



MASSACHUSETTS CANNABIS CONTROL COMMISSION  
STEVEN J. HOFFMAN, CHAIRMAN

## CANNABIS CONTROL COMMISSION CONCLUDES PUBLIC POLICY DISCUSSION

*Policies will include: license categories, licensing process requirements, operating requirements and enforcement measures*

### **For Immediate Release**

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Boston, MA - Today, the Cannabis Control Commission held its fourth and final day of public deliberation on policy matters that will inform the implementation of the recreational adult use cannabis industry in Massachusetts.

The decisions made this week will be incorporated into a working document of regulations that will be subject to a final vote of the Commission, expected to occur next week, before being formally filed as Draft Regulations.

### **Policy recommendations the Commission determined today:**

#### **Smoking**

- Social use consumption shall be permitted, but smoking within any social use establishment shall not be permitted.
- By January 31, 2018, the Executive Director of the Commission shall appoint a special working group to create recommendations for regulations on smoking and other forms of social consumption by July 1, 2018.
- The report shall be considered, evaluated, and draft regulations shall be voted upon within three months of issuance of the report by the working group.

#### **Inventory**

- Agreed to approve inventory regulations as currently drafted, and to:

- Establish inventory controls and procedures for the conduct of inventory reviews, and comprehensive inventories of marijuana and marijuana products in the process of cultivation, and finished, stored marijuana;
- Conduct a monthly inventory of marijuana in the process of cultivation and finished, stored marijuana;
- Conduct a comprehensive annual inventory at least once every year after the date of the previous comprehensive inventory;
- Promptly transcribe inventories if taken by use of an oral recording device;
- The record of each inventory shall include, at a minimum, the date of the inventory, a summary of the inventory findings, and the names, signatures, and titles of the individuals who conducted the inventory;
- A Marijuana Establishment shall tag and track all marijuana seeds, plants, and products, using a seed-to-sale methodology in a form and manner to be approved by the Commission;
- A Marijuana Establishment that is cultivating, processing or selling marijuana and marijuana products for medical use as well as marijuana and marijuana products for adult use must create virtual separation of the products through tracking methodology approved by the Commission.

### **Record Keeping**

- Agreed to approve record keeping regulations as currently drafted, and require:
  - Written operating procedures;
  - Inventory records;
  - Seed-to-sale tracking records for all marijuana and marijuana products;
  - Personnel Records;
  - A staffing plan that demonstrates accessible business hours and safe cultivation conditions;
  - Personnel policies and procedures;
  - All background check reports; and
  - A notice of completed training for responsible vendor and eight-hour related duty training.

### **Cash Management**

- Agreed the Commonwealth should draft an agreement, on behalf of licensees, with state chartered banks and/or credit unions allowing retailers to make cash deposits.
  - Department of Revenue (DOR) and the Commission would have no involvement in cash handling;
  - Allows retailers to transact electronically without concerns of bank accounts being shut down; and
  - DOR would provide deposit banking information to retailer for deposit or transfer of funds.
- Also agreed to establish the use of larger cash handling machines to deposit tax revenues at secure DOR locations across the Commonwealth.
  - Cash collection or depositing would not require DOR employees;

- Commonwealth would incur cost of machines and the processing of deposits;
- Commonwealth would incur logistic costs associated with location, security, and customer service support; and
- Tax fee payments would be routed directly to DOR's depository bank.

### **Inspections and Compliance**

- Agreed to emulate inspections and compliance structure of the medical use of marijuana program, including deficiency statements and plans of correction
  - Employees and consumers should be able to reach the Commission confidentially;
  - Random retail purchase monitoring can be used as a means of inspection;
  - Maintain a public list of complaints and determinations.

### **Actions on Licenses**

- Agreed to emulate enforcement structure of the medical use of marijuana program, including cease and desist order, quarantine, contaminated products, limitations on sales of products, and summary suspension.

### **Fines**

- Agreed to emulate fines from other regulated Massachusetts industries, including:
  - Fine only licensed entities, not individuals;
  - Provide written notice;
  - Fines up to \$25,000 per incident;
  - Identify factors in determining amount of fines; and
  - Provide an appeals process, but failure to pay without appeal may result in further action on license.

### **Hearings and Appeals**

- Agreed to Adopt a 30A appeal process that would be heard by a hearing officer on contract with Commission;
  - Commission would send Notice of Violation(s) to licensee or registrant stating grounds for action, right to request a hearing and the time period in which to make a request, satisfying due process requirements;
  - Hearings would be conducted in accordance with 30A and 801 CMR 1.02, Informal/Fair Hearings Rules;
  - Burden is on Commission to prove by a preponderance of the evidence that the violation complained of existed;
  - Hearing Officer would issue written determination;
  - If not in favor of licensee/registrant, they have a right to appeal to Superior Court per 30A (standard right of appeal in administrative law).

