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TO: Cannabis Control Commission

FROM: Shaleen Title, Commissioner; Jessie Zimmerer, Policy Analyst; and Richard Juang, Policy Counsel

DATE: December 13, 2017

RE: Event Licenses

This memorandum outlines recommendations for time-limited or occasional use cannabis social consumption events licenses (Events Licenses) in Massachusetts. For the purposes of this memo, Events Licenses are those appropriate and required for any commercial enterprise for which the consumption of cannabis on the premises is intended to be limited in duration and is not consistently part of or coextensive with a commercial enterprise, such as weddings, conferences, and tastings at restaurants that do not ordinarily serve cannabis products.

There are two models from which to draw in the development of Events License regulations: The State of California's temporary events license provision in the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA); and M.G.L. c. 138, §14, providing for special licenses to managers of indoor or outdoor activities. The former provides a basis for cannabis specific events licenses regulated by the state, while the latter provides a process framework for municipal authorization for special licenses. We recommend blending these models to create an optimum balance between allowing flexibility for entrepreneurs and providing authority for local control.

- [Model I: California temporary events license](#).¹ MAUCRSA Division 10, c. 20 governs local control of medical and adult use marijuana in the State of California.

¹ MAUCRSA Division 10. Cannabis. C. 20. Local Control [26200-26202]. Available at: https://leginfo.legislature.ca.gov/faces/codes_displayexpandedbranch.xhtml?tocCode=BPC&division=10.&title=&part=&chapter=&article=

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This statute allows for “the issuance of a state temporary event license authorizing onsite cannabis sales to, and consumption by, persons 21 years of age or older at a county fair or district agricultural association event,” provided that the activities comply with the following:

- (1) Access to the area where cannabis consumption is allowed is restricted to persons 21 years of age and older;
- (2) Cannabis consumption is not visible from any public place or nonage-restricted area; and
- (3) Sale or consumption of alcohol or tobacco is not allowed on the premises.

The statute also stipulates that such licenses shall only be used in municipalities that authorize such events.

- [Model II: M.G.L. c. 138, §14, providing for special licenses to managers of indoor or outdoor activities.](#)² In Massachusetts local licensing authorities may issue special one-day permits for the sale of all alcoholic beverages or wines and malt beverages only. Such licenses do not require the approval of the Alcoholic Beverages Control Commission, but can only be issued under the following circumstances:
 - (1) No person shall be issued a special one-day permit for more than a total of 30 days per calendar year;
 - (2) No person that has an on premises license application pending before the licensing authority shall be issued a special one-day permit; and
 - (3) No premises that has an alcoholic beverages license shall be issued a special one-day permit.

² M.G.L. c. 138, §14, providing for special licenses to managers of indoor or outdoor activities. Available at: <https://malegislature.gov/Laws/GeneralLaws/PartI/TitleXX/Chapter138/Section14>

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Further, special license holders must purchase alcoholic beverages from a licensed supplier, and are prohibited from purchasing alcoholic beverages for the event from a package store or from accepting donations of alcoholic beverages. Each city and town is permitted to institute additional requirements on applications.

In addition to drawing on certain provisions from these models, we recommend the Commission incorporate the following considerations in the development of Events License regulations.

Duration of Events Licenses

The relative newness and novelty of the legal cannabis industry requires more flexibility for Events Licenses than might be required for special alcohol licenses. For example, as Massachusetts is the only state in New England and one of only seven states, plus the District of Columbia, with a commercial cannabis industry, both the state and local entrepreneurs have a unique, and potentially time limited, opportunity to establish leadership in the areas of cannabis industry training and tourism. We recommend, therefore, that the Commission enact regulations to allow for multi-day conferences, weddings, and other possible enterprises that are specific to one-time only or occasional events, up to three consecutive days in duration. This modification to the existing special one-day alcohol license model will allow for a broader range of events and entrepreneurship opportunities, while limiting the duration of such events and their resulting impact on cities and towns.

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Administrative Partnership Between Localities and the State

During the Commission's public meeting on December 11, 2017, several Commissioners expressed interest in developing an administrative partnership between cities and towns and the state, whereby both local authorities and the Commission make determinations on applications for Events Licenses. In keeping with this framework, we recommend a two-phase process for obtaining an Events License beginning at the municipal level, with the submission of an application mirroring the requirements of each city and town's existing application for special one-day alcohol licenses, including those regarding: application submission periods; licensee information; premises documentation and approval; police notification or approval; licensing hearing(s); expected attendance; event summaries; and application fees. Once approved by the city or town, applicants shall submit a copy of their approved application or municipal license documentation to the Commission, along with additional information requested by the Commission to ensure compliance with adult use standards and state law. This process allows for a reasonable level of local control over Events Licenses, while also allowing the Commission to track and limit licensees in accordance with Commission regulations. Additionally, it would ensure that the Commission is able to capture its own data about the utilization of such licenses.

