

Providence Business News
2020 Business of Cannabis Summit

Adult Use Legalization in Massachusetts History, Results and Lessons Learned

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Agenda

- A Brief Review of (Massachusetts) History
- Key Elements of Our Approach
- Current Status
- Key Challenges
- Lessons Learned
- Q&A

History

November 6, 2012	Voter Initiative Approving Medical Marijuana Approved by Voters (63% - 37%)
June 25, 2015	First Medical Marijuana Treatment Center Opens
November 4, 2016	Question 4 Passed by Voters (53% - 47%)
July 28, 2017	Governor Baker signs Chapter 55 of the Acts of 2017
September 1, 2017	Appointment of Cannabis Control Commission
March 7, 2018	Final Regulations Approved by Commission
April 2-15 , 2018	Priority Applicant Certification Process
April 17, 2018	First License Applications Accepted
June 21, 2018	Commission Approves First Provisional License
November 20, 2018	First Adult Use Retail Stores Open
December 24, 2018	Oversight of Medical Marijuana Program Transferred from Department of Public Health to CCC
November, 2019	Regulations Allowing for Social Consumption and Home Delivery Approved
December 3, 2019	CCC Opens Permanent Headquarters at Union Station in Worcester

Key Elements of Chapter 55

- Five-Person, Full Time Independent Commission Jointly Appointed by Governor, Attorney General, Treasurer
- Application Review Prioritization
 - Existing Medical Marijuana Dispensaries
 - Economic Empowerment Applicants
- Equity
- Diversity
 - Ethnicity
 - Gender
 - Small vs. larger companies
- Support for Small Farmers and Outdoor Cultivation
- Significant Local Control
- Regulatory Oversight for Medical and Adult Use Marijuana Combined Under One Agency
- 20% Total Tax Rate (at retail)
 - 6.25% State Sales Tax
 - 3.00% Local Tax (optional)
 - 10.75% Excise Tax

Differences Between Medical and Adult Use Regulations

	Medical Marijuana	Adult Use Marijuana
Access	Medical Marijuana Card	Proof of Age
Minimum Age	18*	21
Taxes	Untaxed	Up to 20% <ul style="list-style-type: none"> • State Sales Tax • State Excise Tax • Optional Municipal Tax
Types of Licenses	Vertically Integrated	Multiple by Type

* Patients under 18 can obtain a medical marijuana card under specific circumstances

Significant Local Control

- Statutory Controls
 - Moratoria
 - Bans (Partial or Full)
 - Can Place Limits on Number of Retail Establishments
 - No less than 20% of Number of Package Stores
 - No less than the Number of RMDs
- Zoning Controls
 - Buffer zones
 - Use districts
 - Overlay districts
 - Signage
 - Agricultural Exemption
- Host Community Agreements



Key Elements of Our Approach

- Operate with Complete Transparency
- Create “State Agency of the Future”
- Provide Open Data Platform
- Focus on Public Health and Safety and Long-term Industry Stability versus Maximized Speed of Launch
- Recognize the Continuing Controversy
 - Emphasis on
 - Constituency Outreach
 - Communications and Public Awareness
 - Facts and Research

Licensing Process

Intake
Review



Provisional
License



Final
License



Commence
Operations



4 Packets

- Application of Intent
- Background Check
- Management and Operations Profile
- Fee Payment

