CONCISE EXPLANATORY STATEMENT

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 Cannabis Control Commission

RULE IDENTIFIER: 560-RICR-10-10-1

REGULATION TITLE: Cannabis Establishment Applications, Licensing and Renewals

REASON FOR RULEMAKING: Full Rulemaking, Adoption

In accordance with the 2022 adoption of the Rhode Island Cannabis Act ("RICA") (R.I. Gen. Laws Chapter 21-28.11) and the 2022 amendments to the Edward O. Hawkins and Thomas C. Slater Medical Marijuana Act ("Medical Cannabis Act") (R.I. Gen. Laws Chapter 21-28.6), the Commission has proposed the adoption of 560-RICR-10-10-1 as part of the transition of the cannabis regulatory program from the Department of Business Regulation ("DBR") to the Commission.

This regulation sets forth the licensing requirements for all cannabis establishments licensees, encompassing both existing license types currently regulated by DBR and new license types established by the RICA. Starting with the existing regulatory content for compassion centers and cultivator licensees in DBR's Medical Marijuana Regulation, 230-RICR-80-05-1, the Commission has created a streamlined licensing regulation applicable to all regulated license types. The regulation begins with general requirements applying to all license types, followed by independent sections for each new license type, including updated requirements for compassion centers and cultivators to maintain compliance with the RICA and the regulation of adult use cannabis. The regulation also contains provisions for the certification of social equity applicants, as well as the program requirements of the Social Equity Assistance Program and Fund.

REGULATORY ANALYSIS:

Sixty-six (66) licensees will be impacted by the changes set forth in this regulation: seven (7) compassion centers with hybrid authorization for adult use sales and fifty-nine (59) cultivators. Together the proposed regulatory language works to simplify and streamline existing application, licensing and renewal procedures to give applicants and licensees detailed direction and clear guidance. New regulatory language closely tracks statutory requirements found in the RICA, incorporates more efficient procedures based on learned experience and industry best practices,

and implements reasonable policy decisions made by the Commission to ensure a well-regulated medical and adult use cannabis program that safeguards public health and safety while providing for the continued growth of the industry.

In the development of the proposed regulation consideration was given to: (1) alternative approaches; (2) overlap or duplication with other statutory and regulatory provisions; and (3) significant economic impact on small businesses. No alternative approach would be as effective and less burdensome as the proposed regulatory language and no duplication or overlap was identified based upon available information.

SUMMARY OF NON-SUBSTANTIVE POST-PUBLIC COMMENT CHANGES TO THE TEXT OF THE RULE:

The following non-substantive differences exist between the text of the proposed rule as published in accordance with R.I. Gen. Laws § 42-35-2.7 and the rule as adopted. These changes are all consistent with, and a logical outgrowth of, the proposed regulation in the notice of proposed rulemaking in accordance with R.I. Gen. Laws § 42-35-6.1. In addition to this summary of changes, a redlined document showing the exact changes is attached.

1. The following technical, non-substantive changes were made to correct typographical and/or formatting issues in the original proposed regulation:

    a. The main heading of the document was edited to comply with formatting requirements;
    b. At § 1.3, defined terms were capitalized;
    c. At § 1.10.2(C), numbering was adjusted.

SUMMARY OF COMMENTS RESULTING IN POST-PUBLIC COMMENT CHANGES TO TEXT OF THE RULE:

Below is a summary of public comments received from both public hearing testimony and written public comments that resulted in post-public comment changes to the rule. The following differences exist between the text of the proposed rule as published in accordance with R.I. Gen. Laws § 42-35-2.7 and the rule as adopted. These changes are all consistent with, and a logical outgrowth of, the proposed regulation in the notice of proposed rulemaking in accordance with R.I. Gen. Laws § 42-35-6.1. In addition to this summary of changes, a redlined document showing the exact changes is attached.

1. *§ 1.3(B), General Requirements for all Cannabis Establishment Licensees*. Commentary was received that excluding licensees from serving on the Cannabis Advisory Board

would lessen industry representation in the rulemaking process, and that it is important for cannabis industry stakeholders to be represented and assist in developing policy that reflects an informed approach to addressing the issues in the cannabis industry.

The Commission originally created the cited regulatory language to ensure that members of the Cannabis Advisory Board would not use their position or influence to acquire a license with the Commission. The Commission has amended the proposed regulatory language to clarify this restriction and reach the desired result without excluding necessary industry representation. The Commission did this by removing "members of the Cannabis Advisory Board" from the first sentence, and adding a second sentence that reads "Members of the Cannabis Advisory Board are prohibited from applying for or holding an interest in any new license, not held at the time of their appointment to the Board, while serving on the Board."

2. *§ 1.3.2, Disclosure and Divestiture of Prohibited Financial Interests and Relationships.* Commentary was received requesting further guidance on reporting requirements for smaller investments from multiple people.

   The Commission has amended the proposed regulatory language to ensure that individual investments are not duplicated across multiple cannabis establishments to combine to amount to a majority interest in more than one cannabis establishment. The Commission amended the proposed regulatory language by adding § 1.3.2(A)(2)(a)(3), which allows for smaller, individual investments, provided that "A group of investors, when their individual investments are taken together, do not collectively have ownership and control of more than one cannabis establishment."

3. *§ 1.3.3(A)(4)(n), Variance Requests for Changes in Approved Applications, Licensed Premises, Activities, Ownership and Control.* Commentary was received that sixty (60) day advance notice of an enforcement or disciplinary action in another jurisdiction is impossible to meet given the nature of those actions and recommended changing the Commission's requirement to require notice of these types of actions within five (5) business days.

   The Commission has amended the proposed regulatory language to give licensees adequate time to comply. This requirement has been removed from § 1.3.3(A)(4), which are variance requests that require sixty (60) day notice, and has been moved to § 1.3.3(A)(5) where it is clear that notice to the Commission is required within five (5) business days using the following amended language: "An applicant, provisional licensee or licensee shall submit to the Commission a request for a variance for any change of status of cannabis applications, licensure, disciplinary or enforcement activity in other jurisdictions within five (5) days."

4. *§ 1.3.5(C)(1), Commercial Cannabis Establishment Identification Cards.* Commentary was received that the time period between when a new cannabis establishment employee is approved for an identification card and when their identification card is issued can take a while, and requested a process for temporary identification cards so that the new employees can commence work while waiting to receive their identification card.

   Under current guidance a new cannabis establishment employee may begin working at the cannabis establishment licensee in the time period between being approved for the card and receiving the physical card. To clarify this permitted practice in the regulations the Commission has included language at § 1.3.5(C)(5) that "Employees may commence work once the licensing portal shows that the commercial identification card has been issued even if the physical card has not yet been received by the employee." The Commission has also amended the language of § 1.3.5(C)(3) to clarify that an employee is only required to wear an identification card once the employee has received the physical card.

5. *§ 1.3.5(C)(2)(a), Commercial Cannabis Establishment Identification Cards.* Commentary was received that requiring an employee's commercial cannabis identification card to include personal information such as home address and birthdate raises significant privacy concerns and that this information should not be printed on the physical card.

   The Commission has amended the regulatory language of this section to remove the requirement that commercial cannabis identification cards contain an individual's home address and birthdate.

6. *§ 1.10.3, Annual Licensing Fees for Hybrid Cannabis Cultivators and Adult Use Cannabis Cultivators.* Commentary was received that, despite the proposed 10% reduction in existing cultivator license fees, the proposed cultivator license fees are higher than those in other states, are not equal when looking at square footage by license class, and should be lowered to be more business friendly and to remain competitive with neighboring states.

   After significant research, consideration and budgetary analysis, the Commission is amending the appliable regulatory language contained in the fee tables in § 1.10 and the collective fee table in § 1.14 to achieve a parity in cannabis cultivator license fees in each class to equal two dollars ($2) per square foot. In addition, the Commission is retaining the 10% discount contained in the original proposed regulations for the Micro License cultivator class, which will result in a cost savings to all cultivator license classes.

7. *§ 1.11(B)(1)(e), Social Equity Applicant Status Certification*. Commentary was received that the ways in which an applicant may qualify as a social equity applicant should be tightened to avoid loopholes and areas of exploitation.

The Commission has amended the regulatory language by striking (1) and (2) of this section so that the regulatory language more closely mirrors the statutory requirements of the Cannabis Act regarding social equity applicant status certification.

SUMMARY OF PUBLIC COMMENTS NOT RESULTING IN REGUATORY LANGUAGE CHANGES:

Below is a summary of public comments received from both public hearing testimony and written public comments that did not result in changes to the text of the regulation, and a brief description of the Commission's reasons for not making any such changes after due consideration.

1. *§ 1.3, General Requirements for all Cannabis Establishment Licensees.* Commentary was received requesting implementing a merit-based license process and providing provisional licenses without securing a proper lease or final zoning approval would allow potential applicants to be less wary in entering a lease and acquiring town or city zoning approval.

   The selection and application processes set forth in the regulations were decided upon by the Commission after significant research and careful consideration, knowing that demand for licensure will likely outweigh the number of available licenses. Application requirements are in line with the Commission's mission to have new retail cannabis establishments up and running as soon as practicable.

2. *§ 1.3, General Requirements for all Cannabis Establishment Licensees.* Commentary was received recommending implementing mandatory training for all cannabis retail employees and license holders that could include but not be limited to compliance, prevention of underage sales, promotion of responsible use, enhanced public safety, and industry professionalism for all cannabis retail employees and license holders before commencing work in a cannabis retail establishment.

   The Commission requires that applicants submit an operations manual with their application, which must detail the applicant's policies and procedures for the education and training of employees. As one of the most highly regulated industries in the state, licensees are held to high standards and are required to train their employees to comply with strict statutory and regulatory requirements or face enforcement actions, penalties, and/or criminal prosecution for noncompliance.

