



Cannabis Control Commission May Policy Public Meeting

Remote via Teams



Meeting Book - Cannabis Control Commission May Policy Public Meeting Packet

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May 21, 2024

In accordance with Sections 18-25 of Chapter 30A of the Massachusetts General Laws and Chapter 107 of the Acts of 2022, notice is hereby given of a meeting of the Cannabis Control Commission. The meeting will take place as noted below.

CANNABIS CONTROL COMMISSION

**May 23, 2024
10:00 AM**

Remote via [Microsoft Teams Live*](#)

PUBLIC MEETING AGENDA

- I. Call to Order
- II. Commissioners' Comments & Updates
- III. Commission Discussion and Votes
 1. Executive Director Search Update *Acting Executive Director Debra Hilton-Creek*
 2. Administrative Extensions for Licenses Discussion *Acting Chief of Investigations and Enforcement Nomxolisi Khumalo*
 3. Topics for Legislative and Executive Branch Outreach
 - i. Discussion on Hemp *Director of Government Affairs Matt Giancola*
 4. Accounts Receivables Discussion *Commissioners Kimberly Roy and Bruce Stebbins*
 5. CCC 2024 Key Priorities and Operational Changes
- IV. New Business Not Anticipated at the Time of Posting
- V. Next Meeting Date
- VI. Adjournment

*Closed captioning available

If you need reasonable accommodations in order to participate in the meeting, contact the ADA Coordinator Debra Hilton-Creek in advance of the meeting. While the Commission will do its best



to accommodate you, certain accommodations may not be available if requested immediately before the meeting.





Cannabis Control Commission

Monthly Public Meeting

May 23, 2024 at 10:00 a.m.

Via Microsoft Teams



Agenda

1. Call to Order
2. Commissioners' Comments & Updates
3. Commission Discussion and Votes
4. New Business Not Anticipated at the Time of Posting
5. Next Meeting Date
6. Adjournment



Commission Comments & Updates



Commission Discussion & Votes

Commission Discussion & Votes

1. Executive Director Search Update
2. Administrative Extensions for Licenses Discussion
3. Topics for Legislative and Executive Branch Outreach
 - i. Discussion on Hemp
4. Accounts Receivables Discussion
5. CCC 2024 Key Priorities and Operational Changes



Executive Director Search Update

MAY 8th thru JUNE 15th	Launched 2 Weeks into the “Accepting Applications” Phase Will run another 3 ½ weeks
MAY 22nd	OML Compliance/Guidance Document Shared with Sub-Committee
MAY 23rd	Voting Members of Sub-Committee Approved by Commission
MAY 24th to JUNE 15th	Sub-Committee Convenes
Number of Applicants as of Launch	100+ Screening of Applicants will most likely begin during this timeframe.
	Position Closes on June 15th



Executive Director Search Update

<p>JUNE 16th to JUNE 30th</p>	<p>Screening of Applicants Continues Selection of Candidates to be Interviewed <u><i>Screening May Continue at the Commission's Discretion for Applications Received after the Deadline</i></u></p>
<p>JULY 1 to JULY 13th</p>	<p>Scheduling of 1st Round Interviews</p>
<p>JULY 14th to JULY 31st</p>	<p>First Round Interviews are Conducted Scheduling of 2nd Round Interviews</p>
<p>AUGUST 1st to AUGUST 15th</p>	<p>2nd Round Interviews are Conducted Scheduling of Final Round</p>
<p>AUGUST 22nd to SEPTEMBER 15th</p>	<p>Final Round of Interviews Conducted Candidates to Interview at Public Meeting 🕒 Ideally/Possibly at the 1st September PM</p>
<p>SEPTEMBER 16th to 30th</p> <p>ANNOUNCEMENT OF COMMISSION'S SELECTION</p> <p>OFFER MADE TO SELECTED CANDIDATE</p>	<p>Sub-Committee Makes Recommendation to Voting Members Voting Members Chooses New ED</p> <p>🕒 Ideally/Possibly at the 2nd September PM</p> <p><i>AT THE DISCRETION OF THE COMMISSION</i></p>



Commission Discussion & Votes

2. Administrative Extensions for Licenses Discussion
3. Topics for Legislative and Executive Branch Outreach
 - i. Discussion on Hemp
4. Accounts Receivables Discussion
5. CCC 2024 Key Priorities and Operational Changes



Discussion on Hemp

Background

- Hemp is a plant in the botanical class of *Cannabis sativa* grown specifically for industrial and consumable use.
- Hemp typically has lower concentrations of total THC than cannabis. Under federal law, hemp may contain no more than 0.3% THC.
- Hemp is used to make a variety of industrial products, including rope, textiles, paper, and food.
- More recently, cannabinoids have been extracted from Hemp and used in intoxicating products.



Discussion on Hemp

- The Massachusetts Department of Agricultural Resources (MDAR) retains exclusive jurisdiction over the licensing of hemp producing and processing.
- MTCs, Marijuana Retailers and Marijuana Delivery Operators are permitted to purchase and sell consumer-ready hemp and hemp products (collectively Consumer-Ready Hemp Products) from MDAR-licensed Producers and Processors.
- Raw hemp products deemed Consumer-Ready by MDAR, including flower and raw plant material, that are prepackaged and include a warning insert may be sold directly to consumers and/or patients by MTCs, Marijuana Retailers and Marijuana Delivery Operators.



