

Commonwealth of Massachusetts



Cannabis Industry Sub-Committee Meeting

November 3, 2017



Agenda



- Call to order
- Roll call
- Approval of minutes from last meeting
- Topics for discussion:
 - Working group updates
 - Licensing, Registration, and Manufacturing: Jaime Lewis
 - Social Consumptions Recommendations: Michael Latulippe
 - Seed-to-Sale Tracking and Tier Measurement: John Lebeaux
 - Packaging: Shanel Lindsay
 - Review meeting schedule going forward
 - Other business
- Adjournment



Licensing, Registration, and Manufacturing: Jaime Lewis



Licensing, Registration, and Manufacturing



- **The legislation calls for virtual separation of medical and adult use marijuana – how should this be done?**
 - **Virtual Separation of medical and adult use marijuana should be done at the point of sale. All patrons (adult use or medical) who enter a dispensary that retails both medical and adult use marijuana must either display a valid government ID certifying that they are 21 years of age or older; or a valid Massachusetts Medical Use of Marijuana Program card (patient or caregiver). At the point of sale, all co-located retail medical/adult use marijuana establishments will be required to possess and operate software capable of tracking and distinguishing sales for adult use and medical patients.**



Licensing, Registration, and Manufacturing, continued



- **The legislation prohibits individuals under 21 being allowed on the premises of a Retail Marijuana Establishment, but how will registered qualifying patients over 18 but under 21 have access to medication?**
- **There is no necessity for registered qualifying patients under the age of 18 to be on the premises of a Retail Marijuana Establishment that does not also offer Medical Marijuana. Access to medication at a marijuana establishment that retails both adult use and medical cannabis will be facilitated by virtual separation.**



Licensing, Registration, and Manufacturing, continued



- What energy, environmental, and **waste disposal standards** for licensure and licensure renewal of marijuana establishments licensed as a marijuana cultivator or marijuana product manufacturer does the subcommittee recommend?
- We recommend adopting existing DPH waste disposal standards as identified in 105 CMR 720.105 (J) (p.31). Energy and environmental standards must, at a minimum, be commensurate with Municipal Requirements. *See 105 CMR 725.600 (p.50).*



Licensing, Registration, and Manufacturing, continued



- What standards for manufacturing or extracting cannabinoid oils or **hydrocarbon solvent** does the subcommittee recommend?
 - Should the regulations specify minimum safety standards for specified types of hydrocarbon solvent extraction systems?
 - See Colorado's [Code of Regulations - Marijuana Enforcement Division as it pertains to Solvent-Based Marijuana Concentrates](#).



Licensing, Registration, and Manufacturing, continued



- The law allows the licensing of ancillary businesses, such as marijuana distributors, marijuana storage, **laboratories**, and marijuana transportation.
 - The Commission should place initial exclusive focus on creating regulations, guidelines, and protocols necessary for the issuance of licenses by April 1, 2018. To this end, we recommend addressing licensing for ancillary businesses, growing co-operatives, and other marijuana establishments outside the scope identified in [G. L. c. 94G, §§ 4\(a\)\(1\)-\(15\), 15](#) be reserved for Phase II of regulatory promulgation.
- What training requirements should there be for **retail dispensary and cultivation/processing** employees?
 - The law requires qualifications for licensure and minimum standards for employment that are directly and demonstrably related to the operation of a marijuana establishment and similar to qualifications for licensure and employment standards in connection with alcoholic beverages as regulated under chapter 138 of the General Laws



Licensing, Registration, and Manufacturing, continued



- What training requirements should there be for **retail dispensary and cultivation/processing** employees?
 - Marijuana Establishment owners may choose to send their employees to a live, in-person, training program that is akin to TIPS or ServSafe Alcohol Certification classes.
 - Owners who choose to require employee participation in the program will bolster the fledgling industry by setting a minimum standard of employment expectations for the varying jobs within the cannabis industry.
 - Owners who choose to participate will receive a reduced fine for a specified list of infractions.



