

Cannabis Industry Subcommittee Meeting – November 9, 2017
Saltonstall Building, 100 Cambridge St., Second Floor, Room C, Boston, MA 02114

Board Members Present: Chris Harding (Chair), Taryn LaScola (Designee for John Lebeaux), Mary Ann Pesce, Michael Latulippe, Michael Dundas, Katherine Doyle (Commissioner, Massachusetts Cannabis Control Commission), Horace Small, Kim Napoli, Jamie Lewis

Remote (phone): Norton Arbeláez, Shanel Lindsay

Absent: Lydia Sisson, Ray Berry

Quorum established at 1:08 PM, Meeting was called to order by Commissioner Harding at 1:10 PM.

Introductory Remarks

*Commissioner Harding announced that the meeting will focus on the working group’s updated recommendations and hopefully begin voting. He also introduced the Executive Director of the CCC, Shawn Collins. Commissioner Harding also encouraged the members to physically attend the November 17, 2017 meeting as only 7 members are currently scheduled to appear in person.

Roll Call

*The attending subcommittee members each introduced themselves.

Approval of Minutes

*It was noted that the minutes from the November 3, 2017 meeting were not initially distributed to the remotely participating members, but were provided by a member of Commissioner Harding’s staff shortly thereafter. Motion made by Horace Small to vote to approve the minutes from the November 3, 2017 meeting as written. The motion was seconded by Kim Napoli. The members approved the minutes 10-0, with Taryn LaScola abstaining.

Working Group Updates

*Commissioner Harding provided an overview of the recommendation template distributed to the working groups earlier in the week.

Packaging

*Shanel Lindsay noted that her working group did not have many updates and is awaiting additional information, such as the NCIA document referenced by Jamie Lewis last meeting. She stated that her working group intends to have its final recommendation in the new template by the next meeting. Jamie Lewis said she would provide the NCIA document as soon as possible.

*Commissioner Harding noted that the packaging working group’s current recommendations closely resemble regulations, to which Commissioner Doyle replied that they may be helpful as an appendix to the subcommittee’s final recommendations.

Licensing, Registration, and Manufacturing

*Jamie Lewis presented the working group’s updated recommendations. The following comments were made:

*Slide 6: Commissioner Harding stated that the DOR recommends that the CCC certify any Point of Sale system in order to mitigate the use of zapper software, which alters transaction data and poses a rampant problem with cash businesses. Jamie Lewis replied that she will address this issue in her recommendation, but noted that because supply is heavily monitored in this industry, transaction tampering has not been prevalent as far as she knows. Mary Ann Pesce asked how to combat zapper use. Commissioner Harding pointed to Quebec's use of government-mandated lockboxes and reiterated his recommendation.

*Slide 7: Kim Napoli asked whether the updated recommendation would prohibit minors from purchasing medical marijuana at retail establishments. Michael Latulippe pointed out that currently, a caregiver makes medical marijuana purchases on behalf of a minor. Jamie Lewis clarified that this recommendation is not intended to limit access to medical marijuana or to make dispensaries choose between medical and recreational, and that a caregiver would enable access to the facility.

*Slide 8: Michael Latulippe recommended incorporating the law's allowance for recycling for industrial purposes, such as plant stems.

* Mary Ann Pesce repeated her concern from the prior meeting pertaining to laboratory marijuana tracking and waste disposal. Kim Napoli stated that new changes address the laboratory tracking issue. Michael Latulippe noted that any cannabis not destroyed during the testing process is eventually destroyed and catalogued.

*Slide 9: Commissioner Harding asked whether the working group recommends adopting the 6 to 9 month allowance for current medical marijuana operators to bring their facilities in line with the new code, to which Jamie Lewis replied that this may need further discussion and should be voted on. Michael Dundas expressed his concern that because the hydrocarbon extraction process is dangerous, all extractors should be following some set of safety standards from the start. Jamie Lewis clarified that this recommendation rests on the assumption that state and local authorities have signed off on the facilities' certificates of occupancy, and new facilities would have to comport with these requirements before being allowed to open.

*Slide 10: Jamie Lewis noted that her recommendation now suggests leaving social consumption to be addressed at a later point by the CCC. Kim Napoli suggested that she would like to receive input from the other subcommittees concerning this issue. Commissioner Harding stated he would reach out to them and asked whether this subcommittee should make a recommendation as to when social consumption should be addressed. Mary Ann Pesce suggested looking into whether some components of the social consumption issue could be addressed initially, while leaving others for the second phase.

*Michael Latulippe expressed his concern that ancillary businesses could help avert the supply issues that medical marijuana patients are likely to face on the rollout date. Commissioner Doyle noted this concern and asked the subcommittee whether there should be a limit on selling out of medical marijuana inventory for recreational purposes. Jamie Lewis suggested that allowing cultivators and manufacturers to open sooner could increase supply and asked whether the law prohibits existing manufacturers from being licensed sooner. Commissioner Doyle said that the law prohibits issuing licenses before June 1.

