



# Delivery Exclusivity Working Group

Report and Recommendations



## Delivery Background

- After several revisions, in 2021 the Commission established the current regulatory structure for its delivery licenses.
- The new license classes established were Marijuana Delivery Courier, Marijuana Delivery Operator, and Microbusiness with Delivery Endorsements.
- These license(s) were touted as a major development to the agency's ongoing commitment to ensure meaningful participation in the industry by people disproportionately impacted by marijuana prohibition, as well as efforts to combat unregulated cannabis delivery.



## Delivery Exclusivity Period Established

- This regulatory revision established a three-year exclusivity period for SEPs and EEAs.
- The period began on April 1, 2022, when the first Marijuana Delivery Operator received its notice to commence operations.
- The exclusivity period, which continued for 36 months, and was extended by a vote of the board for one year until April 1, 2026.

# Delivery Exclusivity Regulations:

## **935 CMR 500.050(10)(b) and 935 CMR 500.050(11)(f):**

2. The Commission may vote to extend that period following a determination that the goal of the exclusivity period to promote and encourage full participation in the regulated Marijuana industry by people from communities that have previously been disproportionately harmed by Marijuana prohibition and enforcement of the law *has not been met*.
3. The licenses shall generally be available to applicants after the 36-month period unless the Commissioners affirmatively votes to extend the period of exclusivity by a period of 12 months after the first 36-month period. *Any subsequent extension of the exclusivity period would require the Commission affirmatively to find that the goals and objectives of the exclusivity period have not been met.*

# Delivery Exclusivity Criteria for Assessment

- a. Overall rates of participation in the regulated marijuana industry by people from communities that have previously been disproportionately harmed by marijuana prohibition and enforcement of the law;
- b. Overall rates of participation in the regulated Marijuana industry by people of color;
- c. Licenses granted to businesses with majority ownership comprised of Economic Empowerment Priority Applicants and Social Equity Program Participants;
- d. Number of registered agents who are Social Equity Program Participants;
- e. Number of Delivery Licensees in operation and business performance relative to other Marijuana Establishments;
- f. Financial feasibility of continued participation in the regulated Marijuana industry by communities that have previously been disproportionately harmed by Marijuana prohibition and enforcement of the law if exclusivity period ends; and
- g. Any other information the Commission determines relevant.



# Working Group Background

- WG established to collect data and report out recommendations to the board on whether to extend the delivery exclusivity period. Specifically, the WG was tasked to:
  - (1) Review Regulatory & Economic Factors.
  - (2) Gather Stakeholder & Industry Feedback.
  - (3) Analyze Market Performance & Licensing Data.
  - (4) Develop Policy Recommendations.
  - (5) Evaluate the Impact of the Delivery Exclusivity Period.



# Collaboration with the University of Massachusetts Donahue Institute

# University of Massachusetts Donahue Institute (UMDI)

- The University of Massachusetts Donahue Institute (UMDI) is a nationally-renowned research and training center that addresses critical questions and develops innovative solutions to help organizations and agencies from both the public and private sectors meet challenges, measure success, and set goals.
- The Commission previously worked with UMDI's Economic & Public Policy Research group to conduct the 2021 study *Identifying Disproportionately Impacted Areas by Drug Prohibition in Massachusetts*



## Identifying Disproportionately Impacted Areas by Drug Prohibition in Massachusetts

March 2021

### Massachusetts Cannabis Control Commission

Steven J. Hoffman, Chairman  
Jennifer Flanagan, Commissioner  
Nurys Z. Camargo, Commissioner  
Bruce Stebbins, Commissioner  
Ava C. Concepcion, Commissioner

Shawn Collins, Executive Director

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# Research Responsibilities Matrix

Data Collection Method	CCC Staff	UMass Donahue
<b>Regulation Review</b>	Regulatory mapping Data extraction Content analysis	Interpretation Policy implications
<b>Licensee and applicant survey</b>	Tool/instrument review Survey implementation (Formstack setup) Data collection	Survey design Analysis
<b>Interviews and Focus Group</b>	Protocol/instrument review Participant outreach Logistics support	Recruitment Facilitation Data collection Analysis
<b>Public Comments Feedback and Meeting Minutes</b>	Protocol/instrument review Document analysis Quality review	Interpretation
<b>Administrative Industry Data</b> (Financial, Agents info, Demographics, Ownership)	Data extraction from Metrc and MassCIP Cleaning and linking Anonymization Documentation	Analysis design Script development Analysis

# UMDI – Delivery Exclusivity Period Assessment

Over summer and fall 2025, UMDI supported the Delivery Exclusivity Working Group in a two-phase project to evaluate the progress toward the goals of this policy.

- **Phase 1: Goal Setting and Analysis Plan**
  - Focused on defining goals of the exclusivity period and criteria for success of the program
  - Evaluated existing available data and determined methodology and analysis plan for Phase 2
- **Phase 2: Data Analysis, Findings and Recommendations**
  - Focused on evaluating goals defined in Phase 1
  - Collected and analyzed: CCC data, Social Equity Trust Fund data, qualitative data (interviews; focus group; public comment, survey with program applicants and licensees)
  - Wrote the assessment and established findings and recommendations

# Delivery Exclusivity Period Assessment – Key Findings

- **UMDI completed an external assessment of delivery exclusivity using both qualitative and quantitative data to:**
  - Evaluate the exclusivity period and benchmark its impact;
  - Identify structural barriers and issues that impede business feasibility; and
  - Reach conclusions on policy extension and provide recommendations about program/industry interventions.
- **Key takeaways include:**
  - The program has admirable intentions and made progress towards the goals outlined by CCC leaders in Phase 1, though generally speaking, those goals were *not met*
  - We identified a number of structural impediments that licensees and potential licensees face in the marketplace
  - We ultimately recommend an extension to allow the program to continue to mature, interventions to be realized, and businesses to stabilize. At the same time, we recommend continued consideration from CCC to remove structural barriers to maximize the effectiveness of the program

# Phase 1 Methodology

## Phase 1

*(ended August 2025)*

Internal Data Evaluation  
& Discovery

Key Stakeholder  
Interviews

Regulation Review and  
Content Analysis

Goal Setting and  
Analysis Plan

# Summary and Analytical Takeaways of Phase 1

- **One-on-one interviews with past and current Cannabis Control Commissioners** revealed a lack of clear measurable goals to evaluate success, structural and support limitations within the Commission, and insufficient training and mentorship for equity licensees;
- **A focus group conducted with the Commission's Equity Programming and Community Outreach (EPCO) Staff** highlighted persistent structural and financial barriers that participants face in establishing viable cannabis businesses;
- **Analysis of feedback given during the policy's public comment period** strongly favored continued protection of the delivery exclusivity period;
- **Result: development of analysis plan using CCC data to operationalize evaluation criteria A-G**
  - Using insights from key informant interviews and a review of data sources, UMDI created methods for determining if the exclusivity policy had met its goals
  - Where possible, CCC data was benchmarked against external sources