Licensing, Registration, and Manufacturing, continued



- We recommend adopting the updated 105 CMR 725 with modifications necessary to support the adult use industry as well including:
 - 105 CMR 725.100 – Registration of Registered Marijuana Dispensaries
 - 105 CMR 725.105 – Operational Requirements for Registered Marijuana Dispensaries
 - 105 CMR 725.300 – Inspection of Registered Marijuana Dispensaries
 - 105 CMR 725.400 – Grounds for Denial of Initial Application for Registration
 - 105 CMR 725.405 – Grounds for Denial of Renewal Application and Revocation
 - And other relevant Sections as identified by the Subcommittee.



Social Consumptions Recommendations: Michael Latulippe



Social Consumption Recommendations



- **What limits should be placed on consumption per individual? How would such limits be monitored?**
- **Limits of Potency - Very difficult to accomplish because of the lack of control over genetics on herbal products. There is also a risk of encouraging the illicit market and eliminating a variety of onsite consumption business models including those topically focused.**
- **Limits on Purchases - Easy to accomplish through an interoperable system but could pose confidentiality issues, lower potential tax revenue, encourage the illicit market, and limit the variety of onsite consumption business models possible.**
- **Our Recommendation is Limits on Serving Size - Easy to accomplish through packaging/dosage standards, creates no confidentiality issues, ensures maximum revenue for the state and the retailer, encourages innovation and the largest variety of onsite consumption business models including restaurants and topical focused enterprises.**



Social Consumption Recommendations



- **What routes of delivery/ types of consumption should be allowed on-site? Is smoking allowed, how do you protect employees from secondhand smoke?**
- **Smoking - Smoking cannabis is the preferred route of exposure for adult consumers.**
- **Our recommendation: Smoking should be allowed.**
- **Employees could be protected from second hand smoke by:**
 - *Developing strong regulations for proper air ventilation/filtration*
 - *Requiring a walled/window separation between where the cannabis is dispensed for consumption and where it is consumed.*
- **Vaporizing, Edibles, Topical applications should also be allowed.**



Social Consumption Recommendations



- **What should municipalities' role be in governing social consumption? Should it be narrower, broader, or the same as the ability to regulate time/location/manner of operations that municipalities have over other marijuana establishments?**
- **Broader municipal control could lead to bottlenecks and municipalities regulating out the possibility of these businesses.**
- **Narrower municipal control risks inflaming the municipalities against these businesses coming into their communities.**
- **Simplifying this for municipalities by keeping it similar to how they regulate other establishments will prevent confusion and allow a faster roll out.**
- **Recommendation: It should be similar to how municipalities regulate any other marijuana establishment.**



Social Consumption Recommendations



- **What elements should be considered at local level versus state level? - local permits - zoning**

State Level needs to consider the following:

- **Onsite Consumption Business License Types**
 - Marijuana Retailer Lounges (Inside Existing Dispensaries)
 - Onsite Consumption Retailers (Similar to Bars)
 - Onsite Consumption Retailers that may interact with other state agencies or professional licensure boards (Restaurants, Massage, Dermatology etc.)
 - Onsite Consumption Events (Short term licenses for events where consumption could be allowed within an onsite consumption retailer license holder or a location that has received municipal approval for such activity.)
- **Recommendation: The state needs to develop sound regulations around each possible type of onsite consumption retailer business license holder including minimum security protocols, air minimum filtration and ventilation requirements that allow for odor control, serving size requirements, waste disposal, tracking, equipment cleaning and inspection requirements, menu labeling requirements, and cannabis OUI education for law enforcement.**



Social Consumption Recommendations



- **What elements should be considered at local level versus state level? - local permits - zoning**

Local Level needs to consider the following:

- **Onsite consumption facilities can be voted in by a direct vote of the people via ballot measure and are not bound by the power of the municipality.**
- **Local permitting should not create unreasonable and impractical barriers to entry for onsite consumption businesses.**
- **Obtaining local permitting should be similar to an alcohol establishment where alcohol is consumed onsite.**
- **Recommendation: Give municipalities a choice between a variety of onsite consumption retailer licenses so that they can choose what is best for their community based upon their own public safety and health concerns. Do not allow municipalities to create unreasonable or impractical barriers to entry via local permitting.**



Social Consumption Establishments, contd.