OVERVIEW OF REGULATIONS: TYPES OF LICENSES

Cultivation



Craft
Cooperatives



Micro Businesses



Product
Manufacturing



Retail



Research



Transporter



Independent
Testing Labs



Delivery

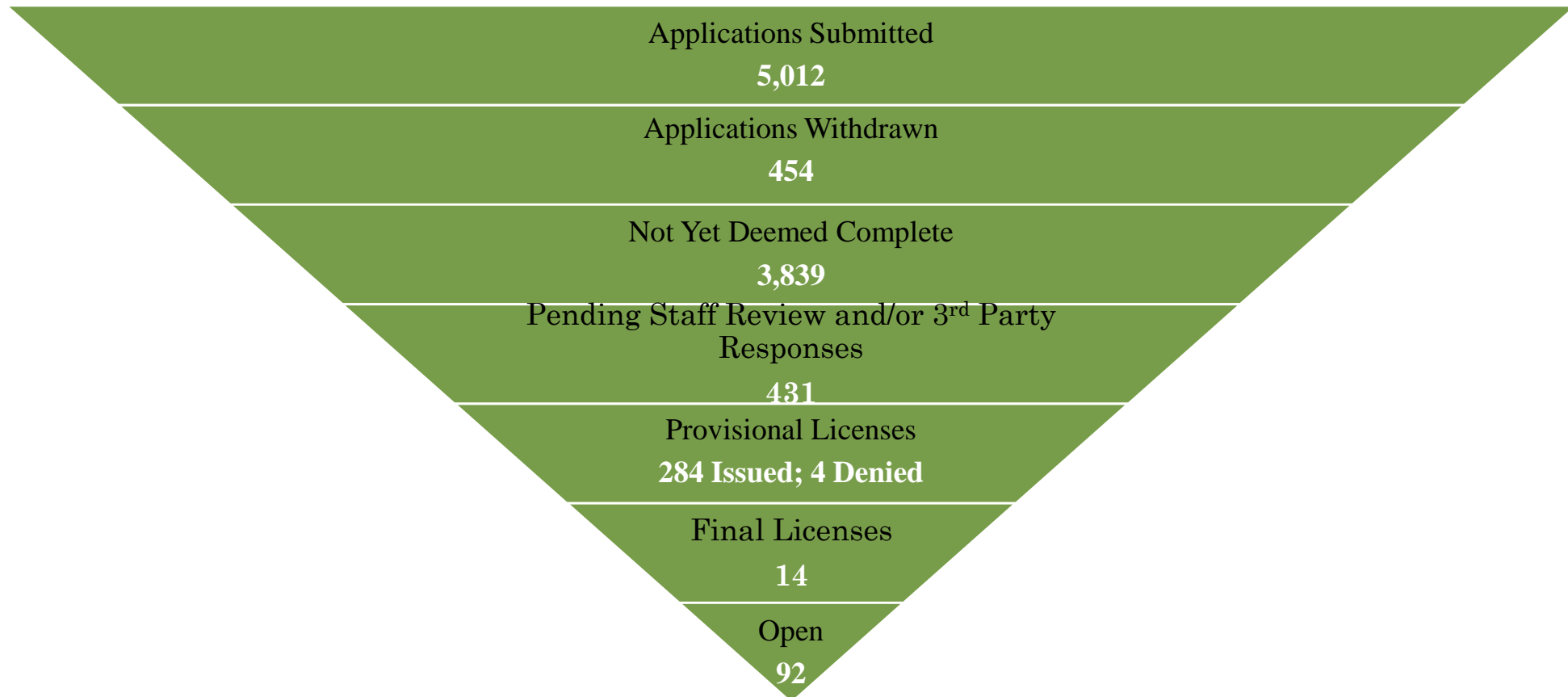


Social
Consumption



Current Status

The Adult Use Licensing Universe | February 6, 2020



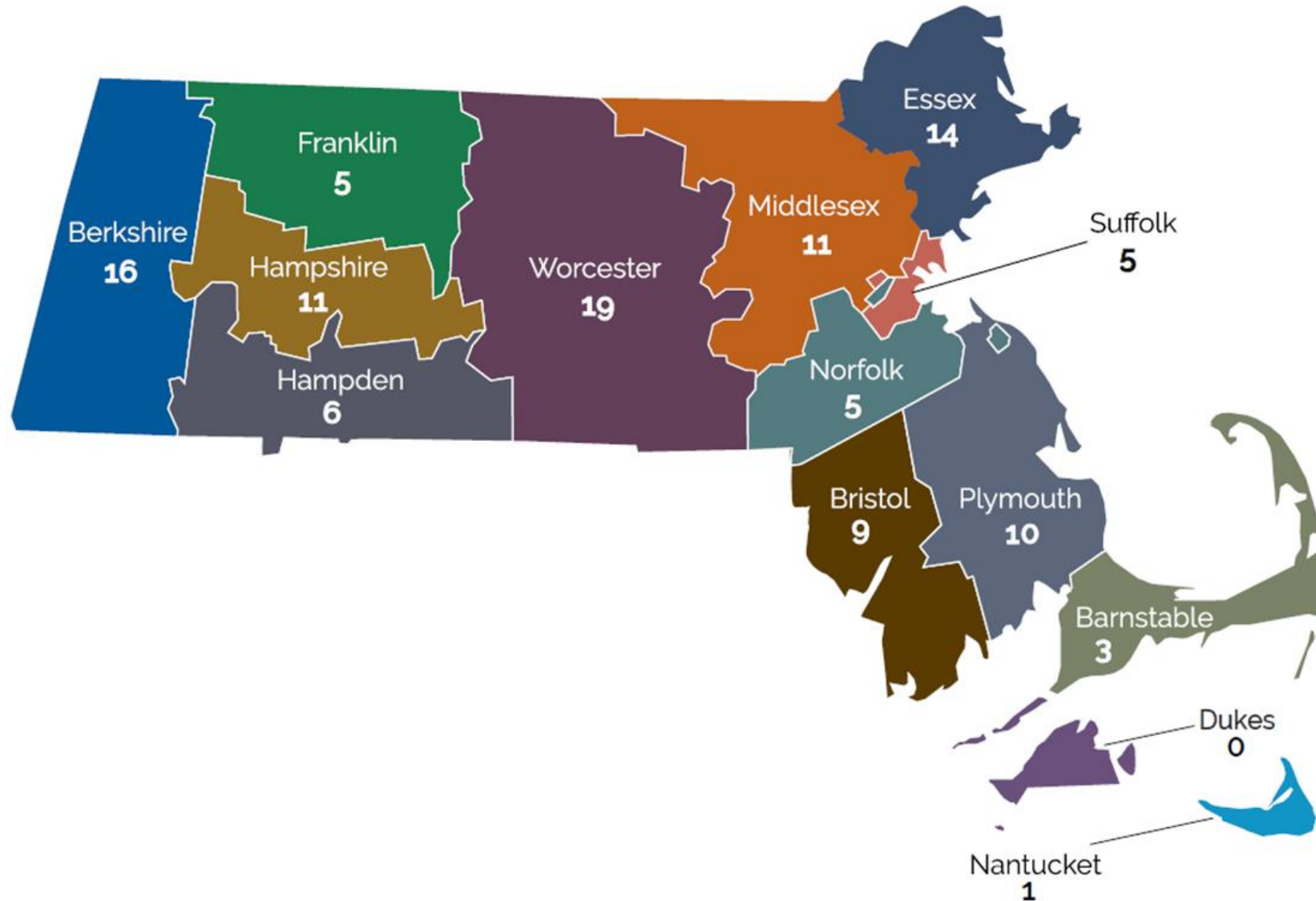
Adult Use License Applications (By Type) | February 6, 2020

License Type	Provisional	Final	Open
Craft Marijuana Cooperative	1		
Independent Testing Laboratory	1		2
Marijuana Cultivator	58	6	27
Marijuana Microbusiness	3		1
Marijuana Product Manufacturer	39	4	24
Marijuana Research Facility			
Marijuana Retailer	75	4	36
Marijuana Transporter with Other Existing ME License			2
Marijuana Third Party Transporter	1		
Total	178	14	92

Completed Adult Use License Applications | February 6, 2020

Type	#
RMD Priority	233
Economic Empowerment Priority	27
Expedited Review*	66
General Applicant	393
Total	719
*Social Equity Program Participants; Women, Minority and Veteran Owned; Outdoor Cultivation; Co-ops; Independent Testing Labs	