# Phase 2 Methodology

## Phase 2

*(ended in December 2025/January 2026)*

Quantitative Data Analysis	Group Interview with Equity Programming Staff	Delivery Exclusivity Licensees & Applicants Survey	Regulation Review & Public Comments Feedback	Report
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# Phase II Main Findings: Goals are unmet or partially met

Regulatory Goal	Status
a. Overall rates of participation in the regulated marijuana industry by people from communities that have previously been disproportionately harmed by marijuana prohibition and enforcement of the law	Partially met
b. Overall rates of participation in the regulated Marijuana industry by people of color	Partially met
c. Licenses granted to businesses with majority ownership comprised of Economic Empowerment Priority Applicants and Social Equity Program Participants	Partially met
d. Number of registered agents who are Social Equity Program Participants	Partially met
e. Number of Delivery Licensees in operation and business performance relative to other Marijuana Establishments	Not met
f. Financial feasibility of continued participation in the regulated Marijuana industry by communities that have previously been disproportionately harmed by Marijuana prohibition and enforcement of the law if exclusivity period ends	Not met
g. Any other information the Commission determines relevant	Partially met

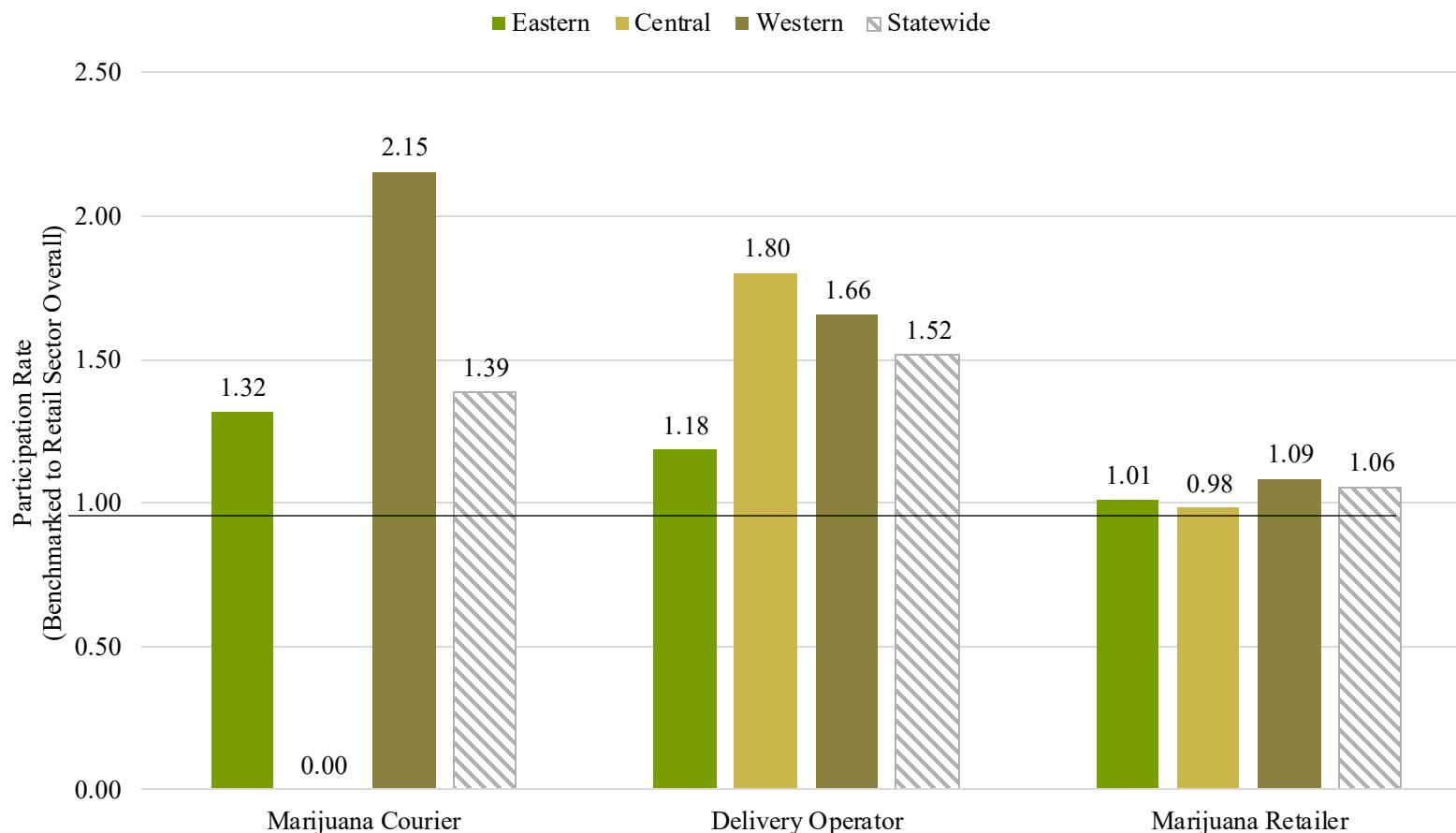
*Businesses in DIAs have achieved full participation in the cannabis industry, though there are challenges in the application pipeline for cannabis businesses located in these areas.*

- **Partially met:** Delivery couriers and operators are geographically well represented in areas of disproportionate impact (DIAs) relative to non-cannabis businesses.
- **Partially met:** Delivery license types are also more likely to be in DIAs compared to other cannabis license types, such as marijuana retailers.
- **Not met:** Delivery businesses in DIAs take longer to receive licensure and to commence operations compared to delivery businesses in other parts of the state.
- **Not met:** Delivery licensees in DIAs are more likely to remain in the pre-revenue stages of business formation (i.e. before the commence operations stage) compared to delivery licensees outside of DIAs and to other marijuana license types.
- **Partially met:** The Cannabis Social Equity Trust Fund (CSETF) is proportionally more likely to fund delivery businesses in DIAs compared to other areas. In contrast, marijuana retailers located in DIAs are no more likely to receive a CSETF grant than marijuana retailers located outside of DIAs.