3. *§ 1.3.1(A), Application Requirements for Cannabis Establishment Licensees.* Commentary was received requesting that the content and requirements of the application forms mentioned in the proposed regulation be issued more than a few weeks before the

application window opens to allow sufficient time for applicants to properly prepare application materials.

The requirements of the application are set forth in the regulations and there will be an adequate application period provided for those who seek to apply for licenses.

4. *§ 1.3.1(A)(1), Application Requirements for Cannabis Establishment Licensees.* Commentary was received requesting to remove the requirement that applicants create a corporate entity and instead only require applicants to provide a proposed entity name, otherwise prospective applicants will create and pay to register a business entity that will only be dissolved when they are not selected.

   There is no requirement in the regulations that an applicant must be a corporate entity. Applicants who wish to apply as a corporate entity must be properly formed.

5. *§ 1.3.1(A)(2)(a), Application Requirements for Cannabis Establishment Licensees.* Commentary was received that this provision inherently favors out-of-state companies with prior cannabis experience, which undermines the intent of creating an equitable and inclusive local industry, and requests that the provision be revised to make clear that prior experience in the cannabis industry is not a prerequisite to be deemed a qualified applicant.

   The referenced regulatory language is in existing law and states that, in the applicant's business plan, the applicant should include the "[a]pplicant's experience running a business, including the applicant's experience running a cannabis business, as applicable[.]" This language in no way creates a requirement of having previous ownership of a cannabis establishment, and only provides the Commission with the applicant's experience in this area, if applicable.

6. *§ 1.3.1(A)(3)(e), Application Requirements for Cannabis Establishment Licensees.* Commentary was received questioning whether the rules or regulations would set out which banks and processing systems will be approved.

   The proposed regulations do not specify that particular banks or payment systems must be used, as that is inherently a business decision left to the licensee. Licensees must only ensure that the chosen payment systems comply with Commission requirements, including record keeping, seed to sale tracking, and customer privacy.

7. *§ 1.3.1(A)(5), Application Requirements for Cannabis Establishment Licensees.* Commentary was received to remove property control from application requirements and instead allow applicants to apply conditionally with a selected geographic location without having to provide property control, obtain zoning approval, and create floorplans,

and then provide those selected from the lottery with a specified amount of time to obtain property.

Zoning and municipal approval is a statutory and regulatory requirement of the Commission, based on learned experience from past licensing rounds, to mitigate delay in the licensing process and ensure that all applicants are serious, able and ready to open and operate a cannabis retail establishment if selected for licensure.

8. *§ 1.3.1(A)(5)(b), Application Requirements for Cannabis Establishment Licensees.* Commentary was received that it would be helpful to have a timeline for the application process because it would help to have clarity on how long applicants will have to complete the application and obtain zoning, as some municipalities require a special use permit, a process which can be lengthy.

   The regulatory language does not provide for specific application times or lengths as this may vary with the specific circumstances of any future licensing round. The regulations provide sufficient notice to potential applicants of application requirements so that anyone seeking to apply for a license may proceed to achieve these requirements and prepare for future application periods.

9. *§ 1.3.1(A)(5)(b), Application requirements for Cannabis Establishment Licensees.* Commentary was received that there needs to be discussions and/or education on a local level between the Commission and municipalities to ensure that the municipalities know what to expect is needed from them when the application period begins.

   The Cannabis Act contains specific requirements for municipalities, and the regulations do not place any additional requirements upon municipalities that are not contained in statute. The Commission plans on working closely with municipalities to ensure that retail cannabis establishment licensing proceeds as efficiently as possible.

10. *§ 1.3.1(A)(5)(b), Application requirements for Cannabis Establishment Licensees.* Commentary was received requesting clarification on whether certain areas that are zoned would be considered an opportunity zone, and if an area is a low opportunity zone, whether that would qualify it as a disproportionately impacted area.

    Zoning is a matter of local, municipal control and subject to municipal approval, not Commission discretion. Disproportionately impacted areas have been identified based on census tract following statutory requirements.

11. *§ 1.3.1(A)(5)(b), Application requirements for Cannabis Establishment Licensees.* Commentary was received questioning if there is a way within the application process to force zoning boards to decide within a certain amount of time so that applicants can ensure they will have a zoning board decision prior to applying.

Municipal zoning authorities are subject to local control, not the Commission.

12. *§ 1.3.1(A)(5)(c), Application Requirements for Cannabis Establishment Licensees.* Commentary was received that the distance of retail and other cannabis establishments from schools be strengthened to include any other organization that service underage people.

    The cited regulatory language is a statutory mandate and cannot be altered through regulation. The Cannabis Act gives local municipalities further ability to impose reasonable safeguards on the operation of cannabis establishments within their borders.

13. *§ 1.3.1(A)(7), Application Requirements for Cannabis Establishment Licensees.* Commentary was received requesting clarification on the definitions of "investor" and "controlling person," and whether an investor can have any decision-making power in the entity they are invested in, because there seems to be multiple discrepancies between the RICA statute and the proposed regulations. It was recommended to either: defer to the statute, make an exception for non-voting interest, or create a True Party of Interest legislation similar to that in New York, to ensure these license types are awarded to genuinely democratically run worker coops.

    The Commission is required to follow statutory law. Both the Cannabis Act and the Medical Marijuana Act have different definitions and requirements specific to different license types, which the Commission is required to follow. The Cannabis Act defines "controlling person" and "ownership and control", terms that are repeated in the proposed regulations in accordance with their statutory definitions.

14. *§ 1.3.1(A)(7), Application Requirements for Cannabis Establishment Licensees.* Commentary was received requesting clarification on what it means to be "in conflict" with the Cannabis Act or Medical Marijuana Act, whether this proposed provision precludes someone from having a "material financial interest" in more than one license, and if someone currently has a "material financial interest" in a license, whether they are eligible to be on a retail cannabis dispensary application without a plan for divesture.

    The Commission's proposed regulatory language cannot conflict with statutory law. There are different requirements for different license types, as set forth in statute, which are not repeated in regulation. The Cannabis Act is clear that a licensee may not hold more than one cannabis establishment license.

15. *§ 1.3.2(A)(2), Disclosure and Divestiture of Prohibited Financial Interest and Relationships.* Commentary was received that people with actual knowledge and experience are not allowed to be involved in more than one license, but recommending

they should have the ability to work with multiple licenses without having majority control.

The restriction on multiple licenses, and of a licensee to own, control, manage or operate any other licensed entity is set forth in statute, and only referenced in regulatory language. The regulatory language only sets forth the parameters for individual investments in accordance with the spirit and letter of the Cannabis Act.

16. *§ 1.3.3(A)(4)(i), Variance Requests for Changes in Approved Applications, Licensed Premises, Activities, Ownership and Control.* Commentary was received that requiring a variance for floor plan changes should only apply to major updates, as requiring otherwise can prove limiting to business responsiveness, and recommends adding a clarifying term such as "major" or "significant."

    The cited regulatory language is from existing law and has not been altered by the Commission. The regulatory language applies to the requirements of floor plans as stated in § 1.3.1(A)(5)(e), which speaks to where on the premises the licensed activities will take place, rather than esthetic decisions or decorating choices of licensees.

17. *§ 1.3.4(A), Geographic Zones.* Commentary was received stating that the East Bay should not be linked in with Newport and East Providence, and that a dispensary in the East Bay area would greatly increase Rhode Island revenue.

    The six geographic zones are set by statute in the Cannabis Act, R.I. Gen. Laws § 21-28.11-10.3, and are not created in regulation.

18. *§ 1.3.4(E), Geographic Zones.* Commentary was received stating that that no individual or entity be listed on more than one application as a principal, owner, or authorized contact person.

    The regulatory language of this section allows applicants to submit only one application per zone, and a person or entity may not be an interest holder with respect to more than one applicant or application per zone, irrespective of license type.

19. *§ 1.3.4(E)(2), Geographic Zones.* Commentary was received expressing that the restriction that a person or entity cannot be an interest holder with respect to more than one application or application per zone, irrespective of license type, is restrictive towards cultivators especially in not allowing investment in multiple license types.

    This comment conflicts with the language of the Cannabis Act, R.I. Gen. Laws § 21-28.11-19, which statutorily prohibits any licensee from holding more than one license issued by the Commission.

20. *§ 1.3.5(B)(1)(b), Commercial Cannabis Establishment Identification Cards.* Commentary was received that the $100 annual fee for an identification card is excessive and should be removed or reduced.

    The regulatory provision is in existing law and has not been newly implemented by the Commission.

21. *§ 1.3.5(B)(1)(c), Commercial Cannabis Establishment Identification Cards.* Commentary was received that the proposed regulation be amended to automatically waive the identification card application fees for social equity applicants, because any application fee can stand as an unnecessary barrier to entry for potential social equity applicants.

    The Cannabis Act allows the Commission to waive fees associated with acquiring a license to operate a cannabis establishment for approved social equity applicants; the cited provision provides approved social equity applicants the ability to seek waiver of identification card fees.

22. *§ 1.3.5(C)(3), Commercial Cannabis Establishment Identification Cards.* Commentary was received that requiring that an identification card be worn at all times while at the licensed facility is burdensome on employees.

    Having cardholders wear their cards ensures that both licensees and Commission inspectors are able to easily identify individuals on the licensed premises. This requirement is a common requirement of many employers and is not overly burdensome.

23. *§ 1.3.5(F)(2), Commercial Cannabis Establishment Identification Cards.* Commentary was received that having to return the identification card of a former employee is an unnecessary step and requests clarification on why the identification card needs to be sent back opposed to following the current process.

    The cited provision is existing law and has not been newly implemented or changed by the Commission.

24. *§ 1.3.6, Criminal Background Checks.* Commentary was received commending provision requiring background check every 2 years instead of 1 as it will help both the state and caregivers. Commentary asked whether proposed regulation also applies to authorized purchasers.

    No response needed. Authorized purchasers are regulated by and must follow the requirements of the RIDOH regulations.