Administrative Fees

An administrative partnership between cities and towns and the Commission for Events License determinations will require a modification of existing fee models. M.G.L. c. 138, §14 allows cities and town to set their own processes and requirements for special one-day alcohol licenses, resulting in non-uniform fee structures for license applications. As a state-wide authority, the Commission has both an interest in ensuring that no one city or town is overly

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burdened by Events Licenses activities, and an opportunity to encourage entrepreneurship and business development by limiting fees. For these reasons, we recommend that the Commission set a flat rate fee for Events Licenses to be collected by the Commission at the time of application, less the cost of the host city or town application fee paid during the first phase of the application process. For example, if the Commission sets the Events License fee at \$200 per Events License, an applicant from Sharon, MA, where the special one-day alcohol license fee is \$25 would pay \$25 to the city, and \$175 to the Commission. An applicant from Boston, where the special one-day alcohol license fee is \$75, would pay \$75 dollars to the city, and \$125 to the Commission. We further recommend that the flat fee instituted by the Commission be in keeping with the fee schedule created for primary and mixed-use social consumption licenses, and be subject to rules governing fee waivers for Social Equity Program applicants; provided that Social Equity Program applicants granted a fee waiver by the Commission are still be responsible for the portion of the fee owed to the host city or town.

Cap on Licenses Issued

M.G.L. c. 138, §14 caps the number of special one-day alcohol licenses based on a calendar year schedule, and this model is appropriate given that expected usage for these kinds of licenses is one-day galas or celebrations. However, it is our expectation that, as the cannabis industry evolves, businesses will develop throughout the Commonwealth with the express purpose of coordinating or planning cannabis themed events, like conferences or weddings. A calendar year cap for these kinds of enterprises would limit the number of events each business could hold, and thus would limit the number of clients such a business could serve in any given year. Therefore, we recommend using a cap on *active* licenses, or those licenses approved for

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current or future dates, instead of a calendar year cap so as not to limit business entrepreneurship; provided that as an event date passes and the license for that date expires, a licensee who had hit the cap would be eligible to apply for another active license.

Conclusion

Using Models I and II as guides, and with consideration for the unique needs of the cannabis industry outlined above, we recommend that the Commission include in its social consumption regulations, provisions that permit the issuance of Events Licenses under the following circumstances:

- (1) The process for obtaining municipal approval for an Events License shall mirror the process already established in each city and town for obtaining a special one-day alcohol license insofar as applications for Events Licenses in each city or town shall require the same application submission period, licensee information, premises documentation and approval, police notification or approval, licensing hearing(s), expected attendance, event summary, and application fee as for special one-day alcohol licenses; provided that Events License applications and requirements shall not be more burdensome than special one-day alcohol licenses; provided further that no Events License shall exceed three consecutive days in duration;
- (2) After obtaining approval for an Events License from the host city or town, Events License applicants shall submit their approved municipal application or license documentation to the Commission for state approval; provided that determinations on Events License applications from the Commission shall be

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issued no later than two weeks after all required documentation has been submitted; provided further that applications for Events Licenses shall be approved only where:

- (a) Access to the premises where cannabis consumption is allowed is restricted to persons 21 years of age and older;
 - (b) Cannabis consumption is not visible from any public place or non-restricted area;
 - (c) Sale or consumption of alcohol is not allowed on the premises during the operation hours covered by the Events License;
 - (d) Events Licensees shall guarantee under revocation of current license and future license privileges that cannabis consumed on the premises shall be purchased from a licensed retailer; and
 - (e) Events Licenses shall only be issued in municipalities where no prohibition on marijuana establishments exists;
- (3) No person shall be issued more than 10 active Events Licenses at a time; and
- (4) Fees collected by the Commission for Events Licenses shall be a flat rate, in keeping with a fee schedule created for primary and mixed-use social consumption licenses, less the cost of the host city or town application fee; provided that Social Equity Program licensees whose fees have been waived by the Commission are responsible for the portion of the fee owed to the host city or town.