## Goal A: Partially Met

$$\text{Participation Rate} = \frac{\% \text{ of Delivery Licenses in DIAs}}{\% \text{ of Comparison Sector in DIAs}}$$

*Rates of Participation for Disproportionately Impacted Areas, Benchmarked to the Retail Sector Overall*



**Values > 1.00**  
mean the cannabis license type is more represented in DIAs compared to the overall retailer sector

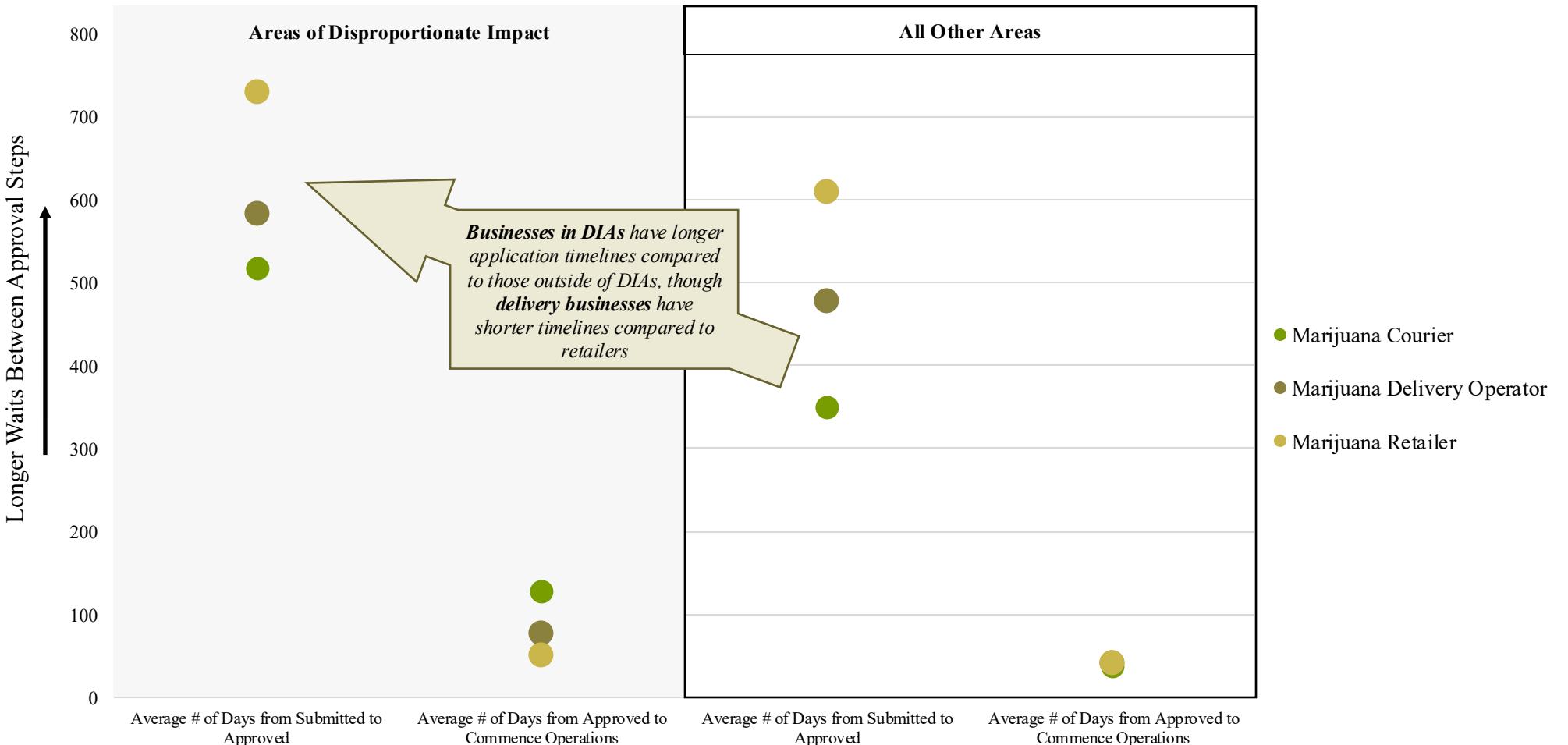
**Values < 1.00**  
mean the cannabis license type is less represented in DIAs

Source: Massachusetts Cannabis Control Commission; Massachusetts Executive Office of Labor and Workforce Development, ES-202



## Goal A: Partially Met

### *Average Number of Days Between Approval Steps by License Types for Areas of Disproportionate Impact*



Source: Massachusetts Cannabis Control Commission

Note: Couriers, Delivery Operators, and Retailers all had similar average wait times from approval to commence ops in areas outside of DIAs, and so the dots in the lower right overlap.

*People of color are represented in the cannabis industry and among delivery licensees, though many still face barriers when opening non-delivery businesses*

- **Partially met:** There is higher participation in the cannabis industry among people of color for delivery license types compared to all other license types and compared to business ownership rates for people of color in the state overall.
- **Partially met:** Delivery businesses that are majority owned by people of color spend less time in the approval process and can therefore reach commence operations quicker.
- **Partially met:** Majority PoC-owned delivery licensees are more likely to be in the commence operations stage as compared to all other delivery licensees.
- **Not met:** The benefits of the delivery exclusivity policy, however, are not fully shared outside of the delivery license types, and people of color seem to still face barriers when opening businesses in the cannabis industry.

