

Concise Explanatory Statement

Rhode Island Government Register

In accordance with the Administrative Procedures Act, R.I. Gen. Laws § 42-35-2.6, the following is a concise explanatory statement:

AGENCY: Rhode Island Department of Business Regulation
("Department")

DIVISION: Office of Cannabis Regulation

RULE IDENTIFIER: 230-RICR-80-05-4

REGULATION TITLE: Minimum Requirements for Departmental Approval of
Volatile Solvent-Based Hydrocarbon Extraction
Operations

RULEMAKING ACTION: Adoption

PUBLIC COMMENT PERIOD: March 7, 2022, to April 7, 2022

A. Statement of Purpose of the Adoption.

This proposed adoption is intended to accommodate innovation in the cannabis industry as it relates to more efficient extraction methods using volatile solvent-based hydrocarbon extraction. The regulation sets forth the minimum standards for Volatile Solvent-Based Hydrocarbon Extraction of Marijuana and a two-phase application process for obtaining the Department's required approval to begin this type of extraction operations. Pursuant to R.I. Gen. Laws Chapter 21-28.6, only Compassion Center licensees are currently eligible to apply for approval under this regulation. Cultivators are currently excluded from this extraction method pursuant to R.I. Gen. Laws § 21-28.6-16(h).

B. Summary of the Regulatory Analysis.

Benefits: Adoption of this proposed regulation will allow eligible licensees the ability to expand the medical marijuana product offerings they're able to produce for patients while complying with reasonable yet robust minimum application and operational standards. Further, because solvent-based hydrocarbon extraction is permitted in most other states with cannabis programs (medical and/or adult use) this regulation serves to modernize the medical marijuana regulations. Lastly, because solvent-based hydrocarbon extraction has the potential to increase extraction efficiency from other extraction methods (e.g., CO2) the production costs for certain medical marijuana products should, in theory, decrease which may result in lower costs for patients.

Costs: The regulation does not impose any mandatory costs on the licensees eligible to apply to conduct this type of extraction. Rather the regulation provides eligible licensees with an option to expand into hydrocarbon extraction. While there would be upfront costs to set up the system, all

those costs would be entered into voluntarily by the licensees and not because of any regulatory mandate.

Any small business impact resulting from the adoption of this regulation is positive. In the development of the proposed amendment consideration was given to: (1) alternative approaches; (2) overlap or duplication with other statutory and regulatory provisions; and (3) significant economic impact on small business. No alternative approach, duplication, or overlap was identified based upon available information.

C. Summary of Comments Not Resulting in Regulatory Language Changes.

Three comments were received from the same party (in writing and testimony at the hearing). There were no changes to the text of the proposed rule as a result of these comments. Therefore, the final rule is the same as what was proposed.

Below is a summary of public comments received and a brief description of the Department's reasons for not making any such changes after due consideration.

1. Commentary was received from one of the licensed compassion centers in support of this proposed regulation. Representatives of this licensee submitted one written comment and two people testified at the hearing.

All commentary received was from the same party and was in support of the regulation. No changes to the regulation were requested.