

Applicant Forum Follow Up: Frequently Asked Questions

The Cannabis Control Commission (Commission) held an Applicant Forum on January 23, 2020 to hear directly from applicants for licensure and all other constituents about their experience with Massachusetts' licensing process. This Frequently Asked Questions (FAQ) document is a summary of the most frequently raised issues discussed during that session.

Comprehensive answers to many questions about Massachusetts' Marijuana Establishment licensing process can be found in this recently released <u>Guidance on Licensure</u>.

Social Equity Program-specific questions and answers are also covered here.

Individuals with additional questions can reach the Commission by calling (774) 415-0200 or emailing <u>Commission@CCCMass.com</u>. Please note: The Commission is prohibited from providing applicants with legal advice or business consultation.

1. Why is my application taking so long to be reviewed?

The Commission is committed to ensuring applications are reviewed for completeness and conform with state regulations and laws. Rather than give applicants only one opportunity to submit all their required materials before going to the Commission for a vote, Commission staff reopens applications and works with applicants to obtain all of the information needed before a recommendation is made to Commissioners to approve or deny the application. Applications may need to be reopened to get more information from the applicants. Incomplete applications cannot be approved. Commission staff are working as quickly as possible to process applications while maintaining a deep commitment to maintaining a safe and fair licensed industry.

State law mandates that Medical Marijuana Treatment Centers (MTCs) and Certified Economic Empowerment applicants receive priority review. Licensing Department staff follow state law by reviewing these applications first, followed by general applications. Recently, the Commission voted to grant expedited review status to other application categories. Expedited applications are those submitted by Social Equity participants, Marijuana Microbusiness applicants, Craft Marijuana Cooperative applicants, Independent Testing Laboratory applicants, Outdoor Marijuana Cultivator applicants, minority-owned businesses, women-owned businesses, and veteran-owned businesses.



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2. Cannabis prohibition disproportionately affected my community and me, but I don't see licenses going to this community. Does the Commission care about equity?

Yes. The Commission is committed to ensuring an equitable industry is developed in accordance with state law and its mission statement. Various policies and programs, including the nation's first statewide Social Equity Program, have been designed to address the disproportionate impact of the War on Drugs on certain populations and communities.

Certified Economic Empowerment applicants and Social Equity Program applicants receive benefits through the Commission, including the following:

- Priority or expedited review in the Commission's licensing review process when a completed license application is received;
- Fee waivers;
- Pre-certification and exclusive access to social consumption and delivery licenses for two years when applications become available; and
- Exclusive access to certain license types

Qualified Social Equity Program participants also are eligible for training and technical assistance across four teaching tracks. The first cohort of program participants are expected to complete their training this spring. As noted above, the Commission also expedites the review of applications for certified Women-, Minority-, and Veteran-Owned businesses to the head of the licensing queue irrespective of their status as a Certified Economic Empowerment applicant or Social Equity Program participant.

To hold itself accountable on this issue, the Commission provides the public ongoing access to licensee and Marijuana Establishment (ME) agent data through the Commission's <u>Open</u> <u>Data Platform</u> and regular data updates at monthly public meetings.

3. Can the Commission grant me a license before I have a business location?

No. In order to receive a license for an ME, applicants must have a location designated. Applicants must also have the approval of the municipality in which they are located, through a Host Community Agreement (HCA). The Commission does not require that the property is fully built-out at the time of application. After receiving a Provisional License, licensees may submit to the Commission an Architectural Review Plan. If approved, licensees may then build their facility.

Municipalities may have their own zoning and other local ordinances that must be complied with as well. Municipal information can often be difficult to find, so the Commission has created a <u>Municipal Zoning Tracker</u> to assist in locating that information. For more guidance on zoning or siting issues, we recommend you contact the municipality within which you hope to locate your business. You can locate the appropriate contact information by clicking

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on the name of the municipality in the Municipal Zoning Tracker. The Commission has also developed a <u>Guidance on Municipal Equity</u> that offers guidance and tips to cities and towns.

4. Will the Commission consider waiving the requirement for an interest in property or real estate?

Social Equity Program participants as well as Certified Economic Empowerment applicants seeking a Social Consumption license may get pre-certified prior to submitting a full application. Pre- certification does not require a specific location or HCA to be submitted. Please note, however, that full applications require the entity be tied to a specific location, and often the various plans and policies are tied to that location. For instance, the Commission is concerned about how the entity intends to secure the specific facility and how the entity intends to positively impact the individuals that were disproportionately harmed in that region.

5. Why can't I get pre-certified before I am required to complete the total application?

The pre-certification application will be available to those who wish to apply for Delivery-Only and Social Consumption Licenses when they become available. Please see page 40 of the <u>Licensing Guidance</u> for additional details.

6. Can the Commission assign an Application Manager to be a point-person for me and to ensure my application gets reviewed by only one individual?