## Goal B: Partially Met

### Participation of People of Color in the Cannabis Industry by License Type

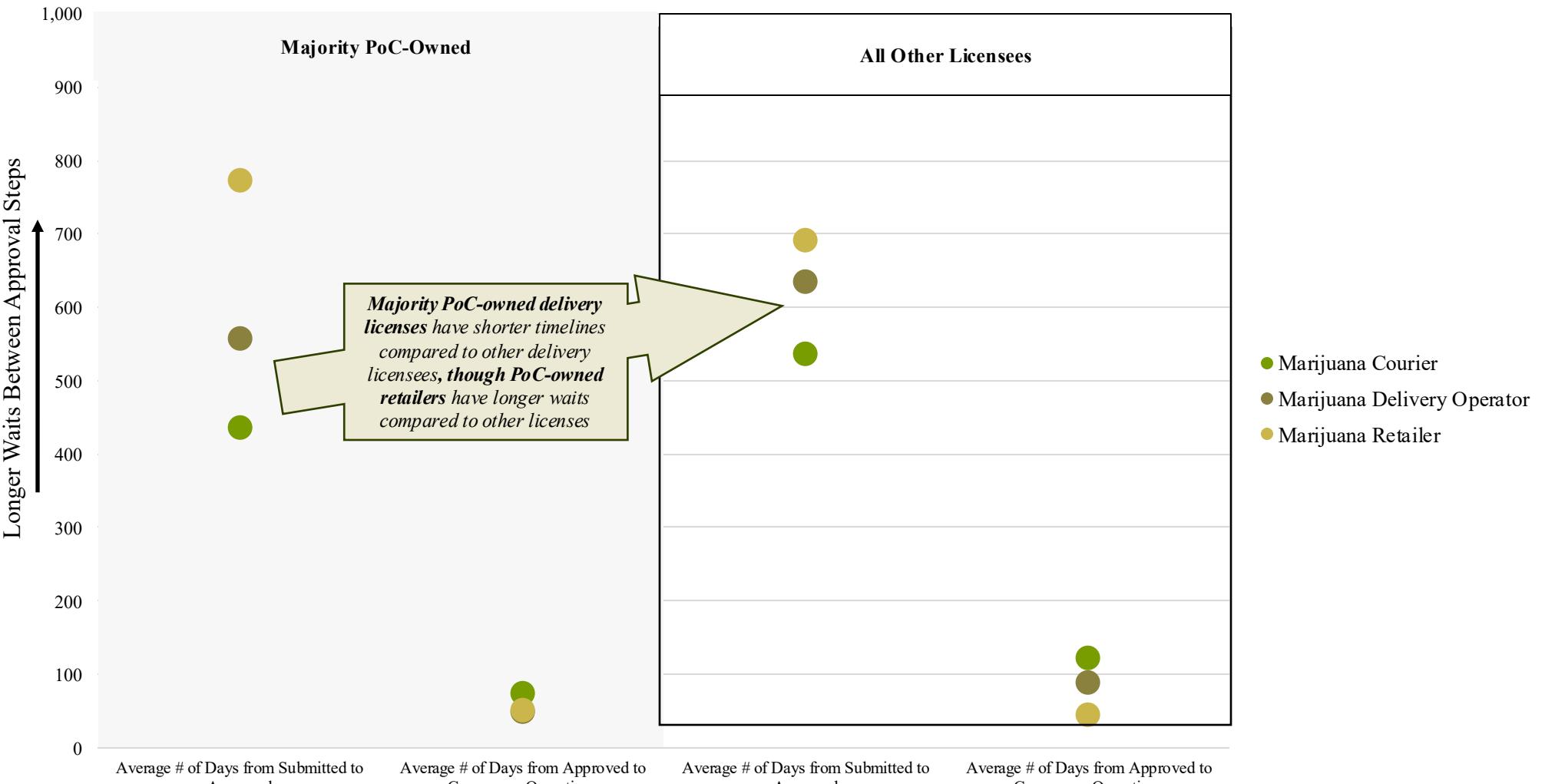
License Type	Agents		All Persons with Authority		Owners		Licenses	
	PoC n	% PoC	PoC n	% PoC	PoC n	% PoC	Majority PoC n	% Majority PoC
Craft Marijuana Cooperative	0	0%	1	7%	1	33%	1	50%
Independent Testing Laboratory	12	8%	5	10%	3	14%	1	8%
<b>Marijuana Courier</b>	<b>53</b>	<b>49%</b>	<b>29</b>	<b>42%</b>	<b>13</b>	<b>41%</b>	<b>11</b>	<b>58%</b>
<b>Marijuana Courier Pre-Certification</b>	<b>-</b>	<b>-</b>	<b>174</b>	<b>60%</b>	<b>116</b>	<b>64%</b>	<b>62</b>	<b>68%</b>
Marijuana Cultivator	440	13%	85	8%	48	12%	24	12%
<b>Marijuana Delivery Operator</b>	<b>101</b>	<b>66%</b>	<b>39</b>	<b>40%</b>	<b>25</b>	<b>38%</b>	<b>18</b>	<b>53%</b>
<b>Marijuana Delivery Operator Pre-Certification</b>	<b>-</b>	<b>-</b>	<b>125</b>	<b>47%</b>	<b>81</b>	<b>49%</b>	<b>52</b>	<b>55%</b>
Marijuana Microbusiness	14	13%	6	8%	2	5%	2	11%
Marijuana Product Manufacturer	465	16%	65	8%	33	11%	20	14%
Marijuana Research Facility	0	0%	0	0%	0	0%	0	0%
Marijuana Retailer	1689	22%	191	11%	103	16%	41	13%
Marijuana Transporter with Other Existing ME License	35	60%	3	19%	1	13%	1	25%
Third Party Marijuana Transporter	14	12%	3	19%	0	0%	0	0%
<b>Total</b>	<b>2,823</b>	<b>20%</b>	<b>726</b>	<b>16%</b>	<b>426</b>	<b>23%</b>	<b>233</b>	<b>25%</b>
<b>Massachusetts Working Age Population (18+)</b>	<b>980,403</b>	<b>17%</b>	<b>980,403</b>	<b>17%</b>	-	-	-	-
<b>Massachusetts Establishments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>119,842</b>	<b>16%</b>	<b>119,842</b>	<b>16%</b>

Source: CCC; U.S. Census Bureau American Community Survey, 2024 1-Year Estimates via Social Explorer; U.S. Census Bureau, Non-Employer Statistics.

Note: Agents data based on approved applications only. Persons with Authority are based on "active" licenses, therefore totals may not match between agents and persons with authority. Agents data does not include pre-certification licenses.

## Goal B: Partially Met

### *Average Number of Days between Approval Steps by License Type For Business Owners of Color*



Source: Massachusetts Cannabis Control Commission

*This goal is partially met. However, survey respondents across various delivery license types report difficult conditions in acquiring a license.*

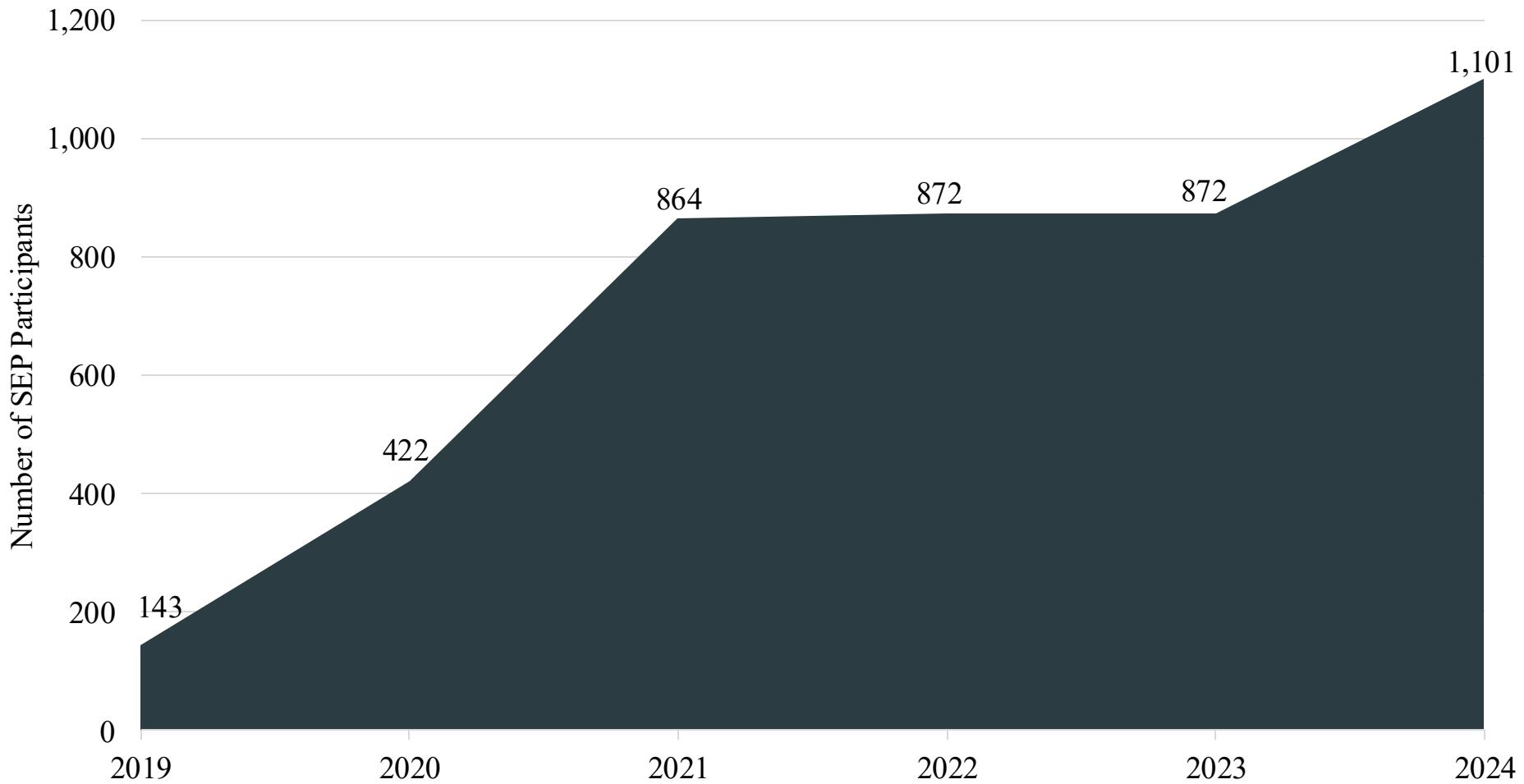
- **Partially met:** 30% of licenses are owned by EEA/SEP participants, driven largely by delivery license types.
- **Not met:** Nearly all respondents to the survey reported the process of getting a license to be difficult or extremely difficult, and reported facing barriers such as unaffordable start-up costs, followed by lack of financing options, and too much paperwork.