- **What are the minimum essential components of social consumption regulations that need to be addressed initially in order to have a functioning program, and what are the components that could be addressed in the future?**
- **Security protocols, zoning guidance, community standards, types of businesses allowed to have onsite consumption, serving size, tracking, the law enforcement interface, labeling menu, public health limitations and inspections, air quality and filtration standards, odor control requirements, equipment cleaning and inspection requirements, disposal requirements, kitchen inspection DPH crossover guidance, and guidance for professionals and licensed businesses so they don't lose their license allowing onsite consumption.**



Social Consumption Establishments, contd.



- **What types of existing establishments and businesses should be considered for on-site consumption licenses? (E.g., only marijuana establishments or other businesses, such as yoga, salons, spas, private social clubs?)**
- **Major component: Where does the cannabis come from?**
- **Recommendation:** All cannabis used in any licensed onsite consumption retailer should come from the regulated market including but not limited to licensed adult use cultivation centers, manufacturers, cooperatives, or medical marijuana treatment centers that are co-located.
- **Recommendation:** Allow municipalities to decide the type of onsite consumption retailer that is right for them by developing a tiered system of licensing for onsite consumption retailers that incorporates existing dispensaries but also creates the possibility of various ancillary cannabis businesses like restaurants, lounges, coffee shops, spas, and private social clubs.
- **Recommendation:** Bring your own cannabis lounges where people can bring cannabis from outside the onsite facility should have a pathway and be allowed only if the municipality approves that type of onsite facility and with the appropriate security and public safety measures in place.



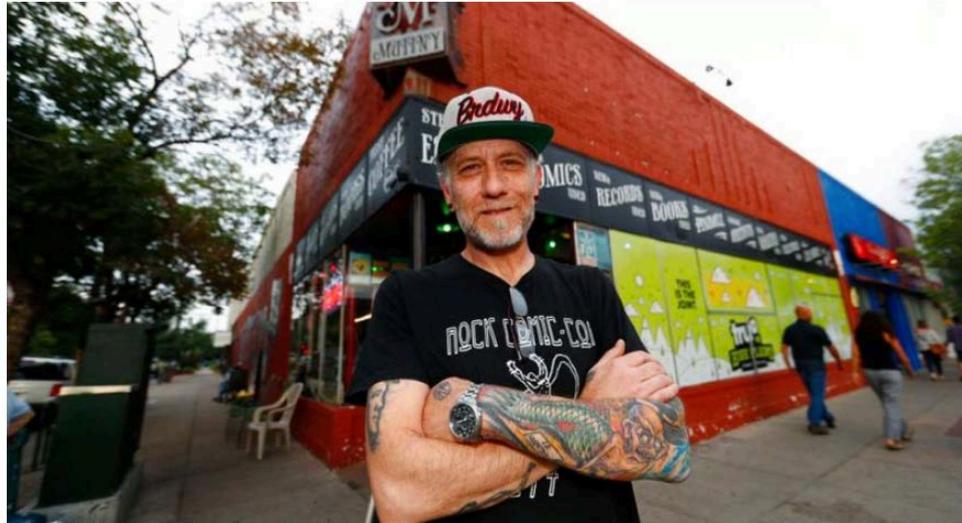
Social Consumption Establishments, contd.



- Denver Social Use Marijuana Clubs currently have no municipal backing and do not exist....



HOME » CULTURE » COLORADO CULTURE



In this Sunday, Aug. 20, 2017, photo, Jim Norris poses for a photo outside of his information cafe called Mutiny in south Denver. Norris is hoping to license his storefront as one of the nation's first legal marijuana clubs. (David Zalubowski, Associated Press)

Social use marijuana clubs will soon be legal in Denver, but how many will open?

“A lot of us are hoping this will ... open the doors for a new kind of business,” said one hopeful applicant



- Nevada Legislative Counsel's opinion the voter-approved law allowing recreational marijuana use doesn't specifically prohibit marijuana consumption and possession in places where the public isn't allowed and where entry is restricted to people 21 and over. The legislative panel's opinion also stated local governments have the authority to license such businesses and consumption lounges, or the use of marijuana at special events just as those governments license other businesses





Social Consumption Establishments, contd.