### **Non-Conflict with Other Laws**

- Agreed to emulate provisions from medical use of marijuana regulations.

### **Retail, Delivery-Only License**

- Agreed to permit retail, delivery-only licenses to licensees with no brick and mortar location, to licenses with existing marijuana cultivator and marijuana product manufacturer licenses, and excluding social consumption licenses.
- Delivery would not be limited to any geographic location in Massachusetts.
- Delivery protocols will apply.

### **Delivery-Specific License (Not Linked to Another License)**

- Agreed to defer this license category.
- The Commission will ask the Cannabis Advisory Board for recommendations by October 31, 2018.
- The recommendations shall be considered, evaluated, and draft regulations shall be voted upon within three months of issuance of the report by the Advisory Board.

### **Capital Requirements**

- Agreed to set no capital requirements for licensees;
  - Require disclosure of the source of capital;
  - Ensure the technical assistance programs give guidance on capital requirements and adequacy;
  - Require the posting of a bond or amount in escrow to cover costs of dismantling; and
  - Identify benchmarks and milestones during application review process, and monitor compliance.

### **Fees**

- Agreed to set non-refundable application fees at \$300 (not including the cost of background check) for all categories of licenses except:
  - Equity Applicants (Waived); and
  - Cultivation Licenses (Tiered according to size).
- Agreed to set the average annual license fee at \$5,000;
  - Fee is reduced by 50 percent for microbusiness licenses;
  - Varies only if there is a reasonable expectation that enforcement costs will differ from the average; and
  - Tiered for Cultivation Licenses.
- Agreed to fees proposed below:

<u>License Type</u>	<u>Application*</u>	<u>License</u>
Cultivation		
○ Tier I	\$100	\$1000
○ Tier II	\$250	\$2,500
○ Tier III	\$400	\$4,000
○ Tier IV	\$600	\$5,000**

*\*\*Fees for licensees greater than 10,000 sq. ft. adds \$0.25/sq.ft.*

Craft Marijuana Cooperative	<i>As per above</i>	
Microbusiness License	\$300	\$1,250
Manufacturing	\$300	\$5,000
Independent Lab	\$300	\$5,000
Retail (Brick and Mortar)	\$300	\$5,000
Retail (Delivery Only – No Brick and Mortar)	\$300	\$2,500
Transporter	\$300	\$5,000
Research	\$300	\$1,000
Social Consumption – Primary Use	\$300	\$5,000
Social Consumption – Mixed Use	\$300	<i>Sliding Scale</i>
Registered Marijuana Dispensary Conversion	\$450	<i>Sum of cultivation, retail and mfg. license</i>

*\*Application fees waived for equity applicants*

Name Change Fee	\$100
Location Change Fee	50% of license fee
Change in Building Structure Fee	\$500
Change in Ownership Fee	\$500

## **Leadership Program**

- As part of an ongoing evaluation of incentives that will help achieve the objectives of the Commission, agreed to incentive licensees by awarding “leader” status, according to the categories and criteria below.
- Agreed to publish website identifying leaders and develop logo for use on packaging.
  - Social Justice Leader
    - Conducted 50 hours of educational seminars targeted to residents of areas of disproportionate impact in one or more of the following: marijuana cultivation, marijuana product manufacturing, marijuana retailing, or marijuana business training; and
    - Donates 1 percent of their gross revenue to the Commission’s technical assistance fund.
    - Commission will design logo for licensee to use in any product packaging.
  - Local Employment Leader
    - 51 percent or more of the licensee’s employees have been Massachusetts residents for one year or more, as determined by the Commission; and
    - A majority of licensee’s executives have been Massachusetts residents for one year or more, as determined by the Commission.
  - Energy and Environmental Leader
    - Met or exceeded energy and environmental impact goals for its registration period; and
    - The licensee has consistently complied with best management practices for energy use, waste disposal and environmental impact.
  - Compliance Leader
    - All licensee employees have completed all required trainings for their positions within ninety days of hire;
    - Licensee has not been issued a written deficiency statement;
    - Licensee has not been the subject of a cease and desist order or a quarantine order;
    - Licensee has not had its license suspended; and
    - Licensee has met all timelines required by the Commission.

## **Martha’s Vineyard and Nantucket**

- Agreed the Islands may fully participate in the adult use program, to the extent permitted by law.
  - To the extent prevented by law, the Islands may:
    - Conduct point of sale testing with warning label; and
    - Jointly fund a lab that does not meet the criteria of an independent testing lab, again with warning label.

The Commission expects to incorporate these policies into a working document which will be subject to a final vote expected to occur next week. The next Commission meeting will be held at 10:30am, Thursday, December 21, 2017 at the Hurley Building Minihan Meeting Room, 19 Staniford Street, Boston.

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