*This goal is partially met; SEP participation is increasing, though people of color are less likely to have active SEP licenses*

- **Partially met:** Except for a lull between 2021 and 2022, SEP participation has steadily increased since the program was introduced.
- **Partially met:** The majority of SEP participants are people of color.
- **Not met:** However, people of color have a slightly lower proportion of active SEP licenses compared to all other participants.

## Goal D: Partially Met

*Cumulative Number of SEP Participants, 2019-2024*



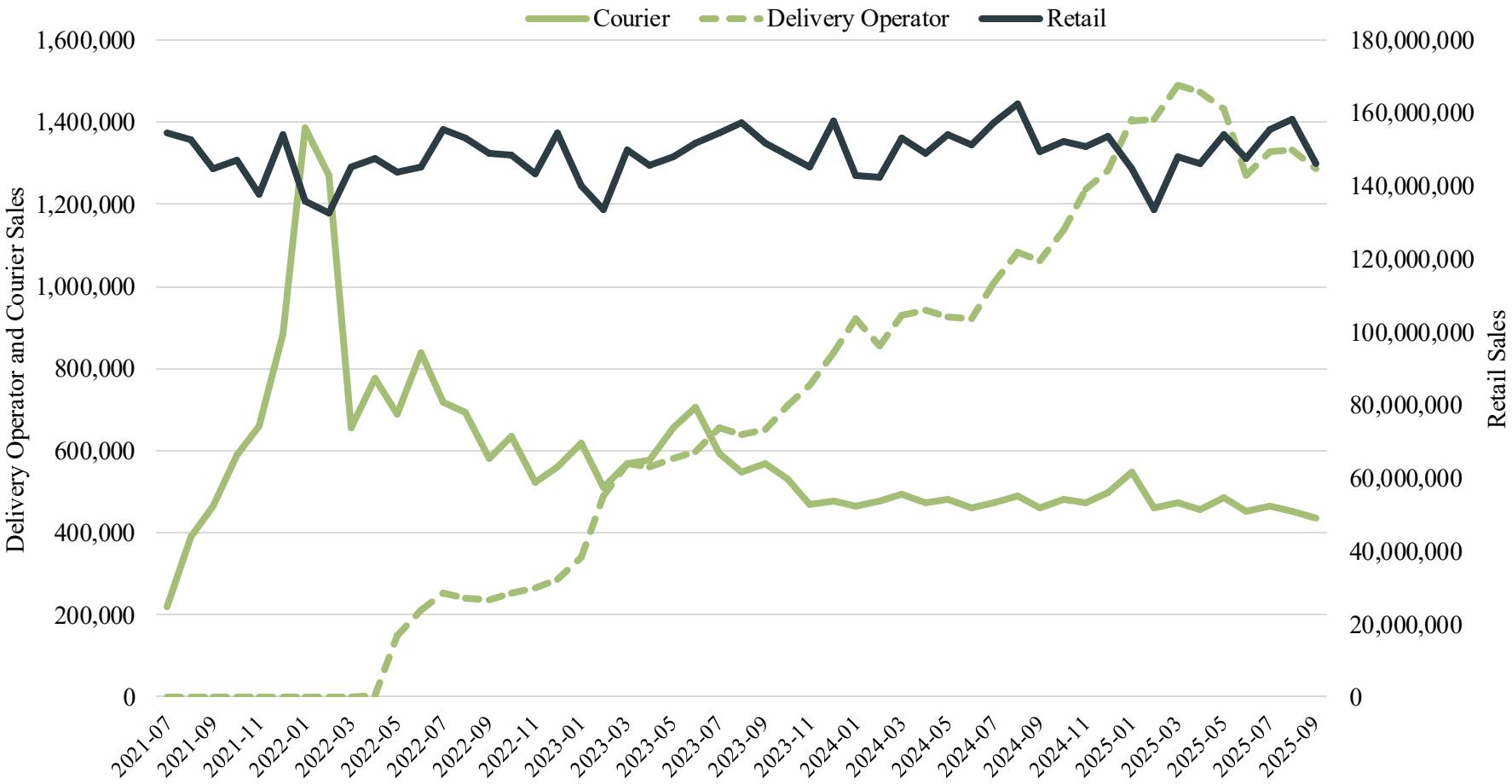
Source: Massachusetts Cannabis Control Commission

*Macro-economic conditions in the cannabis market and in the wider economy have deteriorated in recent years and, in combination with geographic restrictions on marijuana business operations, have negatively impacted business performance of delivery and brick-and-mortar dispensaries.*

- **Not met:** The rates of delivery business formation are much lower for delivery businesses compared to cannabis retail businesses.
- **Partially met:** Sales growth has been positive for delivery operators over the past several years. But couriers and retailers have seen stagnant sales over the same period.
- **Not met:** Business costs have increased over the past 5 years for retailers and transportation & logistics businesses across the United States. At the same time, marijuana product prices in Massachusetts have fallen since legalization, reducing profit margins and threatening business performance.
- **Not met:** Only 59% of towns and cities in the state allow delivery, limiting the markets in which delivery businesses can compete.
- **Not met:** Average sales per establishment have been in decline virtually since the beginning of the legal cannabis market, threatening the financial sustainability of operations.