- **San Francisco Department of Health allows onsite consumption within the cities licensed medical cannabis dispensaries. Patients can make a purchase at the store counter and consume some of it within the lounge. This has worked well for over a decade in the city known for its progressive cannabis policies.**





Social Consumption Establishments, contd.



- **Elevated Cannabis Lounge in Rhode Island was raided and eventually shut down after cannabis was sold to undercover officers. Financial viability of these lounges is questionable without sales.**

State police raid cannabis lounge,
arrest 4

by BRIAN CRANDALL, NBC 10 NEWS |



State police raided Elevated Cannabis Lounge in Providence, Tuesday, Jan. 12, 2016.



Social Consumption Establishments, contd.



- **Are cannabis lounges that allow consumers to bring their own cannabis financially viable without being able to retail cannabis themselves?**
- **Any examples?**
- **What stops anyone from selling some cannabis they brought in to another consumer?**
- **How is that monitored?**
- **How does the cannabis lounge that doesn't retail cannabis make money to pay its bills?**
- **What municipality in Massachusetts would be interested in a bring your own cannabis lounge?**



Social Consumption Establishments, contd.



- **Is there a better way to regulate onsite consumption?**
- **Recommendation: Develop smaller retailer licenses called an “Onsite Consumption Retailer” that only allows the sale of small amounts of cannabis to a consumer that must be consumed onsite before leaving very similar to a common alcohol bar establishment.**
- **Consumers who have children may not want to purchase a large quantity of cannabis at a package style cannabis store and prefer instead to purchase a small amount they can use onsite before returning to their children at home.**
- **Similar to alcohol consumers who don’t keep alcohol in the house because of children or pets, cannabis consumers want a choice on whether or not to take cannabis home with them.**
- **Public housing and some landlords do not want cannabis in any form within their walls.**



Social Consumption Establishments, contd.



- **How do we keep prices high so that tax revenue stays high and cultivators get the maximum amount of value from their crops?**
- **Smaller onsite consumption retailers that can only sell small amounts of cannabis will ensure maximum value for everyone involved including the state.**
- **Not allowing cannabis to leave the premises alleviates some public safety concerns including violations of open containers in motor vehicles.**
- **Cannabis cooperatives which require maximum value for their product in order to maintain financial viability would greatly benefit from this style of onsite consumption retailer.**
- **Cannabis consumers will pay more for less because boutique products demand a higher price and are in high demand.**



Social Consumption Establishments, contd.



- **What about small packaging concerns for children and environmental concerns?**
- **Smaller onsite consumption retailer license holders should be required to use reusable packaging for individual servings of cannabis that cannot be taken from the property.**
- **Not allowing cannabis to leave the premises alleviates public safety concerns around children accidentally ingesting cannabis or small cannabis packaging.**
- **Labeling should be required on the menu only to prevent the need for throwaway packaging that ends up on streets and landfills.**
- **Requiring reusable containers for consumption will alleviate any environmental concerns. *Even joints used within the facility can be required to have a glass filter that must be returned to the bar when done consuming.***



Social Consumption Establishments, contd.



- **Recommendation:** Security protocols should be similar to those for other marijuana retailers to prevent confusion with law enforcement and municipal officials.
- **Recommendation:** Develop regulations so that onsite consumption retailers can purchase wholesale cannabis products that are dose and serving size specific from licensed wholesalers and cultivators and resell them to the public.
- **Recommendation:** Develop a separate set of regulations for onsite consumption retailers regarding packaging in locations that do not allow consumers to leave the facility with any cannabis bought in facility.
- **Recommendation:** Develop a separate set of labeling requirements for onsite consumption retailers that allows the use of a menu to list important product information as opposed to requiring small packaging meant for immediate usage to have the same labeling requirement as a large package. *(Example: 2/10 of a gram dab of concentrate, or a single joint or bowl)*
- **Recommendation:** Topical application of cannabis is non-psychoactive and does not intoxicate the consumer. Businesses that wish to only engage in topical application of cannabis should have separate requirements from those who wish to engage in other route of exposure for the consumer.



Social Consumption Establishments, contd.