*Michael Latulippe noted that the marijuana law aims to incorporate communities affected by the drug war into the industry, and pushing aside ancillary business and social consumption could push them out of the process, while advantaging current medical dispensaries. Horace Small reiterated these concerns, and also noted that the law does not contemplate a second phase. Kim Napoli stated that the subcommittee has a responsibility to tell the CCC if it believes social consumption simply presents too many critical concerns that cannot be sufficiently addressed prior to the rollout. Commissioner Harding agreed and

stated that, given the strict time tables, the CCC wants the subcommittees to identify streamlining opportunities wherever possible because sufficiently addressing every issue could jeopardize the rollout altogether. Commissioner Harding noted that how each member votes on each recommendation will be tallied individually to let the CCC know where certain members stand.

*Slide 10: Commissioner Doyle asked whether there is a TIPS parallel for cultivation and processing. Jamie Lewis confirmed there is, noted she would clarify that in her recommendation, and would provide recommended entities at the request of the members.

Cultivation

*Taryn LaScola presented updates to the working group's recommendations. The following comments were made:

*Recommendation 1 – Tier Measurement: Commissioner Harding, Jamie Lewis, Michael Dundas, and Taryn LaScola generally discussed issues related to using yield as a metric for taxation and tier measurement.

*Commissioner Doyle clarified that tier measurement under the marijuana law refers to different tiers of licensing and is primarily intended to avoid subjecting small and large producers to the same fee structure. Commissioner Doyle also noted that while she primarily associates tiered licensing with cultivators, she recognized that it may apply to product manufacturers as well. Mary Ann Pesce suggested that perhaps the beer industry might be an instructive example to look to.

*Michael Latulippe asked if this recommendation applied to cloned plants, which do not flower, and asked if a wholesale tax should apply to the transfer of cloned plants. Taryn LaScola noted that the working group may touch upon this issue in its recommendation.

*Recommendation – Tiers: Kim Napoli asked whether “outdoor production” included greenhouses. Taryn LaScola noted that the working group is trying to work that out.

*Recommendation - Tracking system requirements: Jamie Lewis asked whether this recommendation will require that one system be used for both operators and the state. Taryn LaScola clarified that at present, the working group has only agreed that there should be a tracking system and asked how medical marijuana is tracked. Commissioner Doyle said that there is tracking software to track the plants, as well as a platform to track what is dispensed to the patients. Michael Dundas asked Jamie Lewis about tracking software used in Colorado. Jamie Lewis responded that there is no integrated tracking system in Colorado and recommended that Massachusetts adopt a uniform system at the state level, but allow operators to use one of several systems that meet certain criteria. Michael Dundas noted that requiring that the state use a seed to sale tracking system could be quite onerous, which he will address in the working group's recommendation. Jamie Lewis stated that the state and the industry would benefit from a seed to sale tracking system in order to track the chain of custody, assist in recalls, and comply with other regulatory issues.

*Commissioner Harding and Commissioner Doyle asked Taryn LaScola to provide some links regarding best accepted agricultural practices.

Social consumption

*Commissioner Harding and Michael Latulippe agreed to leave the updated social consumption recommendations until the next meeting. Michael Latulippe encouraged the other members to look at the last few recommendations he provided.

Closing Remarks

*Commissioner Harding noted that another meeting is scheduled for Friday, November 17, 2017 from 1:00PM to 2:30PM, as well as Tuesday, November 21, 2017 from 1:00PM to 2:30PM. He encouraged in-person attendance and noted that voting on the recommendations will likely begin at the next meeting. Only those participating in-person or remotely can vote.

Questions from the Public

*Eric Schwartz asked whether the subcommittee would revisit the statutory co-operative language. Taryn LaScola noted that the Marketing Access subcommittee is working on this issue and encouraged him to attend its next meeting.

*An individual asked why the state would delay the rollout of co-operative licensing. Commissioner Harding said that the only delays being contemplated are those designed to ensure that all of the mandatory deadlines are met by July 1, 2018.

*Khadijah Tribble, of Marijuana Matters, a Harvard affiliated think tank, offered the research resources of her organization to the subcommittee. Commissioner Harding directed her to David Berch.

*An individual asked what the second phase would include. Commissioner Harding stated that while there is no formal second phase, the subcommittee may recommend to the CCC that there are risks in addressing certain issues given the present time constraints.

*An individual asked about the process for getting a non-profit license, whether there are any caps, and where he could learn more about the non-profit waiver process. Commissioner Harding responded noting that there are no caps. Commissioner Doyle recommended that he speak to an attorney.

*Bill Gaines asked about pushing back co-operatives to the second phase. Commissioner Harding told him that the subcommittee does not intend to recommend delaying the licensing of co-operatives.

*An individual asked about the prioritization of licenses that was discussed earlier. Michael Latulippe noted that this referred to his concern that medical marijuana entities are likely going to be able to open sooner.

*Two individuals asked about recommendations addressed in a Foley & Hoag letter regarding the issuance of licenses to non-profits representing communities of color. Horace Small assured them that for profits were written into the law and is confident they will remain part of the structure.

*Motion made by Commissioner Harding to vote to adjourn the meeting at 2:40 PM. The motion was seconded by Mary Ann Pesce. The vote to adjourn the meeting was unanimous.