Commission staff have reviewed the suggestion that applicants be assigned an individual Licensing Department staff member so that applicants know who to contact for more information and to get updates on their application reviews. Currently, applications are reviewed based on priority/expedited status and then by the time the application is initially received. Staff conduct supplemental reviews based in the same order and having an individual assigned to a single application could preclude staff from following this policy. The Commission recently increased personnel in the Licensing Department to meet demand and will continue to review applications quickly and thoroughly.

7. Why can't dedicated Commission staff give advice to Certified Economic Empowerment applicants?

The Commission is a regulatory agency responsible for reviewing ME applications and determining whether the applications are compliant with Adult-Use (935 CMR 500.00) and Medical-Use (935 CMR 501.000) regulations. Our role as regulators prevents us from providing one-on-one guidance on how to write an application for any applicant, regardless of their status.

While we are prohibited from providing one-on-one consultation, the Commission can and does provide clarification on licensing requirements and our interpretation of the regulations

via <u>guidance documents</u>. More specifically and as mentioned above, the Commission developed a guidance for the licensing process, which can be found <u>here</u>.

8. Can Certified Economic Empowerment applicants obtain confirmation or documentation demonstrating their status to be used in municipal and other interactions?

Yes. The Licensing Department has previously communicated with Certified Economic Empowerment applicants regarding how they may obtain this documentation. Please contact Licensing@CCCMass.com to receive this notice.

9. Can the Commission help me fill out my Social Equity Program application?

Yes, since the Social Equity Program is not a license type, the Commission is able to assist. The Commission is planning three clinic events in the coming months at computer labs across the Commonwealth in order to assist individuals with their Social Equity Program applications in real time. Please sign up for the Social Equity Program's mailing list <u>here</u> to receive details when they are released.

10. Can the Commission work one-on-one with us to prepare our applications?

No. Please see Questions #6 and #7 above. The Commission has, however, developed an indepth <u>licensing guidance</u> which aims to serve as a manual for the application process.

The Commission has also established a <u>Social Equity Program</u> that aims to provide eligible participants with training and technical assistance ranging from the application process to successfully operating any of the available license types. The Program also includes tracks for entry-level employment as well as ancillary business types. Applications for the second cohort of this program will be accepted until May 1, 2020.

11. Why isn't there guidance for financing your business?

The Commission does not require you to have a specific or minimum amount of capital for your business, but we do ask you to disclose the amounts and sources of any capital. The Commission published a <u>Guidance for Business</u> for all license applicants in 2018. For best advice around business planning, however, the Commission recommends that applicants consult a licensed attorney, accountant, financial advisor, or other professional service, who can advocate for you and advise you on what is in your business' best interests. Ultimately, it is the applicant's responsibility to prudently finance their business in accordance with the law. Furthermore, the Commission is prohibited from providing applicants with direct legal advice or business consultation. Please note that many professional service providers, such as those listed above, may offer discounts or pro bono services to certain applicants (e.g. Certified Economic Empowerment applicants, Social Equity Program participants, disadvantaged business enterprises, etc.).

12. Why is only one business owner listed on the portal?

Typically, one person associated with the license application is listed as its primary contact within the Massachusetts Cannabis Industry Portal (MassCIP). The business email address provided is used for all correspondence between the applicant and the Commission during license application review.

The MassCIP shows all individuals and entities that have an ownership or control interest of 10% or more in an ME. Extensive records are kept regarding who is involved with the proposed business, along with their background information and required disclosures.

13. Why doesn't the Commission host meetings around the state more often?

The Commission has hosted many meetings Commonwealth-wide and will continue to host public hearings throughout the state over the course of its regulatory development process. The agency recently moved its headquarters from Boston to Worcester, in large part because of its central location and accessibility to constituents throughout the Commonwealth. The Union Station headquarters and its public meeting space are accessible by public transit, including the commuter rail, and also has garage parking available. The Commission publishes all public meeting materials and livestreams its public meetings to its social media pages online so that those interested in viewing the meeting can watch if they cannot attend in person. Commission staff travel the state inspecting facilities and ensure that all licensees are in full compliance with the law.

14. Why are all MTCs allowed to get priority status instead of those who were already operational at the time the process began?

The law that established adult-use cannabis and the Commission (Ch. 55 of the Acts of 2017, §56) requires the Commission to give priority review status to MTCs and EEAs that received priority review status in April, 2018. The Commission adopted and implemented a policy in October 2019 that an applicant can only utilize its MTC priority status for an adult-use application where the proposed ME will be colocated with the MTC and perform the same type of operations.

15. Why can't the Commission create a Social Equity Program fund?

The Commission does not have the legal authority to create a fund under state law. Only the Legislature has the authority to create laws and establish such funds. The Commission has, however, advocated for the establishment of such a fund.

16. Is there a cap to the number of investors we can have?

No. There is no limit to the number of investors for an application. Depending upon their involvement in the proposed ME or their percentage of ownership or control, however, they may be required to be listed on the application itself and be subject to the Commission's background check. State law does, however, limit the number of licenses in which any entity or individual may have an ownership or controlling interest, so applicants and licensees are reminded to consider license caps when investing in or contracting with MEs. Please refer to the guidances for <u>business</u> and <u>licensure</u> for more information.