## Goal E: Not Met

### Monthly Sales by License Type (Not Adjusted for Inflation)

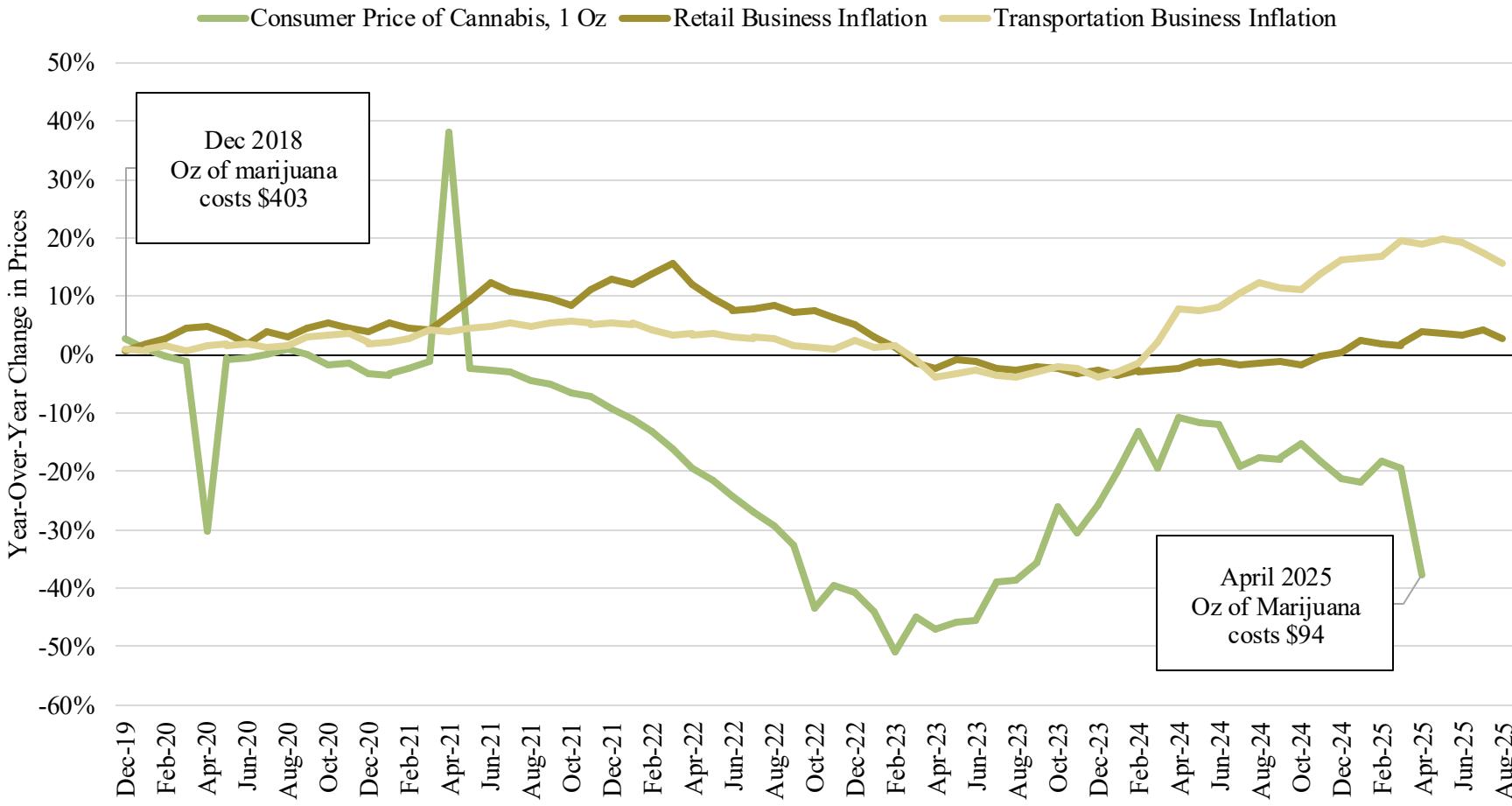


Source: Massachusetts Cannabis Control Commission

Note: Delivery endorsement sales were not included in this graph. The very small portion of delivery endorsement sales in the industry does not fit with the scales in this figure.

## Goal E: Not Met

### Year-over-Year Change in Prices for Marijuana Vs. Producer Inflation in Retail and Transportation Establishments, 2019-2025



Source Cannabis Control Commission; U.S. Bureau of Labor Statistics, Producer Price Index

## Goal F: Not Met

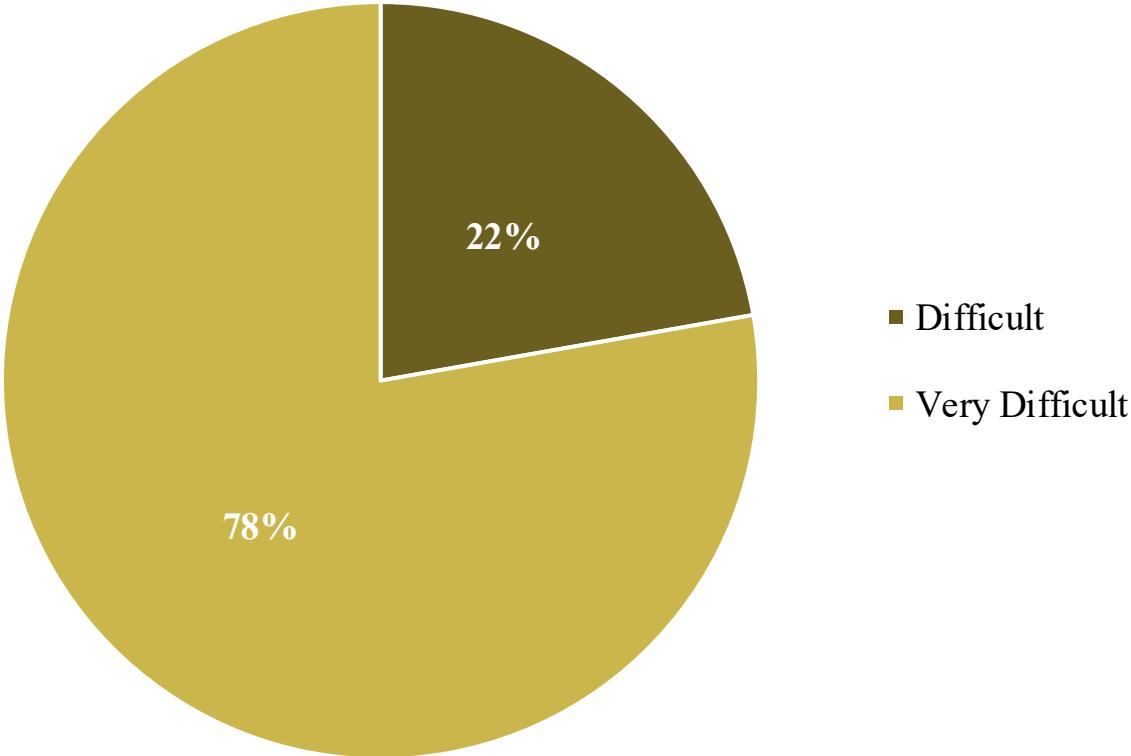
*Despite some progress on lowering costs through fee waivers, delivery exclusivity businesses report difficult financial conditions and unexpectedly high start-up costs. In addition, data show a shrinking pipeline of applicants and a lack of necessary funding for new businesses.*