Discussion on Hemp

Hemp and Marijuana Products

- Unfinished but processed hemp products may be sold directly to Marijuana licensees for manufacture into Marijuana Products, provided that:
 - The unfinished, but processed hemp product must be accompanied by a Certificate of Analysis (COA) issued by a Commission-licensed Independent Testing Laboratory that indicates the product passed the full-panel testing standards for Marijuana Products.
 - The Marijuana Establishment/MTC receiving the unfinished but processed hemp product must ensure, prior to taking custody of the hemp, that the COA is present and will maintain all testing records. The Commission may, at its discretion, require additional testing where necessitated to safeguard public health or safety.
 - The product must clearly be marked as a Marijuana Product and comply with all requirements for Marijuana Products under 935 CMR 500 and 501. Hemp shall be listed as an ingredient on the label of the Marijuana Product.



Discussion on Hemp

- Joint Oversight Hearing on Hemp Regulation – June 11:
 - The Cannabis Policy and Agriculture Committees are seeking information on how various agencies interact with Hemp and Hemp Products
- Per the Legislative and Executive Branch Outreach Policy, the Commission may adopt a motion to formally participate in the Hearing.





Issue of Extended or Delinquent Accounts Receivable

Issue of Extended or Delinquent Accounts Receivable

- Delinquent payments are becoming a threat to the licensed cannabis industry according to many businesses and stakeholders across the country. Preliminary findings from a comprehensive study conducted by Whitney Economics shed light on the **\$3.8 billion dollar issue** plaguing cannabis operators and ancillary businesses nationwide.
- Challenges such as delayed payments and bad debt jeopardize financial stability, **creating a ripple effect throughout the supply chain in Massachusetts**. This phenomenon has been called a “self-fulfilling negative shockwave.”
- The topic was raised at recent roundtable discussions held with Commissioners hosted by the Cannabis Business Association (MassCBA) and Massachusetts Cannabis Coalition.
- The Commission’s Government Affairs and Policy Team put together a comprehensive memorandum outlining the size of the problem for the national industry and measures considered by other jurisdictions including **California, New York, Colorado, New Jersey, Michigan** and others.
- Commissioners Roy and Stebbins also met with leadership from the Massachusetts Alcohol Beverage Control Commission (ABCC) at the urging of Massachusetts Licensed Operators.



Accounts Receivable - Implications

- Account Receivable refers to the balance of money due to a firm for goods or services delivered or used but not yet paid for by customers.
- An excessive balance of outstanding accounts receivable can create financial challenges for all participants within the supply chain.
- If retailers fail to make timely payments to wholesalers and product manufacturers:
 - **Original suppliers (cultivators) may not be getting paid;**
 - **Testing labs may develop accounts in arrears;**
 - **Other ancillary suppliers may experience delays in payments for their services;**
 - **Licensees may fail to meet payroll for employees, and other obligations.**



Key Takeaways

- In discussions with the ABCC, we learned that they have secured, from an outside vendor, a platform for alcohol distributors to post delinquent payments and identify those vendors. Distributors pay to have access to the platform and there is no expenditure by the ABCC.
- Retailers or delinquent payers are not prohibited from continuing to make purchases but may require all future deliveries be paid at the time of delivery.
- Delinquency does not jeopardize the ability for an ABCC licensee to renew their license.
- Current cannabis licensees may not obtain renewal for their license if they have failed to pay their annual license fee or have other outstanding obligations (taxes, unemployment assistance, good standing with the Secretary of State) due to the Commonwealth.



Options for Licensees Seeking Payment

- Licensees are allowed to negotiate with delinquent business partners to offer new terms or payment arrangements.
- Licensees may decide to end any further sales to any business customer.
- Licensees can certainly seek relief through the Massachusetts Court System or other means.
- This guidance should not be construed as legal advice. Licensees are encouraged to consult legal counsel if they have questions.



Next Steps and Options for the Commission

- The Commission needs to gain a better understanding and breadth of the issue and its impact here in Massachusetts before deciding on any changes to current policy and regulations.
- Direct the Commission to formulate a general comment question and have it posted for a two-week response.
- The question will be sent to all currently operating licensees.
- We will consider making a public technical assistance session available for all licensees on the topic of accounts receivable, responsible strategies to work with suppliers and delinquent customers, and other proactive tactics.



Proposed Public Comment Questions

- 1. How does the issue of outstanding accounts receivable impact your operation?*
- 2. Please quantify the outstanding accounts receivable currently owed to your business (e.g., the average, or total, amount of money that is still unpaid after any agreed upon terms have expired between you and your delinquent clients).*
- 3. What proactive measures have you undertaken to minimize your financial risk to unpaid invoices?*
- 4. Should the Commission reform its regulations to establish a means for industry to identify delinquent clients?*
- 5. What additional steps should the Commission consider to assist licensees with this issue?*

To submit responses, please email the Commission at Commission@CCCMass.com with the subject heading “Accounts Receivable”.



Motion

Move: that the Commission, through the Acting Executive Director and staff, publish the proposed public comment questions to its website, send the public comment questions directly to each Commenced Operation Licensee electronically, and assemble any related comments for Commission consideration.



Commission Discussion & Votes

5. CCC 2024 Key Priorities and Operational Changes





Upcoming Meetings & Adjournment

Upcoming Meetings and Important Dates

Public Meeting dates are tentative and subject to change

Next Meeting Date
June 13, 2024 Policy Public Meeting 10:00am Remote via Microsoft Teams

2024 Public Meetings*
July 11
August 8
September 12
October 10
November 14
December 12

