
CANNABIS LAW ALERT APRIL 2018

CANNABIS CONTROL COMMISSION IS OPEN FOR BUSINESS

1. THE CANNABIS CONTROL COMMISSION (CCC) CURRENT PROGRAM

- A. Recreational licenses for marijuana establishments and individual marijuana agents may be submitted beginning on April 2, 2018 for certain applicants. Eligible applicants and timelines are as follows:
- ▶ April 2, 2018: Registered Marijuana Dispensaries and Economic Empowerment Applicants can apply for priority certification.
 - ▶ April 17, 2018: Certified priority applicants can submit for all license types.
 - ▶ May 1, 2018: Open applicants for cultivation, microbusiness, craft cooperatives, independent testing labs, and lab agents.
 - ▶ June 1, 2018: Open applicants for retail, product manufacturers, and transport.
- B. Licenses for social use (i.e., cannabis cafes) and delivery-only services have been postponed most likely until 2019.
- C. Applications for medical licenses currently remain with the Department of Public Health and will be transferred to the CCC by year end 2018.

2. RECREATIONAL MARIJUANA ESTABLISHMENT LICENSES

The industry is highly regulated, and every facet of operations from seed to sale is covered.

- A. The types of marijuana establishment licenses are:
- ▶ Marijuana Cultivator;
 - ▶ Craft Marijuana Cultivator;
 - ▶ Marijuana Product Manufacturer;
 - ▶ Marijuana Retailer;
 - ▶ Marijuana Research Facility;
 - ▶ Independent Testing Laboratory and Standards Laboratory;
 - ▶ Marijuana Transporter (existing Licensing Transporter and Third Party Transporter); and
 - ▶ Marijuana Microbusiness.
- B. The basic requirements for all marijuana establishment licenses are:
- ▶ Location must be registered;
 - ▶ Must have detailed operating procedures;
 - ▶ Must have marijuana establishment agent training;
 - ▶ Certain product handling, storage, and disposal requirements;
 - ▶ Certain marketing and advertising requirements;
 - ▶ Certain product labeling and packaging requirements;
 - ▶ Inventory control, including minimum sales requirements for certain licensees;

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- ▶ Extensive record keeping, including seed to sale tracking records; and
 - ▶ Liability insurance or minimum of \$250,000 in escrow.
- C. The license review process includes three phases to licensure: (1) application of intent; (2) background check; and (3) management and operations profile. The process can be completed separately or at one time. When the CCC deems an application to be complete, it forwards the application to the municipality in which the facility will be located and seeks a response as to compliance with municipal bylaws and ordinances.

3. REGISTRATION OF MARIJUANA AGENTS

Under the final regulations, all or virtually all employees of a marijuana establishment must be registered by the CCC as marijuana establishment agents. Application details and requirements are as follows:

- A. Registration requirement applies to any board member, director, employee, executive, manager, or volunteer of a marijuana establishment, and also includes consultants or contractors who provide on-site services;
- B. Among other things, the applicant must be 21 years of age or older and not convicted of an offense involving the distribution of controlled substances to minors; and
- C. The registration must be renewed on an annual basis, with payment of a \$50 renewal fee.

4. COMPARISON OF REGULATIONS: MEDICAL VS. RECREATIONAL USE

	Medical	Recreational
Licensing Authority	Department of Public Health (until 2018 year-end)	Cannabis Control Commission
Application Process	Three sequentially reviewed applications	Three applications reviewed simultaneously or in any order
Capital Requirements	\$500,000 maintained in bank account, plus additional application and other fees	No express requirements unless the applicant lacks liability insurance or cannot fund an escrow arrangement – in either case, \$250,000 is required, plus application and annual fees
Sourcing Cannabis	Self-grown and produced	Self-grown and produced or purchased from MA licensed suppliers
Taxation	Tax exempt	10.5% excise tax on top of Massachusetts' normal 6.25% sales tax to support the costs of regulating the industry and to fund initiatives in public health, public safety, police training, restorative justice and workforce development, and optional 3% local tax adding up to a 20% maximum tax

5. OTHER CONSIDERATIONS FOR LICENSEES

In addition to compliance with CCC regulations, approvals from the municipality in which the marijuana establishment will be located is necessary, including zoning compliance and completion of a host community agreement.

CONTACT

If you have any questions regarding information contained in this alert or the cannabis laws in Massachusetts, please contact a member of our [Cannabis Law Practice Area](#).

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