- **Not met:** All survey respondents characterized start-up cost feasibility as difficult to some extent, with the majority characterizing it as very difficult.
- **Not met:** There is a shrinking pipeline of prospective licensees, whether delivery or brick-and-mortar, who are interested in opening businesses in the cannabis industry.
- **Partially met:** There are proportionally fewer inactive courier and delivery operator applications than there are inactive retailer applications.
- **Partially met:** Licensing fees for delivery businesses are waived, representing significant savings for couriers and delivery operators as average licensing fees for other license types can approach \$10,000.
- **Not met:** CSETF Awards for prospective businesses, which may have financial needs in the pre-licensure phase, seem more difficult to acquire, which can be a challenge for some businesses that are exploring delivery functions.
- **Not met:** Most respondents feel either neutral (39%) or very negative (33%) about their current business conditions, and the majority of respondents (67%) anticipate barriers to fulfilling their business plans in the next year, primarily citing barriers related to the delivery exclusivity period ending.



## Goal F: Not Met

*Survey Question: To What Degree were Business Start-Up Costs Feasible for your Individual Financial Situation  
(Participants characterized feasibility on a five-point Likert scale from Very Difficult to Very Easy)*



Source: CCC and UMDI Survey of Cannabis Businesses and License Applicants  
N = 18, Only Operators (not Applicants) answered this question

## Goal G: Partially Met

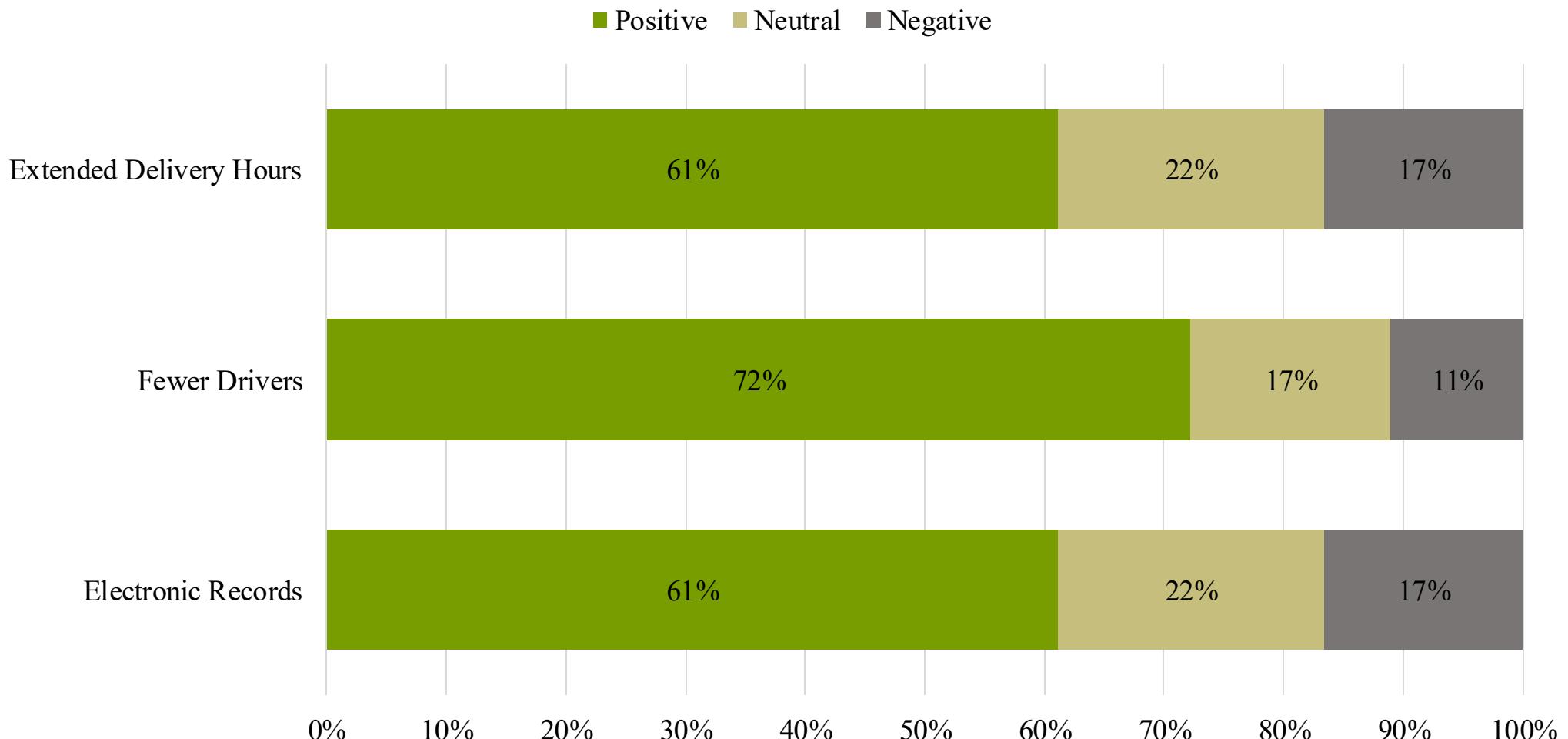
*While improvements to regulations, namely the removal of the two-driver rule, have positively impacted businesses, significant barriers in negotiating HCAs and inconsistencies across municipalities remain. The CSETF has been highly beneficial and well-utilized by SEP participants, though the most commonly suggested improvement is for more funding to be made available.*

- **Partially met:** Respondents felt that all regulatory changes to the number of drivers, electronic records and delivery hours had generally positive impacts on their business.
- **Not met:** Reported experiences working with municipalities were generally negative, and many survey respondents reported experiencing significant barriers to entering the cannabis industry specifically due to negotiating HCAs.
- **Not met:** Most respondents felt as if these barriers have not changed over time, though slightly more respondents felt these barriers got worse (28%) as opposed to better (22%).
- **Partially met:** The Social Equity Trust Fund is well-utilized and highly beneficial for SEP participants.
- **Partially met:** The most common purpose of CSETF grants was reported to be professional services, utilized by 24 of the 31 respondents who are currently using the fund.