- Onsite consumption allows for the maximum profit to be generated from the smallest amount of product.
- Cannabis cooperatives with small cultivation production/surface areas require the maximum amount of money earned from their efforts in order to thrive. Cooperatives for this reason should be allowed to wholesale their products directly to onsite consumption retailers.
- Onsite consumption retailers should be able to charge the maximum amount of a products value in small increments to ensure their profits and also state tax revenues remain high even after cannabis products become more common throughout the state.
- **Recommendation: Allow licensed boutique cannabis cooperatives with small cultivation surface/production areas to wholesale their products to onsite consumption retailers to ensure these businesses thrive and tax revenues for the state remain high.**



Social Consumption Establishments, contd.



- Onsite consumption establishments will help alleviate the public safety and health concerns brought upon by public consumption.
- Many individuals who live in government housing or have lease agreements with their landlords cannot use cannabis at their home or in some cases even possess it.
- Communities disproportionately impacted by the drug war stand to once again take the brunt of police action, enforcement and evictions if onsite consumption is not handled immediately.
- **Recommendation: Keep financial barriers to entry low for obtaining an onsite consumption retailer license to ensure local level interest and because many those who need access the most are in undesirable areas already impacted heavily by the drug war.**



Social Consumption Establishments, contd.



- **Recommendation:** Do not require small gatherings (under 200) within onsite consumption retailers to acquire a special event license. The retailer is already managing compliance so events under the maximum capacity of the retailer should not require special attention from the state. Local level event permits may be developed in municipalities that want them without any interference from state regulators.
- **Recommendation:** Do not require non-profit social club organizations under Massachusetts law to engage in any special permitting or licensing for onsite consumption with the Commission as they are already governed by rules 105 CMR 661.00 which provides detailed requirements for allowing smoking in membership associations and outdoor spaces. (<https://www.mass.gov/regulations/105-CMR-66100-regulations-implementing-mgl-c270-s22>)



Cultivation, Seed-to-Sale Tracking and Tier Measurement: John Lebeaux



Cultivation, Seed-to-Sale Tracking and Tier Measurement, continued



- What measurement should be used for the tiers of **vertical operators and licensed operators**: Number of plants, canopy, or another measurement? **Working group recommends measure to be production space (square footage)** What are the pros/cons of each? Pros and cons – **Using production space more equitable as different varieties grow differently in size.**
- Using your recommended system of measurement, what should the dividing line for each tier be? **Dividing lines to be established by yield potential in \$.**



Cultivation, Seed-to-Sale Tracking and Tier Measurement, continued



- **What is the subcommittee's recommendation regarding minimum standards for the growth, cultivation, processing, and manufacturing of marijuana or marijuana products? Use existing medical model for indoor cultivation space; insure outdoor and greenhouse standards match medical for product safety; develop best ag practices for outdoor and greenhouse cultivation.**
- **What is the subcommittee's recommendation regarding requirements for record keeping by marijuana establishments and procedures to track marijuana cultivated, processed, manufactured, delivered or sold by marijuana establishments? Follow existing medical model.**



Seed-to-Sale Tracking and Tier Measurement, continued



- What are the subcommittee's recommendations regarding minimum standards for the requirement that all licensees possess and operate an interoperable publicly available application programming interface seed-to-sale tracking system sufficient to ensure the appropriate track and trace of all marijuana cultivated, processed or manufactured pursuant to this chapter? **Workgroup believes all growers need a seed to sale tracking system but needs better understanding of exactly what "an interoperable publicly available application programming interface seed-to-sale tracking system" is.**
- (New bullet) **Cultivation-Working group recommends cultivation in 3 general spaces: Outdoor (field grown), Greenhouse, Interior of building**



Packaging: Shanel Lindsay



Packaging



- Handout submitted to the group is a living draft
- Based off DPH regulations for packaging cannabis and MIPs
- Changes from DPH are redlined with comments
- Additional information on infused products would be wise, specifically the type of cannabis used to produce said product; for example, whether it is flower, kief, or a processed concentrate or distillate



Future Meeting Dates



- **All meetings will take place on 2nd floor, 100 Cambridge Street, Boston**
 - **Thursday, November 9, 1:00-2:30pm**
 - **Friday, November 17, 1:00-2:30pm**
 - **Tuesday, November 21, 1:00-2:30pm**