3 processing and production locations.
• Any other activities will require separate licensure.
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Issue: Marijuana Product Manufacturer

Options:

• Consistent with statute: an entity licensed to obtain, manufacture, process and package marijuana and marijuana products, to deliver marijuana and marijuana products to marijuana establishments and to transfer marijuana and marijuana products to other marijuana establishments, but not to consumers.
• Limit of 3 license per entity
• Additional or different requirements

Recommendation: Adopt wording of statute with clarification that each license is specific to a certain address
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**Issue:** Independent Testing Laboratory

**Options:**

- Consistent with statute:
  - Accredited, independent, and qualified;
  - Standards Laboratory
  - Meets standards of independent testing facility
  - Used as resource to verify testing and methodology of independent testing labs
- Additional or different requirements

**Recommendation:** Adopt regulations on independent testing laboratory consistent with statute, but additionally authorize licensure of standards laboratory
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Issue: Marijuana Retailer

Options:
- Consistent with statute: entity licensed to purchase and deliver marijuana and marijuana products from marijuana establishments and to deliver, sell or otherwise transfer marijuana and marijuana products to marijuana establishments and to consumers.
- Allow delivery-only retail license (no brick and mortar location)
- Additional or different requirements

Recommendation: Adopt wording of statute with clarification that delivery-only model is option and each license is specific to a certain address
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Issue:
- What types of Marijuana Distributor Licenses should be created?
  - Required because adult use market will not be vertically integrated

Options:
- Distribution License
  - Delivery to the next level of the value chain, including to retailers
  - Arrange for testing, check for appropriate packaging and labeling
    - Additional issues:
      - allow wholesale?
      - allow storage?
- Transportation-only License
  - Delivery to next level of the value chain but cannot deliver to retailers
- Self – Distribution
- Self – Transportation-only

Recommendation: Create both Distribution and Transportation-only licenses subject to DPH transportation protocol
- Set higher fees if licensee intends to distribute/deliver for third parties
- Allow for storage
- Do not allow for wholesaling
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Issue: Marijuana Delivery Licenses

Options:
• Allow Retail Licensees to deliver to homes
• Allow for delivery-only retail licensees (no brick and mortar location)
• Create Delivery Licenses for non-retailers

Recommendation:
• Allow retail licensees to offer home delivery
• Allow delivery-only retail licensees
• Defer creating delivery licenses to non-retailers
• Deliveries can be made only to residences (not government owned) within the same municipality where the license is registered
• No deliveries to hotels, dorms, campgrounds etc.
• Adopt DPH safety and tracking protocol
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**Issue:** Determine categories of social consumption licensees.

**Options:**
* Have only one category
* Divide into categories based on size or use
* Divide into categories based on consumption method

**Recommendation:**
Divide into three types of licenses
* Primary Use License (Derives more than 50% of revenue from cannabis)
* Mixed Use License (May only sell cannabis with another service)
* Event License (May not exceed 3 days)
**Issue:** Limitations on ownership and number of social use licensees

**Options:**
* No limitations
* Decrease, increase, or stay consistent with 3-license limit
* Consider municipal limits

**Recommendations:**
* A licensee may be granted up to 3 Primary Use Licenses, up to 3 Mixed Use Licenses, and up to 10 Event Licenses at one time
* No social use licenses may operate in municipalities with bans or moratoria on marijuana establishments. Primary Use Licenses count toward numerical municipal limits; Mixed Use and Event Licenses do not.
* Modify local control requirements for Mixed Use and Event Applicants
**Issue:** Application & Operational Requirements

**Options:**
*Start with elements from other marijuana establishments
*Modify and add requirements as necessary

**Recommendations:**
*Products from licensed cultivators or manufacturers (restaurant exception)
-Allow only individual servings. No marijuana may leave the premises
*Develop Cannabis Awareness & Response Education for employees
*Add requirement for reasonable plan to assist with patron transportation
*Prohibit any sales of alcohol at marijuana consumption establishments
*Allow small Mixed Use & Event Licensees to apply for exemptions focusing on reasonable requirements in light of entity’s size and nature
Issue: Smoking

Recommendations:
* Allow municipalities to permit smoking
* Allow establishments licensed by the Department of Revenue as smoking bars to permit smoking
* By January 31, 2018, appoint a special working group to create recommendations for regulations on smoking and other forms of social consumption by July 1, 2018
  * Ventilation guidelines
  * Odor control including carbon filtration systems
  * Employee exposure to secondhand marijuana smoke
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Issue: Determine definition of “microbusiness” and eligibility.

Options:
* Vertical integration of any combination of licenses
* Size limits based on revenue or dimensions to define “micro”
* Eligibility based on residency, economic factors, or other factors

Recommendation:
* Definition: cultivation + manufacturing + delivery license
* Limit: cultivation area no larger than 10,000 square feet
* Eligibility: Anyone who does not have an ownership stake in another marijuana establishment is eligible
* Discount: 50% discount on sum of fees
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**Issue:** What is the general structure of the licensing process for Marijuana Establishments?