## Goal G: Partially Met

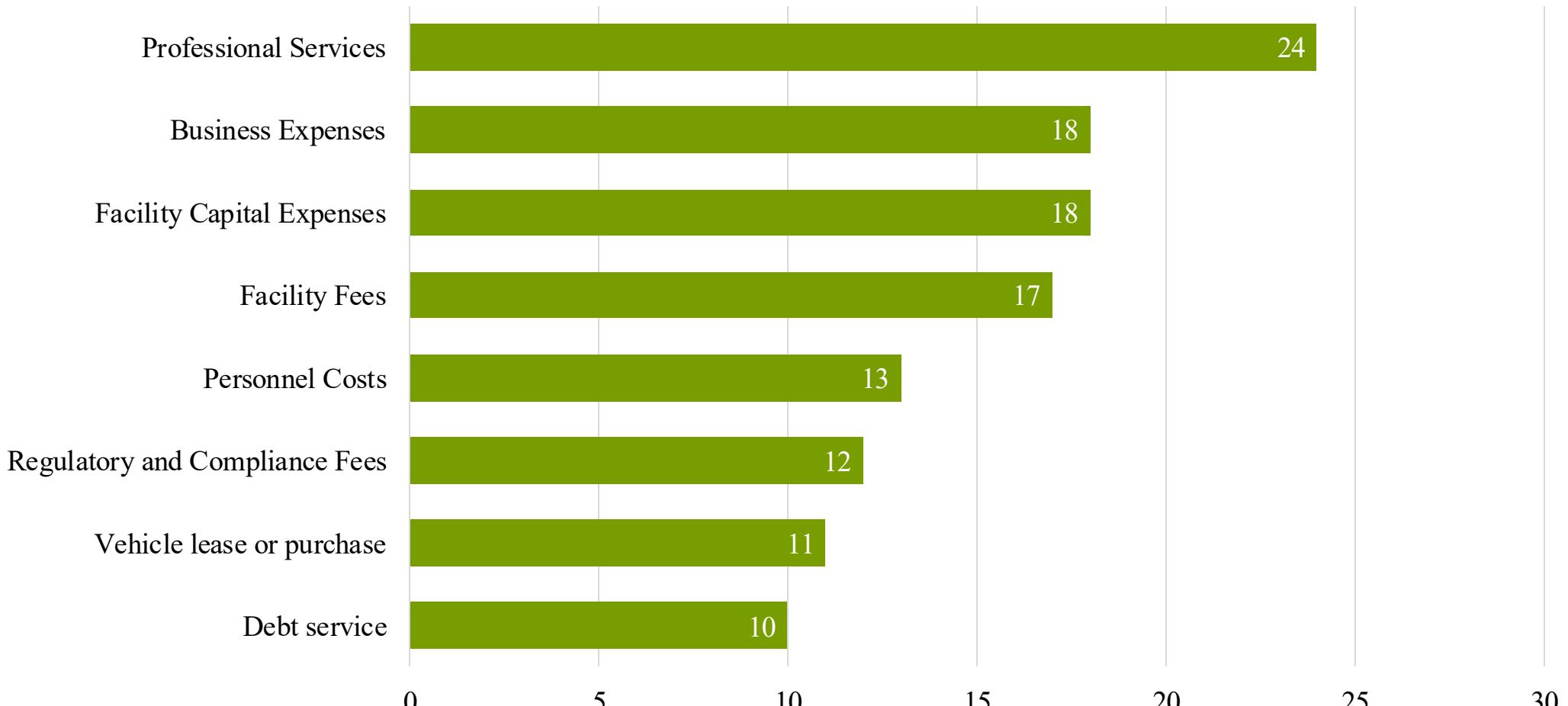
### *Impacts of Regulatory Changes on Cannabis Businesses*



Source: CCC and UMDI Survey of Cannabis Businesses and License Applicants  
N = 18, Only Operators (not Applicants) answered this question

## Goal G: Partially Met

### *CSETF Grant Purposes*



Source: CCC and UMDI Survey of Cannabis Businesses and License Applicants  
N = 31, Applicants and Operators answered this question



# Conclusions and Recommendations

# The program has made progress on its goals, but failed to meet them in aggregate

Data collection, most notably the survey and interviews, has revealed **structural issues** that impede the policy from meeting its goals

- **Costly start-up**

- Expected and unexpected costs remain high for participants, such as legal fees and accounting fees which ultimately cost significantly more than expected for some survey respondents due to the lengthy application process

- **Lengthy and confusing application process**

- Excessive and confusing requirements, lengthy negotiations with municipalities, and contract procurement caused the application process to take longer and cost more, also delaying the ability to start making profit

- **Extensive and prohibitive requirements**

- The two-phase application process, HCA requirements for delivery operators, and other aspects of the application which are not necessarily vital to starting business operations act as additional roadblocks preventing applicants from realizing their business goals.

- **Seemingly underdeveloped and unsustainable market conditions**

- Ultimately, DE operators make up a very small share of the industry, about 5% of licensees, and of marijuana sales, about 0.7% of sales. The average courier business has agreements with only roughly two retailers. Therefore, there appear to be unrealized opportunities for couriers to partner with greater numbers of retailers and expand their delivery capacities.

# Conclusions

## The Delivery Exclusivity period should be extended

- The initial exclusionary period did not allow time for the first entrants into the market to flourish
- Our research produced two major findings:
  1. While the program has made notable progress towards its goals, they have not been met
  2. There are several structural issues prevented the program from achieving success in the timeline provided
- Extending the program is necessary but not sufficient – addressing structural issues is just as important
- Extension of “several years” recommended
  - Three years appears to have been too limited a time frame for the effects of the policy and its follow-up interventions to be measurably realized
  - **We suggest that the period be extended for an additional five to seven years**

# Recommendations to Address Structural Issues

Our findings suggest both that the program has not had enough time to be successful AND that there are a number of impediments (structural, regulatory, cost-related and market-related issues) that are preventing the program from being fully successful.

**Therefore, we recommend for any time frame that is selected, that an evaluation take place during that time to assess the program and efforts to change some of the structural and regulatory issues.**

- Recommendations to address barriers
  - Streamline and simplify as much of the licensing process as possible
  - Streamline municipal involvement
  - Streamline the application process for licensing
  - Bolster access to capital
  - Create channels to accelerate connections across the industry
- Recommendations to improve data systems to enable effective assessments in the future
  - Include new measures in CCC datasets
  - Address gaps in data about the Cannabis Social Equity Trust Fund
  - Improve tracking of SEP and EEP participants in the industry across administrative data sets
  - Include delivery courier information in the sales database
  - Add fields to the agent-level data to specify job types to allow the determination of who is an employee
  - Improve future assessments of Delivery Exclusivity

# Next regulatory steps

To adopt the Donahue Institute's recommendations, the Commission must undergo formal rulemaking.

- 1/14: **Public Meeting – Commissioners to potentially VOTE on draft amendments for public comment & hearing.**
- 1/16: **DEADLINE TO FILE** Notice for Public Comment and Hearing with draft amendments filed with the Secretary to be published on 1/30.
- 1/30: Publication of Notice for Public Comment & Hearing by the Secretary. Comment period runs until 2/23.
- 2/20: 21 days statutory notice date for compliance with M.G.L. c. 30A.
- 2/23: **Proposed Public Hearing date and end of comment period.**
- 2/23-3/2: Commissioners, legal and staff to review public comments. Legal to revise redlined draft amendments.
- 3/2-3/12: **Proposed Public Meeting 1<sup>st</sup> week of March for Commissioners to VOTE on final regulatory amendments.**
- 3/13: **DEADLINE TO FILE** final regulations with the Secretary for promulgation on 3/27/26.
- 3/27: **Final Delivery Exclusivity regulations promulgated.**