25. *§ 1.3.6, Criminal Background Checks.* Commentary was received that while this section presents a lengthy list of presumptively disqualifying crimes, it is the Commission's

responsibility to ensure that people get a second chance with the ability to show rehabilitation, especially under the Fair Chance Licensing Act.

The Cannabis Act statutorily requires all applicants undergo a background check and provides the Commission with the ability to disqualify individuals based on the result of that background check. In accordance with statutory law, the Commission has provided presumptively disqualifying crimes that substantially relate to the occupation of holding a cannabis establishment license. The regulatory language further specifies that any presumptively disqualifying crimes will be considered in accordance with the Fair Chance Licensing Act.

26. *§ 1.4(F)(2), Cannabis Retail Sales Application, Licensing and Renewals.* Commentary was received that applications that are considered "incomplete" should be notified and given the opportunity to correct any deficiencies before applications are rejected, and that there should include a "cure period" during the application period instead of entire rejection for an application that may only have minimal deficiencies.

    The cited provision is taken from existing law (230-RICR-80-05-01 -- § 1.2(C)(5)) and is not a newly added or implemented requirement of the Commission. It is the policy of the Commission to work with applicants to ensure that applications are complete, however no cure period is required by law, the Commission is under no obligation to accept incomplete applications, and the regulatory provision serves to give applicants notice that incomplete applications—those missing application requirements—will not be processed. This is a common provision for any type of application, including driver's licenses and passports, and does not preclude the office from offering assistance on how to complete an application.

27. *§ 1.4(H)(2), Cannabis Retail Sales Application, Licensing and Renewals.* Commentary was received suggesting that instead of a lottery process for license selection there should be a qualified panel to determine suitability on a merit-based process, but if a lottery is utilized then the Commission could implement separate zonal lotteries, stricter application requirements, post the capital, and set clear timelines with penalties.

    The Cannabis Act provides the Commission with the discretion to choose the manner in which licenses are awarded. After significant research and consideration the Commission has chosen the randomized selection process set forth in the regulations, as well as the application requirements. The Commission is required to select licenses according to the zones set forth in the Cannabis Act.

28. *§ 1.4(H)(5), Cannabis Retail Sales Application, Licensing and Renewals.* Commentary was received that the two-year time frame before restarting the application and/or selection process is excessively long and creates an undue burden on qualified applicants, with many having already incurred significant costs, including the purchase or lease of

real estate, and other business-related expenses to prepare for the licensure process, and therefore requests the time frame for restarting the application process be reduced to one year.

The cited regulatory provision does not require the Commission to wait two years before selecting another qualified applicant if the selected applicant fails to become operational, it only provides that if more than two years has elapsed since the selection of the original applicant that the Commission may announce a new application period and start the process anew instead of using two year old applications that may or may not still be viable.

29. *§ 1.5, Social Equity Retail License Application, Licensing and Renewals.* Commentary was received suggesting the lottery process for upcoming retail licenses be mirrored after Maryland's lottery process, except for Maryland's higher licensing fees.

    The Commission has researched and spoken with numerous state regulatory agencies that have engaged in lottery processes to select cannabis establishment licensees, including Maryland, in order to proceed with the most fair and efficient selection process possible. The Commission is confident that the selection process outlined in the regulations is the most efficient and equitable process. As this comment does not speak to specific regulatory language, no further response required.

30. *§ 1.5(B)(2), Social Equity Retail License Application, Licensing and Renewals.* Commentary was received requesting the Commission timeframe for when the application period will begin and how long the application period will run for before it closes.

    The associated regulatory language sets forth the specifics of the application process and application requirements but does not specify a date or length of application period because it is subject to Commission discretion, is not statutorily mandated, and may differ between future licensing types and rounds.

31. *§ 1.5(B)(2), Social Equity Retail License Application, Licensing and Renewals.* Commentary was received suggesting allowing a minimum of 9 months for the application period to allow applicants ample time to meet all of the application requirements.

    The requirements of the license application are set forth in the regulations, providing advance notice to potential applicants, and there will be an adequate application period provided for those who chose to apply for licenses.

32. *§ 1.5(B)(2)(a), Social Equity License Application, Licensing and Renewal.* Commentary was received commending language that alludes to the amount of social equity licenses possibly expanding.

    The number of available licenses are set by statute and the Commission provided regulatory language to allow for the number of licenses to expand if changed statutorily.

33. *§ 1.5(E), Social Equity License Application, Licensing and Renewal.* Commentary was received that the Commission should consider deeming applications qualified for social equity and cooperative applicants even without zoning permission achieved, and direct resources that will aid in the real estate acquisition.

    Zoning and municipal approval is a statutory and regulatory application requirement of the Commission, based on lessons learned from issues that arose in past licensing rounds, to mitigate delay in the licensing process and ensure that all applicants are serious, able and ready to open and operate a cannabis retail establishment if selected. Approved social equity applicants are eligible to apply for resources from the Social Equity Assistance Program and Fund to pay for necessary expenses to establish and/ or operate a cannabis establishment.

34. *§ 1.5(E)(1), Social Equity License Application, Licensing and Renewal.* Commentary was received that licensing fees for Social Equity applicants should be waived for every year a social equity entity is in business, or for at least 5 years, because while the licensing fee reduction is commendable, Rhode Island is still among the highest licensing fees in New England.

    Cannabis retail establishment license fees are set by statute and the Commission is authorized to waive or reduce license fees for approved social equity applicants. The Commission has created the staggered license fee schedule, which reflects a considerable savings to social equity licensees, allowing those licensees to gradually work their way up to being required to pay the full statutory license fee.

35. *§ 1.5(E)(2), Social Equity License Application, Licensing and Renewal.* Commentary was received expressing that all social equity licensee application fees should be waived, not just the initial 6.

    The cited regulatory provision, which does not automatically waive application fees for social equity retail licenses beyond the initial six, does allow approved social equity applicants to seek a waiver of the application fee.

36. *§ 1.5(F), Social Equity Retail License Application, Licensing and Renewals.* Commentary was received that a quarterly application workshop with translators would be helpful to

Social Equity Applicants in identifying faults in their application that need to be addressed for the Commission to deem the application complete.

The suggested workshop, if undertaken by the Commission, is not something that is required to be set forth in regulatory language.

37. *§ 1.5(F)(2), Social Equity License Application, Licensing and Renewal.* Commentary was received that if application fees for social equity applicants are not waived, then those fees should be refundable for social equity licensees at any and all points in time.

    The Cannabis Act allows the Commission to waive up to 100% of any nonrefundable application fees for social equity applicants, and any social equity applicant can apply for a full waiver of an application fee. The Cannabis Act does not authorize the Commission to refund application or license fees in the manner suggested.

38. *§ 1.5(G)(3)(b) & (I)(2)-(3), Social Equity Retail License Application, Licensing and Renewals.* Commentary was received recommending that the Commission support social equity worker cooperative applicants by permitting certain worker cooperative applicants to access social equity license applicant benefits and application prioritization and zoning support, because extending these benefits would create a fairer process for access to capital and other resources in the cannabis marketplace.

    The Social Equity Assistance Program and Fund can only be used for approved social equity applicants as set forth in statutory law. Any approved social equity applicant may apply for resources from the Social Equity Assistance Program and Fund, regardless of the type of cannabis establishment license they hold.

39. *§ 1.5(H)(5), Social Equity License Application, Licensing and Renewal.* Commentary was received expressing hope that this proposed provision means that the Commission will allow more time for social equity licensees who have met the majority of qualifications to operate their cannabis establishments but may have fell short due to the historic obstacles that individuals who have been impacted by cannabis related laws face.

    The cited provision is a standard provision for a provisionally approved applicant that fails to satisfy all requirements for final licensure. § 1.5(I) governs satisfaction of licensing requirements and provides social equity retail licensees with additional time to complete licensing requirements.

40. *§ 1.5(I)(2), Social Equity Retail License Application, Licensing and Renewals.* Commentary was received asking whether once social equity applicants have been provisionally licensed there is a way for the Commission to advise, advocate for, and support social equity applicant's when they go in front of municipal boards because that could be helpful in obtaining the zoning board's approval.

The regulations clearly set forth the requirements for application and licensing, which is the burden of the applicant/licensee to ensure are completed. The Commission, as the licensing and enforcement entity, is not in the position to advocate on the behalf of any applicant or licensee before any boards.

41. *§ 1.5(K)(1), Social Equity Retail License Application, Licensing and Renewals.* Commentary was received that this proposed subsection prevents a social equity licensee from monetizing their hard work through an exit, because a small business owner's greatest opportunity for financial success is having the ability to exit their company.

    Social equity retail licenses are a specific type of license that must be held by an approved social equity applicant. Statutorily, social equity retail licenses cannot be held by anyone other than an approved social equity applicant, and can only be transferred to another approved social equity applicant. The cited regulatory language supports this statutory requirement and does not prohibit a social equity licensee from selling their business or interest.

42. *§ 1.5(K)(1), Social Equity Retail License Application, Licensing and Renewals.* Commentary was received requesting clarification whether once you have social equity status you are continually qualified or you have to re-apply on a recurring basis.

    Once approved as a social equity applicant, the applicant maintains this qualified status and does not need to be re-qualified, unless a circumstance occurs that alters the applicant's approved social equity status. Under such circumstances the applicant may seek a variance related to social equity status as set forth in § 1.3.3.

43. *§ 1.5(K)(1), Social Equity Retail License Application, Licensing and Renewals.* Commentary was received requesting clarification on if an applicant obtains social equity status through the provision that requires them to live in a disproportionately impacted area, and they are selected for a license that is not in a disproportionately impacted area, does that mean they have to more to a non-disproportionately impacted area?

    Once approved as a social equity applicant, the applicant maintains this qualified status and does not need to be re-qualified, unless something occurs that alters the applicant's approved social equity status. An approved social equity applicant's status achieved through living in a disproportionately impacted area does not change if that applicant moves out of the area.