**Options:**

- **One-and-Done:** Applicants submit all components of a completed application before any review by the Commission.
- **Phased:** Applicants complete initial application in phase 1 and receive approval from Commission to proceed to phase 2 of process.
- **Packet System:** Application consists of 3 parts accepted and reviewed by the Commission on a rolling basis.

**Recommendation:** The “packet system” will allow more flexibility for completion and review of applications.
Issue: What are the components of the packet system?

Recommendation:

- Application of Intent
- Background Check
- Management and Operations Profile
**Issue:** Whether the regulations should include a set capitalization requirement as part of the Application of Intent.

**Options:**

- Inquiry but no capitalization requirement
- Set capital requirement for all licenses and all licensees regardless of type
- Low capitalization requirements based on license tiers
- RMD capitalization requirement of $500,000

**Recommendation:** No requirement or low capitalization requirement based on license tiers because the difficulty with securing capital through traditional sources calls for the Commission to look at capitalization through a different lens. It is possible to lower barriers to entry without sacrificing a strong regulatory structure.
Issue: Whether to require specific municipal sign-offs as part of the application process and, if so, what?

Options:
• Letter of non-opposition
• Applicant-led community outreach hearing

Recommendation: The Commission should not require a letter of non-opposition, but instead require an applicant-led community outreach hearing held within 6 months prior to an application because it is a more effective way of engaging the municipality. The Commission received consistent feedback in public comments that the letter of non-opposition was not a useful tool for community engagement.
Issue: Whether the Commission should review Host Community Agreements.

Options:
- Commission reviews HCAs in whole or in part
- Commission requires evidence of executed HCA in form of a certification, but does not review the HCA
- Commission remains silent on HCAs
- Commission has no role in HCAs

Recommendation: The Commission should require evidence of an HCA, but should not seek to play a role in reviewing a contract to which it is not a party. The HCA should play an important role in mitigating real costs and promoting discussion between the parties. The Commission has an interest in ensuring a binding HCA is in place to move forward with application review.
Issue: What should the Management and Operations Profile include?

Recommendation:
• Proposed timeline for achieving operation of the Marijuana Establishment and evidence the M.E. will be ready to operate
• Plan for obtaining liability insurance
• Detailed summary of operating policies and procedures, including:
  ❖ Security
  ❖ Diversion prevention
  ❖ Storage
  ❖ Transportation
  ❖ Inventory procedures
  ❖ Quality control and testing
  ❖ Personnel policies including description of trainings for M.E. agents
  ❖ Record keeping and maintenance of financial records
**Issue:** What additional information specific to Marijuana Establishments will the Commission require for licensing?

**Recommendation:** As part of the MOP Packet:

- Retailers should be prepared to tell the Commission where they intend to acquire Marijuana and Marijuana Products from;

- Cultivators should be prepared to provide a detailed plan that includes policies and procedures for cultivation;

- Manufacturers should be prepared to provide a description of the types and forms of Marijuana Products to be produced; methods of production; and samples of any unique identifying marks that will appear on the product.
**Issue:** What will the licensing process for existing RMDs look like?

**Statute:** Section 73 of Chapter 55 of the Acts of 2017 states that:

(b) Notwithstanding any general or special law to the contrary, for the purposes of reviewing and approving an application for a license to operate a marijuana establishment, the Massachusetts cannabis control commission shall identify applicants who are holders of a provisional or final certificate of registration pursuant to chapter 369 of the acts of 2012 and accompanying regulations. The commission shall consider issuance of a provisional or final certificate of registration as achievement of accreditation status. The commission shall ensure an expedited review process for applicants for a license to operate a marijuana establishment who have achieved accreditation status and shall only require that such applicants submit specific information not previously required, analyzed, approved and recognized by the department of public health.
Recommendation: The Commission should ensure an expedited review process for priority applicants as delineated in Chapter 55 of the Acts of 2017, which includes existing RMDs that have achieved accreditation per §73(b). Applicants will be deemed to be accredited if, according to the records of the certifying agency (DPH), the applicant is:

• An RMD that has received a Final Certificate of Registration (from DPH) and is selling on the date of application;

• An RMD that has received a Final Certificate but is not yet selling on date of application; or

• An RMD that has received a Provisional Certificate of Registration but not yet a Final Certificate
**Issue:** What information will RMDs seeking licensure as an adult-use Marijuana Establishment be required to submit?

**Options:** As defined by statute, the Commission “shall only require that such applicants submit specific information not previously required, analyzed, approved and recognized by the department of public health.”
Recommendations: Existing RMDs should be required to provide:

As part of the Application of Intent packet
• Community engagement process and certifications specific to issues raised by siting of the Adult Use Marijuana Establishment;
• If physically separate from existing RMD, applicants should provide plans to ensure compliance with local zoning laws.

As part of the Background Check packet
• Authorization to obtain fingerprints in accordance with G.L. c. 94G, §21;
• Background information for C-suite level, management and close associates not previously associated with the RMD license.
Existing RMD Recommendations, cont:

As part of the MOP packet, cont.

- A detailed plan to establish mentoring relationships with equity applicants and licensees;

- A detailed plan to maximize employment opportunities within these establishments for individuals from disproportionately impacted communities.
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