17. Can the Commission develop a timeline so applicants know when to expect these licensing decisions on their applications?

The Commission is finalizing a MassCIP update that will provide license applicants, and the public, with access to the application queue. This system will be publicly available and updated periodically to show an applicant's progress in the licensing review process and queue.

This resource will detail whether an application is pending a review or was reopened to allow the applicant to provide new or updated information, and whether the application is receiving priority or expedited review. This information will help prospective licensees estimate the amount of time until they reach the next milestone in the process and anticipate business needs. Please sign up for our mailing list <u>here</u> to receive additional details on when this functionality will become available.

The Commission considers and reviews applications based on their submission date. Only those applicants that have been granted priority or expedited review would receive accelerated review of their materials. That status applies to both initial and any supplemental reviews.

Licensing inspections occur at the request of licensees based on the readiness of their facility. Once requested, the Commission will schedule a time for staff to visit the facility and inspect for compliance. Once an entity has commenced their operations, the Commission may also conduct periodic unannounced inspections.

18. Why can't the background check happen earlier in the licensing process?

Background checks are initiated once an application has been deemed complete and occur largely at the expense of the applicant. Prior to being deemed complete, an application may be amended several times, and those amendments may pertain to individuals or entities with ownership or control. If the Commission were to initiate a background check prior to an application being deemed complete, the entity may incur additional and unnecessary expenses. Historically, some forms associated with the background check, once executed, were valid for only short periods of times (e.g. 90 days). This would often result in forms expiring while the application was pending, and ultimately require the application to be reopened for new forms to be executed. However, based on updates to the Commission's background check that occurred several months ago, the existing forms are now valid for at least one calendar year once executed.

Please also refer to Question #5. The Commission's pre-certification process grants some applicants seeking Social Consumption and Delivery-Only Licenses with the ability to have their background checks conducted earlier in the application process.

19. Why do I have another Request for Information (RFI) when I already had one previously?

There is no limit to the number of RFIs an applicant may receive; RFI notices are based upon a staff determination that the information contained in the application at the time of review is not substantially in compliance with the adult or medical use of marijuana regulations. The RFI enables the Commission to inform applicants about the specific sections of the application that require further information, clarification, or editing in order to demonstrate compliance with the applicable regulations.

The Commission reviews each application in its entirety, including all three individual packets, before issuing an RFI and does not restrict or limit the amount of time an applicant has to resubmit their application. Once resubmitted, the application returns to the queue based on its original timestamp and would continue to enjoy its priority or expedited status, if applicable.

20. The Commission reopened my application because I used LLc vs. LLC...why?

The Commission has not reopened an application solely based on capitalization typos. If the Commission identifies other problems with an application that result in an RFI being issued, staff will identify typographical errors, inconsistent business names, or other similar errors as well as the primary problems with the application in the RFI in an effort to provide the applicant with a complete and comprehensive notice, and allow them to fix any issues while they are working on the application.

21. Why doesn't the Commission allow for auto-fill or copy/paste of certain sections throughout the application?

The Commission recently updated MassCIP to allow for certain fields (e.g. company name) of the application to be automatically populated.

22. Why do I need to have a letter from the non-profit or charity that I intend to donate to indicating they would accept my donation?

A letter is needed because some non-profit or charitable entities, especially those that serve youth populations, are prohibited by law or contract from receiving funds from certain sources, such as firearms, tobacco, and alcohol. They may also prohibit donations from MEs, which would ultimately lead to an inability of a licensee to comply with specific provisions of their Plan to Positively Impact Disproportionately Harmed People.

23. Why did the Commission reopen my application to ask me about the size, shape, and flavor of my proposed edibles?

The Commission's regulations expressly prohibit the manufacture or sale of edible products that are in the shapes of humans, animals, or fruits, or that may bear a likeness to cartoons or other artistic renderings. The packaging and labeling of such products may also not resemble products that are typically marketed to minors. As a result, applicants are asked to confirm that the products they intend to manufacture would not violate these various restrictions.

24. Why aren't Social Consumption and Delivery Licenses available?

During its 2019 regulatory review, the Commission authorized a pilot program for a Social Consumption License and expects to start accepting license applications for adult-use cannabis delivery in the spring of 2020. A Delivery-Only License type will be offered exclusively for Certified Economic Empowerment Priority applicants, Social Equity Program participants, and Microbusinesses with a Delivery Endorsement from the Commission, for an initial period of two years. Delivery for adult-use cannabis consumers will be permitted in municipalities in which retail sales are permitted, delivery businesses are located, and those that notify the Commission that delivery is permitted within their borders. Please reference the <u>Municipal Zoning Tracker</u> for more information on individual municipalities.

Please note, however, that the Commission's social consumption pilot program cannot begin without a change in state law that will first allow cities and towns to authorize social consumption in their communities.