44. *§ 1.5(L)(5), Social Equity Retail License Application, Licensing and Renewals.* Commentary was received requesting that the $7,500 non-refundable application fee required to be submitted by a Social Equity licensee for subsequent applications be changed to a $5,000 refundable application fee as seen in Missouri.

There are many differences between each state's statutes, regulations, license types and processes. As set forth in the regulations, approved social equity applicants may seek full waiver of any nonrefundable application fees.

45. *§ 1.6, Licensed Workers' Cooperative Cannabis Retail Sales Application, Licensing and Renewals.* Commentary was received that social equity applicants need to be able to apply for workers' cooperative licenses with the assurance that they will be granted social equity benefits.

    Approved social equity applicants may apply for any type of cannabis establishment license and may apply for resources from the Social Equity Assistance Program and Fund that are available to all approved social equity applicants, including waiver of application and license fees and monetary grants.

46. *§ 1.6, Licensed Workers' Cooperative Cannabis Retail Sales Applications, Licensing and Renewals.* Commentary was received that the Commission should extend the benefits provided in the licensing process for social equity applicants – including automatic fee waivers, expedited review timelines, and grace periods in hitting licensing milestones – to cooperative license applicants.

    The Cannabis Act only allows the Commission to waive application and licensing fees for approved social equity applicants. While workers' cooperative applicants may apply to become approved social equity applicants, the Commission may not automatically waive fees associated with other license types. Other benefits provided to social equity applicants are a direct result of statutory allowances provided in the Cannabis Act.

47. *§ 1.6, Licensed Workers' Cooperative Cannabis Retail Sales Applications, Licensing and Renewals.* Commentary was received recommending that the Commission study the seven cooperative principles, as defined by the International Cooperative Alliance, and implement additional requirements for cooperative license applicants to ensure that licensees intend to implement the seven principles to the best extent possible to protect the cooperative license model from exploitation and ensure that licenses are awarded to businesses that operate within cooperative principles.

    Under the Cannabis Act, the term workers' cooperative "means an applicant organized and operated pursuant to the provisions of chapter 6.2 of title 7." R.I. Gen. Laws Section 21-28.11-3(42). The Cannabis Act is otherwise silent as to how workers' cooperatives should be structured. The Commission's regulations closely follow this statutory requirement and require workers' cooperative license applicants to submit a business plan with documentation that reflects that the requirements of the state's workers' cooperative statute are being followed, and require maintaining this corporate structure throughout the duration of the license term. The regulations do not include any additional requirements

related to how any particular applicant's business entity should be structured aside from what is required by law, as, with the exception of the licenses set aside for social equity applicants, the Cannabis Act does not expressly provide for Commission oversight on discretionary business structure or employment decisions by any given licensee that are otherwise legal and do not affect public health, safety or welfare.

48. *§ 1.6, Licensed Worker's Cooperative Cannabis Retail Sales Application, Licensing and Renewals.* Commentary was received requesting that the four following benefits throughout the licensing process made available to social equity applicants also be made available to cooperative license applicants: 1) commit to reviewing cooperative license applications within the same expedited timeline as social equity applicants; 2) automatically waive application fees for cooperative license applicants; 3) provide the same flexible post-license timeline for cooperative licensees as social equity licensees; and 4) provide any municipal zoning support to cooperative applicants/licensees as is made available to social equity applicants/licensees.

    All license applications will be reviewed in a timely manner, there is no review time specified in the regulations and no difference in the review time for any particular license type. The Cannabis Act only allows the Commission to waive application and licensing fees for approved social equity applicants. While workers' cooperative applicants may apply to become approved social equity applicants, the Commission may not automatically waive fees associated with other license types. Workers' cooperative licensees have up to a year to become operational, which is the same amount of time as cannabis retail licensees.
    The regulations clearly set forth zoning and municipal approval requirements for application and licensing, which is the burden of the applicant/licensee to ensure is completed. The Commission, as the licensing and enforcement entity, is not in the position to advocate on the behalf of any applicant or licensee before any municipality or board.

49. *§ 1.6, Licensed Worker Cooperative Cannabis Retail Sales Application, Licensing and Renewal.* Commentary was received that co-ops that fully meet the requirements to be a social equity licensee to be beneficiaries of the social equity assistance fund because it is the Commissions responsibility to ensure that co-op licenses are going to true cooperatives, and that workers' cooperatives should be looked at as intricately connected to social equity provisions, not separate, and do the same for cooperatives that is being done for Social Equity applicants and licensees.

    The benefits provided to social equity applicants are a direct result of statutory allowances provided in the Cannabis Act. The Cannabis Act only allows the Commission to waive application and licensing fees for approved social equity applicants. Workers' cooperative applicants may apply to become approved social equity applicants, and if

certified, seek waiver of application and licensing fees and other resources from the Social Equity Assistance Program and Fund.

50. *§ 1.6, Licensed Workers' Cooperative Cannabis Retail Sales Application, Licensing and Renewals.* Commentary was received requesting clarification on how the unique tax structures of cannabis work regarding a Workers Cooperative Retail License.

    Under the Cannabis Act, the term workers' cooperative "means an applicant organized and operated pursuant to the provisions of chapter 6.2 of title 7." R.I. Gen. Laws Section 21-28.11-3(42). For every license type the Commission's regulations only require submission of documentation evidencing compliance with tax filing requirements.

51. *§ 1.7, Cannabis Product Manufacturer Application, Licensing and Renewals.* Commentary was received questioning why there is no mention about a lottery to award new potential manufacturing licenses or any potential new cultivation licenses.

    The Commission is statutorily authorized to choose the time and manner in which it will issue licenses in order to ensure a safe and stable growth of the cannabis industry in the State of Rhode Island. The Commission believes that demand will exceed the number of statutorily allowed (24) new retail cannabis licenses and therefore has chosen to award those licenses via a hybrid randomized selection process. The same may not be true for other license types, and the Commission will issue future licenses in a manner that will ensure stability in the industry.

52. *§ 1.7, Cannabis Product Manufacturer Application, Licensing and Renewals.* Commentary was received requesting the addition of any other potential license types of license classes that could be operated in Rhode Island's future cannabis industry because it would be good to reference to potential new license types that support industry growth and new employment opportunities.

    The Commission's proposed regulations include all specific license types currently allowed by statute. Pursuant to the Cannabis Act, the Commission may conduct an analysis and report to the general assembly if it finds that conditions are appropriate for the issuance of additional types of licenses to operate cannabis related businesses. R.I. Gen. Laws § 21-28.11-5(d)(5).

53. *§ 1.7, Cannabis Product Manufacturer Application, Licensing and Renewals.* Commentary was received that manufacturing should be limited to existing cultivators and compassion centers, because allowing third-party companies to enter the manufacturing market undermines the stability, safety, and sustainability of the state's cannabis industry.

The Commission's regulatory language covers a license type that is specifically created by statute. As a statutory mandate the Commission is required to create the license type.

54. *§ 1.8, Compassion Center Application, Licensing and Renewals.* Commentary was received requesting a limitation on expansion of compassion center's cultivation facilities because cultivators are limited by square footage of canopy, and it would be fair for compassion centers to have some limits as they already have a competitive advantage by being vertically integrated.

    Compassion Center cultivation sizes are already limited as they are restricted to their existing size, and may only expand by seeking a variance from the Commission, which would need to be justified by the projected production demands, as determined by the Commission. *See* 1.3.3(A)(4)(j)(1).

55. *§ 1.8, Compassion Center Application, Licensing, and Renewals.* Commentary was received suggesting expanding past the 24 retail licenses and continuing to expand accessibility to medical patients in every corner of the state.

    The number of retail cannabis establishments and compassion centers permitted is set by statute, in the Rhode Island Cannabis Act and the Medical Marijuana Act. Retail cannabis establishments and compassion centers are also statutorily limited to specific geographic zones and towns that voted to specifically allow cannabis establishments to operate within their borders.

56. *§ 1.8(I)(3)(a), Compassion Center Application, Licensing, and Renewals.* Commentary was received stating that compassion centers are paying an exorbitant amount annually for their licenses, which could be financially devastating to the viability of compassion centers and provides no incentive to focus on patients.

    The annual compassion center license fee is set by statute in the Medical Marijuana Act, and is therefore something that can only be changed by statutory amendment, and cannot be altered by the Commission's regulations.

57. *§ 1.9(C)(1)(f)-(i), Hybrid Cannabis Retailer Authorization Application and Renewal.* Commentary was received that the physical mandates of these provisions are outdated and pose a burden and further economic challenges to a rapidly dwindling group of medical patients and should be updated to reflect the current market conditions.

    The cited regulatory provision exists in current law and reflects requirements of the Medical Marijuana Program to prioritize and assure the privacy of medical patients. The examples provided in the cited provisions are low-cost suggestions as to how licensees may meet these requirements.

58. *§ 1.10, Cannabis Cultivator Application, Licensing and Renewals.* Commentary was received stating that the Commission should consider outdoor and greenhouse cultivation licenses because they are important not only for the cannabis industry but for the environment via carbon neutral goals.

    Cannabis cultivation in Rhode Island is currently limited to growing in indoor spaces. The Commission may in the future add additional license types related to outdoor cultivation after it has conducted sufficient analysis and research on the issue.

59. *§ 1.10.4(A), Licensed Cannabis Cultivator Application Process and General Requirements.* Commentary was received that the Commission should conduct an updated market study before any new manufacturer or cultivation licenses are awarded because many cultivators have not had the opportunity to expand to their full potential because of competition due to lack of retail locations to sell to.

    The moratorium on new cultivator licenses is imposed by statute and lasts for two years following final promulgation of the Commission's regulations. R.I. Gen. Laws § 21-28.11-7(a). During this two-year period the Commission is statutorily required to submit a report to the general assembly that evaluates the cultivation of adult use and medical cannabis in the State of Rhode Island, and must consider the findings of this report in determining whether to issue additional cultivation licenses following the moratorium. R.I. Gen. Laws § 21-28.11-7(c)-(d). There is no similar requirement for manufacturing licenses, which is a license type created by statute.