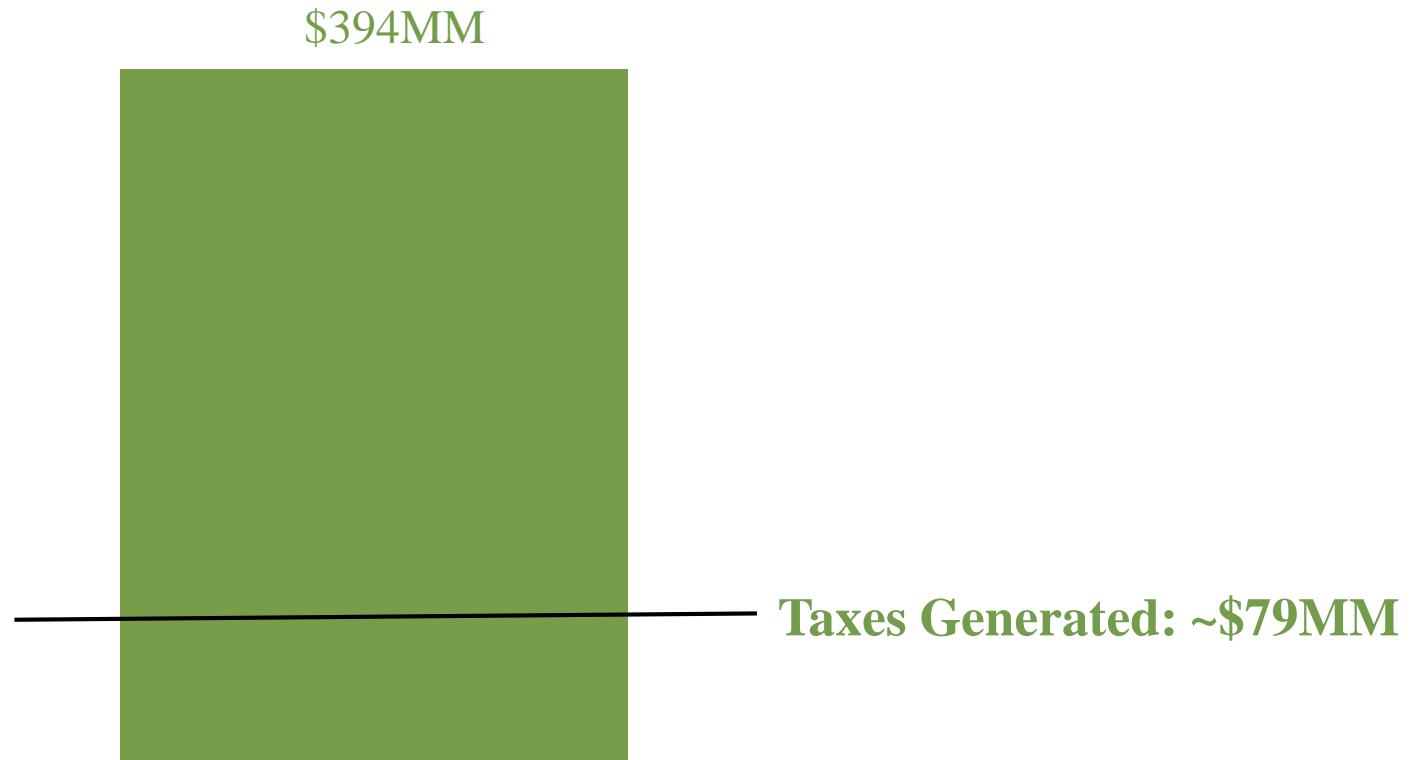
Adult Use Retail Applications | February 6, 2020



Gross Revenue – Adult Use

First Year of Operations

(November 20, 2018 – November 19, 2019)



Medical Marijuana Program Licensing Data | February 6, 2020

License Applications	#
Pending-Application of Intent Stage	36
Pending-Management and Operations Profile Stage	10
Pending-Siting Profile Stage	8
Application Expired	100
Application Withdrawn	3
Total	157

Licenses	#
Provisional	90
Final	8
Commence Operations	58
License Expired	10
Total	166

Key Challenges

- The Medical Marijuana Program
 - Patient Support
 - Lack of Engagement of the Medical Community
- Municipal Processes
 - Host Community Agreements
 - Pace, Transparency and Discrepancies of Municipal Approval Process
- Ethnic/Gender Diversity
- Balance of Small vs. Large Participants
- Social Equity
- Avoiding Overproduction and Diversion
- Banking

Lessons Learned

- Get started before launch
 - Public Awareness and Education Campaign
 - Baseline Data Collection
- Anticipate and Address Potential Conflicts with Related Laws
 - Employment
 - Landlord/Tenant
- Carefully Weigh
 - Role of Municipalities
 - Regulatory Oversight Structure
 - Tax Structure and Rate
- Balance Equity Objectives with Targeted Uses of Tax Revenue
- Set Expectations Explicitly and Early

Questions & Answers