60. *§ 1.10.4(C)(3), Licensed Cannabis Cultivator Application Process and General Requirements.* Commentary was received requesting clarification on cultivation facilities that can be over ten thousand square feet of canopy, how this would apply, and if it would apply to current cultivators.

    In the proposed regulations the Commission has eliminated Class C and D cultivation classes, and the Cannabis Act prohibits any new cultivator licensee's canopy from exceeding ten thousand square feet. R.I. Gen. Laws § 21-28.11-7(d). The Commission has included the cited regulatory language to require any applicant seeking a cultivation over ten thousand feet to first contact the Commission before submitting an application.

61. *§ 1.10.6(A), Cooperative Cultivations.* Commentary was received expressing concern that cooperative cultivation licenses should not be eliminated and propose the continuation of cooperative cultivation licenses available specifically for social equity cultivation applicants.

    Cooperative cultivations were a license type that was once permitted under the Medical Marijuana Act and has since been statutorily eliminated, see R.I. Gen. Laws §

21-28.6-14(d). The Commission's regulatory language only reflects this statutory elimination of the license type.

62. *§ 1.11, Social Equity Applicant Status Certification.* Commentary was received that for purposes of social equity qualification, eligible arrests and/or convictions should include cannabis paraphernalia charges.

    Eligible arrests and convictions are set forth in statute and are not subject to Commission discretion or modification.

63. *§ 1.11(B)(1)(c), Social Equity Applicant Status Certification.* Commentary was received expressing the need for extra guidance on requirements for disclosure of all owners, key persons and investors for social equity and coop licenses, because individuals may have family and/or friends who want to contribute but are not willing to be in the news, making these reporting requirements especially onerous on small businesses with more and smaller donors and/or investors.

    It is a requirement of current law and a continuing requirement of the Commission's regulations that any and all monetary investors in cannabis establishments must be disclosed.

64. *§ 1.11(B)(1)(e), Social Equity Applicant Status Certification.* Commentary was received expressing concern that certain ways of qualifying as a social equity applicant may be taken advantage of, and recommends scoring or prioritizing certain qualifications above others.

    The term social equity applicant is defined in statute, and the Cannabis Act specifies who may qualify as an approved social equity applicant and may not deprioritize any manner of qualifying as a social equity applicant. The Commission has included regulatory requirements that will minimize chance of exploitation of any manner of social equity applicant qualification.

65. *§ 1.11(B)(1)(e), Social Equity Applicant Status Certification.* Commentary was received questioning whether someone affected by the war on drugs for qualification purposes has to be affected by the Rhode Island penal system.

    The term social equity applicant is defined in statute, and the Cannabis Act specifies who may qualify as an approved social equity applicant, including those who may seek to become social equity applicants based on prior arrests or convictions. The Commission is required to follow statutory law.

66. *§ 1.11(B)(1)(e), Social Equity Applicant Status Certification.* Commentary was received questioning if there is anywhere currently for the public to see the statistics about

disproportionately impacted areas, 400% median income, etc. because access to such information will be incredibly helpful for social equity applicants.

The requirements of what a person must show to become qualified as a social equity applicant is set forth in the Commission's regulations and further guidance will be provided in the application process.

67. *§ 1.11(B)(1)(e)(3) & (5)(A), Social Equity Applicant Status Certification.* Commentary was received requesting clarification on how far back the Commission will consider for residing in a disproportionately impacted area and whether the residency applies to the individual or the group.

    The residency requirement is set forth in statute, it is residing five (5) of the last ten (10) years in a disproportionately impacted area.

68. *§ 1.11(B)(1)(e)(3) & (5)(A), Social Equity Applicant Status Certification.* Commentary was received requesting clarification on how residency is analyzed for disproportionately impacted area qualification.

    Residency is not a term of art and will be given its normal usage, namely, residing in a particular area, and, as set forth in the regulations, the Commission will request documentary evidence that an applicant has resided in a disproportionately impacted area.

69. *§ 1.11(B)(1)(e)(7), Social Equity Applicant Status Certification.* Commentary was received requesting clarification on what 400% of the median income is and whether such information can be shared with the public by the Commission.

    The regulations contain the following clarifying definition to aid potential applicants in determining their eligibility.
    "Four hundred percent (400%) of the median income" as used in § 1.11 of this Part means four (4) times the median income of the U.S. census tract where the applicant's primary place of business was located, as reported by the U.S. Census Bureau, based on the year that work was performed and the income was earned."

70. *§ 1.11(C), Social Equity Applicant Status Certification.* Commentary was received requesting clarification on what the review process looks like for Social Equity Applicant Status Certification.

    Section 1.11(C) of the regulations sets forth the social equity applicant status certification applications review process.

71. *§ 1.12, Social Equity Assistance Program and Fund.* Commentary was received commending deploying the Social Equity Assistance Fund to social equity applicants in

the form of grants for start-up business expenses because this is one of the most direct and impactful ways that the state can support under resourced entrepreneurs.

The ways that the Social Equity Assistance Program and Fund may be used is set forth in statute, including grants to approved social equity applicants for use toward reasonable and/or ordinary expenses associated with running a cannabis establishment.

72. *§ 1.12, Social Equity Assistance Program and Fund.* Commentary was received recommending that the Commission use available resources to deploy grant funding as early as practicable to mitigate financial burdens felt by social equity applicants.

    The ways that the Social Equity Assistance Program and Fund may be used is set forth in statute, including grants to approved social equity applicants for use toward reasonable and/or ordinary expenses associated with running a cannabis establishment. The grant application process is set forth in the regulations.

73. *§ 1.12, Social Equity Assistance Program and Fund.* Commentary was received that funds under this provision should be used to provide education and training for individuals that have been incarcerated for marijuana related crimes, and for assisting parents and children in at-risk communities by providing educational programs and services that will assist these families with mental health, early childhood education, skills training, and any other opportunities for education advancement and economic opportunities.

    Who may apply for funds and the ways that the Social Equity Assistance Program and Fund may be used is set forth in statute, which includes "[t]o implement and administer programming for restorative justice, jail diversion, drug rehabilitation and education workforce development for jobs related to cannabis cultivation, transportation, distribution and sales." The application process for programming resources is set forth in the regulations.

74. *§ 1.12.1, Authority, Purpose and Scope.* Commentary was received recommending that all licensing fees be kept in the Social Equity Assistance Fund and utilizing other funding sources to become a regenerative fund, because the Social Equity Assistance Fund is currently designed to run out.

    The Social Equity Assistance Program and Fund is created in statute, which specifies how it is funded and how it may be used.

75. *§ 1.12.1, Authority, Purpose and Scope.* Commentary was received requesting clarification on whether once the regulations are finalized if it is up to the Commission to decide if the licensing fees will stay in the Social Equity Assistance Program and Fund or if it remains statutory.

The accounts in which license fees are deposited is set forth in statute and not subject to Commission discretion.

76. *§ 1.12.1(A), Authority, Purpose and Scope.* Commentary was received recommending that Social Equity Applicants be given assistance similar to the application assistance that Maryland and Massachusetts offer to Social Equity Applicants by law students because completing the application properly is a large barrier to entry and if there are or will be any support or legal aid to help Social Equity Applicants navigate qualification applications, license applications and other legal issues..

    Any assistance from outside sources provided to applicants does not need to be set forth in regulatory language.

77. *§ 1.12.1(A), Authority, Purpose and Scope.* Commentary was received expressing concern that with license fees proposed at $30,000 there will be less money in the Social Equity Assistance Fund and recommends keeping all the licensing fees in the Social Equity Fund and adding additional revenue sources to ensure a robust fund because the program could last a long time.

    The Social Equity Assistance Program and Fund is created in statute, which specifies how it is funded and how it may be used.

78. *§ 1.12.1(C) & (D), Authority, Purpose and Scope.* Commentary was received recommending changing the language to "The commission in its discretion with counsel from the Social Equity Subcommittee may decide…" and "The commission in its discretion with counsel from the Social Equity Subcommittee shall determine…" because there should be parameters in place to check and balance the power of the Commission as it relates to the Social Equity Assistance Fund as this will protect the Fund from ever being misappropriated as the industry grows and commission seats change.

    The Cannabis Advisory Board is advisory in nature and the Cannabis Act statutorily provides that the Commission may "[r]equest and/or approve or disapprove recommendations by the cannabis advisory board made pursuant to § 21-28.11-6 to include, but not be limited to, distribution of funds from the social equity assistance fund established pursuant to § 21-28.11-31[.]" R.I. Gen. Laws § 21-28.11-5(a)(29).

79. *§ 1.12.1(D), Authority, Purpose and Scope.* Commentary was received expressing that grants for legal support from law centers or access to an in-house lawyer or attorney that can help applicants put together formal agreements, entity formation, etc. would be very helpful for applicants.

The ways that the Social Equity Assistance Program and Fund may be used is set forth in statute, including grants to approved social equity applicants for use toward reasonable and/or ordinary expenses associated with running a cannabis establishment.

80. *§ 1.12.1(D), Authority, Purpose and Scope.* Commentary was received recommending the commission offer compliance training to anyone thinking of applying because that would be helpful for people that have not had experience or training with regulatory compliance and systems such as Metrc.

    Any assistance or training from outside sources provided to applicants does not need to be set forth in regulatory language.

81. *§ 1.12.1(D), Authority, Purpose and Scope.* Commentary was received expressing that Social Equity Applicants need a source of gap funding with favorable terms to ensure they are not taken advantage of when they need assistance with their business.

    The ways that the Social Equity Assistance Program and Fund may be used is set forth in statute, including grants to approved social equity applicants for use toward reasonable and/or ordinary expenses associated with running a cannabis establishment.

82. *§ 1.12.1(F), Authority, Purpose and Scope.* Commentary was received whether Rhode Island Commerce can do a cash collateralization program where those funds aren't used right away, but if a Social Equity Licensee defaults, then they will have your back similar to Rhode Island's Paycheck Protection Program (PPP) loan forgiveness.

    Suggested programs offered by other sources, including state agencies, do not need to be set forth in the Commission's regulations. The parameters of statutorily created Social Equity Assistance Program and Fund, which is overseen by the Commission, is set forth in the Commission's regulations.

83. *§ 1.12.6(A)-(C), Approved Application Resource Type Requirements.* Commentary was received supporting providing grants to Social Equity applicants and not loans, but requests reconsideration of the list of non-eligible uses of grant funds, particularly 1-4.

    In the regulations the Commission set forth presumptively eligible and non-eligible uses of funds from the Social Equity Assistance Program and Fund, based on extensive consideration and research, to provide guidance to resource recipients as to uses of program funds.

84. *§ 1.14, Fees.* Commentary was received expressing concern that license fees are exorbitant and can be 7 times that of other states.

The Compassion Center and retail cannabis establishment license fees set forth in the regulations are statutory and cannot be changed by regulation. The Commission has reduced cultivator license fees in the regulations to be equivalent to $2 per square foot.

85. *§ 1.14, Fees.* Commentary was received that the application and license fees should be lowered to be more in line with Maine and Massachusetts fees, which would make it possible for small businesses and individuals from disproportionately impacted communities to participate, ensuring the Rhode Island cannabis industry promotes equity, supports local entrepreneurs, and aligns with the social equity goals of the Cannabis Act.

    There are many differences between each state's statutes, regulations, license types and processes. In the regulations the Commission has automatically waived the application fees and significantly reduced licensing fees for approved social equity applicants. Approved social equity applicants may seek full waiver of any nonrefundable application fee.

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TITLE 560 – CANNABIS CONTROL COMMISSION

CHAPTER 10 – CANNABIS

SUBCHAPTER 10 – REGULATION OF CANNABIS ESTABLISHMENTS

PART 1 – CANNABIS ESTABLISHMENT APPLICATIONS, LICENSING AND RENEWALS

1.1 Authority, Purpose and Scope

A. The Commission is authorized by R.I. Gen. Laws § 21-28.11-5(b) to promulgate regulations to establish and oversee the licensing of cannabis establishments.

B. The purpose of this Part is to set forth licensing procedures and requirements for cannabis establishment licensees in accordance with the Cannabis Act and the Medical Marijuana Act.

C. The Commission is authorized to assume all powers, duties, and responsibilities previously held by the Department of Business Regulation and its Office of Cannabis Regulation with respect to the regulation, administration and enforcement of the provisions of the Medical Marijuana Act. R.I. Gen. Laws § 21-28.11-10.1.

1.2 Definitions

A. In addition to the terms defined in R.I. Gen. Laws §§ 21-28.11-3, 21-28.6-3, and all the Parts in this Chapter, for this Part the following terms shall have the following meanings:

1. “Agent” means a person associated with a cannabis establishment pursuant to a contractual agreement who is not a key person, investor or employee of the cannabis establishment.

2. “Applicant” means as defined in R.I. Gen. Laws § 21-28.11-3(3), and in instances where an “applicant” is a business entity, the term may refer to either the entity itself or the owners of said entity in either their individual or a collective capacity as specified by the Commission.

3. "Approved social equity applicant" means a social equity applicant as defined in R.I. Gen. Laws § 21-28.11-3(39) who has submitted a social equity status certification application to the Commission and following review and certification of said application has been approved as a social equity applicant.

4. “Commercial cannabis establishment identification card”, “Ccommercial identification card”, “Ccommercial card”, “Llicense identification document”, “rRegistry identification document”, or “Ccertification document” means the identification document issued to a person registered with the Commission as an interest holder, key person, employee, volunteer, or agent of a licensed cannabis establishment.

5. “Commercial cannabis cardholder” or “Ccommercial cardholder” means a person registered with the Commission as an interest holder, employee, volunteer or agent of a cannabis establishment.

6. “Compliance officer” means an employee of a cannabis establishment who is responsible for ensuring that all key persons, employees and volunteers of the cannabis establishment adhere to and comply with all laws, regulations and requirements of licensure.

7. “Department of Public Safety” or “RISP” means the Rhode Island Department of Public Safety, Division of State Police, or its successor agency.

8. “Economic empowerment” as used in § 1.11 of this Part means the process through which individuals foster economic development and make decisions that affect their financial self-sufficiency by being provided access to financial education, employment opportunities, financial services, and other resources that directly support economic growth and professional success.

9. "Four hundred percent (400%) of the median income" as used in § 1.11 of this Part means four (4) times the median income of the U.S. census tract where the applicant's primary place of business was located, as reported by the U.S. Census Bureau, based on the year that work was performed and the income was earned.

10. "Full-time employee" as used in § 1.11 of this Part means an individual employee for whom a W-2 is issued by the applicant, and who is a wage earing employee for a time period of at least thirty-five (35) hours per week for at least six (6) full months.

11. "Immediate family member" as used in R.I. Gen. Laws § 21-28.11-11(b)(6) and as applicable to cannabis testing laboratories in § 1.13 of this Part, means any person who is related, whether by blood, marriage or adoption, as any of the following: spouse, father, step-father, father-in-law, mother, step-mother, mother-in-law, son, step-son, son-in-law, daughter, step-daughter, daughter-in-law, brother, step-brother, brother-in-law, sister, step-sister, sister-in-law, grandfather, step-grandfather, grandfather-in-law, grandmother, step-grandmother, grandmother-in-law, grandson, step-grandson, grandson-in-law, granddaughter, step-granddaughter, granddaughter-in-law, uncle, step-uncle, uncle-in-law, aunt, step-aunt, aunt-in-law, niece, step-niece, niece-in-law, nephew, step-nephew, nephew-in-law, first cousin, step-first cousin and first-cousin-in-law.

12. "Interest holder" or "Kkey person" means with respect to an applicant, provisional licensee, licensee or licensed cannabis establishment, the following persons or entities:

    a. All persons and/or entities with any ownership interest, whether direct or indirect, with respect to the applicant/licensee, including parent companies if the applicant licensee is a subsidiary of another entity, and

    b. All officers, directors, members, managers or agents of the applicant/licensee, and any other entities described in § 1.2(A)(12)(a) of this Part, and

    c. All persons or entities with managing or operational control with respect to the applicant/licensee, its operation, any other entities described in §§ 1.2(A)(12)(a) and (b) of this Part, the license and/or licensed facilities whether they have an ownership interest or not, and

    d. All investors or other persons or entities with any financial interest with respect to the applicant/licensee, any other entities described in §§ 1.2(A)(12)(a), (b) and (c) of this Part, its operations, the

license, and/or licensed facilities, whether they have ownership interest or not, and

e. All persons or entities that hold interest(s) arising under shared management companies, management agreements, or other agreements that afford third-party management or operational control with respect to the applicant/licensee, its operations, the license and/or the licensed facilities, and

f. To the extent that any interest holder is an entity (corporation, partnership, LLC, etc.), all interest holders in that entity and all interest holders therein down to the individual person level.

13. "Material financial interest or control" means:

a. Any ownership interest, regardless of the size of the holding, and including any ownership interest through a subsidiary or affiliate;

b. Trusteeship, mortgage, guarantor, endorser or surety relationship, or loan relationship, except that loan relationship for the purposes of this definition shall exclude accounts payable and accounts receivable on account of a cannabis or cannabis product purchase order;

c. Any other beneficial financial interest as determined by the Commission such that the holder bears the risk of loss (other than as an insurer) or has an opportunity to gain profit from the operation or sale of the regulated cannabis establishment; and/or

d. Managerial or operational control, including but not limited to interlocking directors or officers or through a management agreement.

14. "Public company" means a corporate entity that is listed and whose ownership is comprised of shares of stock which are traded on a major stock exchange registered with the Securities and Exchange Commission or comparable foreign securities regulator.

15. "Related party transactions" means and includes, but is not limited to, transactions between and/or among:

a. An applicant, provisional licensee or licensee and its principal owners, management, key persons and/or parent, affiliates, or any immediate family member thereof as defined in § 1.2(A)(11) of this Part;

b. Parties with which the entity/applicant/licensee may deal if one party controls or can materially influence the management or

operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; or

c. Other parties that can materially influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can materially influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

16. "Resource" as used in § 1.12 of this Part means any and all forms of financial, technical, and operational assistance that a resource applicant may request and receive in accordance with R.I. Gen. Laws § 21-11-31(b), including but not limited to technical assistance, grants, and fee waivers.

17. "Resource applicant" as used in § 1.12 of this Part means any person who submits an application for resources from the Social Equity Assistance Program and Fund, including but not limited to approved social equity applicants.

18. "Vertically integrated compassion center" means a compassion center or hybrid cannabis retailer that is licensed to cultivate, process, manufacture and conduct retail sales of medical and/or adult use cannabis.

19. "Volunteer" is a registration that only applies to compassion centers and hybrid cannabis retailers and shall be limited to persons whose volunteer activities and use of compassion center or hybrid cannabis retailer resources is strictly limited to participation in educational programming conducted for commercial cardholders and registered qualifying patients, primary caregivers, and authorized purchasers. Volunteers shall not be permitted to be otherwise involved in the growth, cultivation, weighing, packaging or labeling, manufacturing, processing, dispensing or sale of cannabis.

1.3 General Requirements for all Cannabis Establishment Licensees

A. Applications for cannabis establishment licenses are subject to all requirements for the specific license type set forth in the Cannabis Act and/or the Medical Marijuana Act, the general requirements set forth in § 1.3 of this Part, and the specific section of this Part that applies to the license type.

B. Commissioners, members of the Cannabis Advisory Board, employees of the Commission, employees of the Office of Cannabis Regulation, and employees of the Cannabis Office are prohibited from applying for or having any ownership interest in or being an interest holder of any of the licenses issued by the

Commission. Members of the Cannabis Advisory Board are prohibited from applying for or holding an interest in any new license, not held at the time of their appointment to the Board, while serving on the Board. All Commissioners, board members and employees must comply with the Code of Ethics, R.I. Gen. Laws Chapter 36-14 and all regulations promulgated thereunder. All former Commissioners, former members of the Cannabis Advisory Board, and former employees who apply for a license issued by the Commission must provide to the Commission an advisory opinion issued by the Rhode Island Ethics Commission.

C. Any cannabis establishment licensee, and any key person thereof, who has had a cannabis establishment license revoked by the Commission or DBR shall not be eligible to apply for or hold a cannabis establishment license issued by the Commission.

1.3.1 Application Requirements for Cannabis Establishment Licensees

A. Each application for a cannabis establishment license shall be on such forms and through such submission mechanisms as designated by the Commission and shall include, but not be limited to, the following:

1. The applicant's legal and any d/b/a name(s), certificate of incorporation or organization in Rhode Island or certificate of authority to transact business in Rhode Island, articles of incorporation or organization, bylaws or operating agreement and corporation organization chart.

2. A business plan, which includes justifications for any assumptions or calculations made therein regarding the following:

    a. Applicant's experience running a business, including the applicant's experience running a cannabis business, as applicable;

    b. Detailed description of amount and source of equity, debt and operating capital for the proposed cannabis establishment, including financial statements or other documentation establishing the source of any funds;

    c. Start-up funding and long-term financial feasibility plan;

    d. Financial oversight and compliance plan; and

    e. Detailed timeline for initiating operations.

3. A Security and Safety Plan that specifies how the applicant will ensure security and safety at the licensed premises, including but not limited to:

a. Description of security equipment, hardware capabilities, software applications and compliance with industry and Commission standards and specifications;

b. Third-party vendors;

c. Standard operating procedures for the cannabis establishment, including those related to security system equipment, maintenance and operational practices;

d. Descriptions of cash management and/or electronic payment processing policies, as applicable; and

e. Plan to obtain a secured deposit banking account prior to the beginning of licensed activities.

4. An Operations Manual for the cannabis establishment including policies, procedures and documentation for the following:

a. Record keeping and records retention;

b. Qualifications for sale, including ID verification procedures (if applicable);

c. Staffing plan, including education and training of employees and volunteers;

d. Inventory tracking plan;

e. Data security plan;

f. Alcohol and drug free workplace;

g. Labeling and packaging;

h. Marketing and advertising plan;

i. Product storage plan;

j. Voluntary and mandatory recalls of cannabis and cannabis products, including recalls due to any action initiated at the request or order of the Commission, and any voluntary action by a licensed cannabis establishment to remove defective or potentially defective cannabis or cannabis products from the market, as well as any action undertaken to promote public health and safety;

k. Plan to ensure any outdated, damaged, deteriorated, mislabeled, or contaminated cannabis is quarantined from other cannabis and destroyed;

l. Odor control plan;

m. Community safety plan; and

n. Emergency management plan.

5. Regarding the proposed physical location of the cannabis establishment, the applicant shall submit:

a. The proposed physical location of the cannabis establishment by plat and lot number, street address and mailing address.

b. Evidence of full compliance of the facility with the local zoning laws in the form of a certificate or letter from an authorized zoning official of the municipality confirming zoning compliance and receipt of all required final zoning approvals and certification by an authorized officer of the applicant as to compliance with any other applicable local ordinances.

c. For cannabis establishment licensees licensed pursuant to the Cannabis Act (see §§ 1.4 through 1.7):

(1) Evidence that the physical location is not located within five hundred feet (500') of the property line of a preexisting public or private school in compliance with R.I. Gen. Laws § 21-28.11-17.1.

(A) For the purposes of this section, "private school" shall be deemed to refer to any nonpublic institution of elementary or secondary (K-12th Grade) education, accredited or recognized as a private school by the department of elementary and secondary education or the school committee of the city or town having jurisdiction over private schools.

(B) For purposes of this section, the five hundred foot (500') distance shall be measured from the secured cannabis establishment premises, which shall include allotted outdoor areas (such as parking and loading areas), to the property line of the school, which shall include the school building, land, and appurtenances.

d. For cannabis establishment licensees licensed pursuant to the Medical Marijuana Act, the requirements are listed within each license type in §§ 1.8 and 1.10.

e. A draft floor plan of the proposed cannabis establishment, including but not limited to where within the establishment: the cannabis will

be stored, dispensed, cultivated, manufactured, processed and packaged (if applicable); what activities occur in each room; where security alarms and cameras and surveillance recording storage will be located; identify all client access areas, limited access areas, client parking capacity and access for persons with disabilities in accordance with applicable law; and showing the location of the facility relative to streets and other public areas.

f. A description of objective parameters (such as distances from streets and public areas) and/or proposed measures (such as black-out window shades) that ensure that cannabis and cannabis products at the premises shall not be visible from the street or other public areas.

g. Documents evidencing either ownership of property or lease agreement with owner of property to allow the operation of a cannabis establishment on the property.

6. A disclosure and certification as to owners and other key persons/interest holders and including certifications, disclosures and information regarding:

a. All persons and entities with ownership interests;

b. All officers, directors, members, managers and agents;

c. All persons or entities with managing or operational control;

d. All investors or other persons or entities with any financial interest;

e. All persons or entities with interests arising under management companies or agreements or other agreements that afford third-party managerial or operational control;

f. If the cannabis establishment premises and/or other operational assets will be owned or leased by a person or entity other than the applicant, the legal name and current address of such person or entity and a list of all persons or entities (legal names and current addresses) having any ownership or financial interest in such entity, whether direct or indirect; and

g. The legal names and current addresses of all creditors that will loan money to, finance and/or hold a security interest in the cannabis establishment and/or other assets to be used in the cannabis establishment operations, if any.

7. If any key person/interest holder identified in § 1.3.1(A)(6) of this Part has a material financial interest or control in another cannabis establishment that is in conflict with any provision the Cannabis Act, the Medical

Marijuana Act and/or these regulations as determined by the Commission, that key person/interest holder must disclose that interest in the application and include a plan of divesture in accordance with § 1.3.2 of this Part.

8. If the cannabis establishment will have a management agreement in place, it shall also include a copy of the management agreement or management agreement proposal and a list of persons who have any ownership or financial interest in or operational or managerial control over the management company.

9. An organization chart, and schedule of compensation/remuneration.

10. The name and personal information of the individual who will serve as compliance officer.

11. Identification of any other licenses for which the applicant's owners and other key persons/interest holders of the applicant are also owners or key persons/interest holders and any disciplinary actions levied against such licenses, including:

    a. Disclosure and description of any licenses or registrations ever held by the applicant and/or interest holders/key persons thereof in any state, municipality, county, province, district, country or territory's cannabis and/or medical marijuana program; and

    b. A disclosure, description and copies of any withdrawals, denials, suspensions, revocations, consent orders/agreements and/or other enforcement or regulatory actions as to the applicant and/or interest holders/key persons thereof by any state, municipality, county, province, district, country or territory's in connection with the matters disclosed in § 1.3.1(A)(11)(a) of this Part or any other licensed or unlicensed cannabis related activity.

12. An affidavit of compliance with filing all required tax returns and paying all taxes due to the State of Rhode Island in accordance with R.I. Gen. Laws Chapter 5-76.

13. All other information required by the Commission as described in the application form.

1.3.2 Disclosure and Divestiture of Prohibited Financial Interests and Relationships

A. Prohibited Financial Interests and Relationships

1. All cannabis establishment licensees shall comply with the requirements in the Cannabis Act, the Medical Marijuana Act and this Part applicable to the license type.

2. All cannabis establishment licensees shall comply with the requirements in R.I. Gen. Laws § 21-28.11-19, entitled "Multiple licenses restricted."

   a. In accordance with R.I. Gen. Laws § 21-28.11-19(d), one person may invest in multiple licensed cannabis establishments provided that:

      (1) The person is not a majority owner in more than one (1) cannabis cultivator, cannabis product manufacturer, cannabis retailer, or compassion center; and

      (2) The investment does not qualify the person as a controlling person in more than one (1) cannabis establishment.; and

      (3) A group of investors, when their individual investments are taken together, do not collectively have ownership and control of more than one cannabis establishment.

   b. Compassion center licensees shall also comply with the ownership and divestiture rules set forth in the Medical Marijuana Act, R.I. Gen. Laws § 21-28.6-12(d)(5)(v) and in § 1.8 of this Part.

3. All cannabis establishment licensees shall comply with the requirements in R.I. Gen. Laws § 21-28.11-11(b)(6) regarding interests and affiliations in and with any cannabis testing laboratory.

4. Pursuant to § 5-1.4 of this Chapter, the Commission may review and audit the books and records of licensees to ascertain compliance with the Cannabis Act, the Medical Marijuana Act, and these regulations. Any licensee which has or whose commercial cardholders have prohibited financial interests and/or relationships in violation of the Cannabis Act, Medical Marijuana Act and/or this Part may be subject to enforcement proceedings including revocation of licensure by the Commission.

B. Disclosure of Prohibited Financial Interests and Relationships

1. All applicants for a cannabis establishment license shall disclose any prohibited financial interests or relationships to the Commission in the application.

2. All applicants, provisional licensees and cannabis establishment licensees have a continuing duty to comply with this section and promptly disclose any proposed changes to the Commission in accordance with § 1.3.2 of this Part.

C. Divestiture of Prohibited Financial Interests and Relationships

1. Once a cannabis establishment license application is approved, and at any time thereafter, any prohibited financial interest or relationship identified by the Commission or otherwise known to the applicant or licensee, such interest or control must be divested prior to issuance of the cannabis establishment license.

2. The plan of divestiture and documents evidencing completion of plan shall be filed with the Commission. In the event an applicant or licensee failed to disclose a prohibited financial interest or relationship, the applicant/licensee must demonstrate to the Commission why the application should not be denied, or the license revoked for failure to disclose this prohibited interest.

3. Failure to comply with the requirements in § 1.3.2 of this Part may result in the initiation of an enforcement action pursuant to Subchapter 5 Part 1 of this Chapter.

D. Disclosure Requirements Regarding Public Company Interest Holders in Cannabis Establishment Licenses

1. Any public company that is an interest holder with respect to a cannabis establishment applicant or licensee, the applicant/licensee can satisfy the application and continuing disclosure requirements as to such public company interest holder by disclosing:

a. All directors and officers of such public company;

b. All public company officers, employees and agents who will have direct managerial or operational control with respect to the cannabis establishment; and

c. With respect to public company shareholders, all persons and/or entities that hold shares in the public company in an amount equal to or greater than the minimum ownership disclosure threshold required by the stock exchange(s) on which the public company is listed and its shares are traded.

2. The divestiture requirements as to financial interests and/or control that a public company interest holder has with respect to a cannabis establishment licensee shall be based upon the interest holder disclosures made by the cannabis establishment applicant/licensee in compliance with this Part.

3. With respect to a public company interest holder, registry identification cards and national criminal background checks will be required for those persons identified in § 1.3.2(D)(1)(b) of this Part.

1.3.3 Variance Requests for Changes in Approved Applications, Licensed Premises, Activities, Ownership and Control

A. Requirements and Limitations

1. A qualified application, provisional license or license shall not be assigned, sold or otherwise transferred to other persons or locations without prior approval of the Commission.

2. All applicants, provisional licensees and licensees at all times have a continuing obligation to update, amend and/or correct any information requested and/or submitted to the Commission from the time of application throughout the time of licensure.

3. All applicants, provisional licensees and licensees must seek pre-approval from the Commission by means of requesting a variance for all material changes to the submitted and/or approved application or any materials, operations or plans approved thereafter by the Commission. The Commission may deny the variance request if it determines that such variance will cause harm to public health and safety or cause the applicant, provisional licensee or licensee to be in violation of the Medical Marijuana Act, the Cannabis Act or any regulations promulgated thereunder, or otherwise would have caused the applicant, provisional licensee or licensee to not have qualified for licensure originally.

4. An applicant, provisional licensee or licensee shall submit to the Commission a request for a variance for any proposed change described below at least sixty (60) calendar days prior to the proposed effective date of the change:

    a. Proposed change in ownership of the proposed or licensed cannabis establishment, provided however that no variance which affects a majority change in ownership, control, financial interest and/or compensation/remuneration of a cannabis establishment will be approved in the first year of licensed activities, except upon the Commission's determination that public health, safety, welfare or other grounds requires such variance;

    b. Proposed change in the ownership structure, makeup or membership of an approved social equity applicant, provided however that no variance will be approved in the first year of licensed activities, except upon the Commission's determination that public health, safety, welfare or other grounds requires such variance;

    c. Proposed change in the membership of a board of directors or board of trustees;

d. Proposed change in corporate officer;

e. Proposed merger, dissolution, entity conversion or amendment of corporate organization;

f. Proposed entering into a management agreement, changing management companies, and/or material changes to an existing management agreement;

g. Proposed changes to the approved premises or location;

h. Proposed changes in the interest holder/key person disclosure and certification or certification of nonprofit compliance, including but not limited to investors and financiers, and anyone else required to be disclosed in those forms;

i. Proposed changes to approved premises floor plan:

(1) The cannabis establishment must include in its variance request a renovation plan that specifically addresses quality control procedures for the protection of cannabis and cannabis products from any contamination during the construction process and further address any other criteria the Commission requires;

j. Proposed expansion/modification of the premises, including expanding or modifying the scope or scale of approved and/or licensed activity:

(1) Any request to expand or modify the premises, scope or scale of approved and/or licensed activity further requires that the request to expand be justified by the projected production demands as determined by the Commission. R.I. Gen. Laws § 21-28.11-5(a)(3).

(2) Any requests to increase the cannabis establishment's canopy as defined by R.I. Gen Law 21-28.11-7(e), must be preapproved by the Commission.

(3) A licensed cannabis cultivator may request to decrease canopy or facility size and subsequently change to a lower license class and pay a lower fee upon their next renewal.

k. Proposed changes to operations, including but not limited to implementation or modification of curbside pick-up, home delivery, or manufacturing plans and/or processes;

l. Proposed changes to security and safety plans, operations manual and business plans;

m. Proposed plans to discontinue operations on a reasonable and temporary basis as determined and approved by the Commission. The license shall be void and returned to the Commission if the cannabis establishment discontinues its operation without Commission approval; and

~~n. Change of status of cannabis applications, licensure, disciplinary or enforcement activity in other jurisdictions; and~~

~~o.~~ n. Any other changes requiring a variance as determined by the Commission.

5. An applicant, provisional licensee or licensee shall submit to the Commission a request for a variance for any change of status of cannabis applications, licensure, disciplinary or enforcement activity in other jurisdictions within five (5) days.

6. All variance requests must be submitted on such forms and through such submission methods as determined by the Commission.

7. As to any proposed change of ownership or to a management agreement that will affect a change of majority control and/or decision-making authority with respect to the operation of a cannabis establishment or as to any proposed change in an approved premises location for the cultivation, manufacture, processing and/or sale of cannabis, the Commission may require the applicant, provisional licensee or licensee to submit a new application, which may include a new application fee, application process and/or hearing.

8. Unless the applicant, provisional licensee or licensee provides timely notice of the above changes and receives a variance issued by the Commission, the application or license shall be void and returned to the Commission.

9. Change in contact information:

a. The licensed cannabis establishment shall notify the Commission within ten (10) days of any changes in the licensee's mailing addresses, email addresses, phone numbers, or any other changes in contact information reported on the most recent initial/renewal application. Note that a change in business address/location is subject to the pre-approval variance requirements in § 1.3.3(A)(4) of this Part.

1.3.4 Geographic Zones

A. During open application periods the Commission will accept applications for certain types of cannabis establishment licenses issued under this Part in accordance with the geographic zones established in R.I. Gen. Laws § 21-28.11-10.3.

B. During the initial open application period for cannabis retail licenses issued by the Commission, there will be four (4) cannabis retail licenses available in each zone, which will be allocated between the retail license types in §§ 1.4, 1.5 and 1.6 in accordance with R.I. Gen. Laws § 21-28.11-10.2(a).

C. During any subsequent open application period the Commission may limit the number of available retail cannabis establishment licenses per zone.

D. The Commission will not accept applications or issue licenses for cannabis retail establishments in any city or town that has declined by referendum to allow cannabis establishments within their municipal borders. R.I. Gen. Laws § 21-28.11-15.

E. The retail cannabis license types in §§ 1.4, 1.5 and 1.6 of this Part will be issued by geographic zone.

1. An applicant who applies for any retail cannabis license may only submit one application per geographic zone. R.I. Gen. Laws § 21-28.11-10.3.

2. A person or entity cannot be an interest holder with respect to more than one applicant or application per zone irrespective of license type.

3. An applicant may apply for a license in more than one zone provided, however, that if the applicant is selected for a license in more than one zone, the applicant must select a single zone in which the applicant will proceed with licensing in accordance with the instructions set forth in §§ 1.4, 1.5 and 1.6 of this Part. Another qualified applicant will then be selected for licensure in the zone or zones which were not selected.

4. Applicants who apply for licensure in more than one zone must submit a separate application and separate application fee for each zone applied to and identify in each application all the applications it has submitted and in which zones.

1.3.5 Commercial Cannabis Establishment Identification Cards

A. Pursuant to R.I. Gen. Laws §§ 21-28.11-5(b)(8), 21-28.11-7, 21-28.11-9, 21-28.11-10.2, 21-28.11-11, 21-28.6-12(c)(6) and 21-28.6-16(b) all on site interest holders, key persons, managers, employees, agents, and volunteers of a licensed cannabis establishment shall apply for a commercial cannabis establishment identification card. Interest holders who are present at the licensed premises less than five (5) times per year are exempt from this requirement.

1. All persons applying for a commercial identification card shall be at least twenty-one (21) years old at the time of application.

B. Application Requirements

1. Every person applying for a commercial identification card shall submit:

a. A complete application on such forms and through such submission mechanisms as directed by the Commission; and

b. The non-returnable, non-refundable annual fee of one hundred dollars ($100.00) for each initial application and subsequent annual renewal.

c. The Commission, in its sole discretion, may waive commercial cannabis identification card application fees for approved social equity applicants in accordance with § 1.12 of this Part.

2. Upon the receipt of a complete application or renewal for a commercial identification card the Commission shall verify the information contained in the application or renewal and shall approve or deny the application in accordance with the Cannabis Act, the Medical Marijuana Act and these regulations.

3. The Commission may deny an application or renewal if:

a. The person applying did not provide the information required pursuant to the Cannabis Act, the Medical Marijuana Act or these regulations;

b. The Commission has good cause to believe that the information provided was falsified;

c. The applicant has violated the Cannabis Act, the Medical Marijuana Act or these regulations under their previous card registration;

d. The person applying has otherwise failed to satisfy the application or renewal requirements.

C. Issuance of the Commercial Cannabis Establishment Identification Card

1. Once a cannabis establishment license is approved by the Commission, the licensed cannabis establishment is responsible for ensuring all required individuals receive and are in possession of the issued commercial identification card prior to commencing work and/or operations.

2. The commercial identification card shall contain:

a. The name, address and date of birth of the person;

b. The legal name of the licensed entity that the individual is affiliated with;

c. The date of issuance and expiration date of the commercial identification card;

d. A random card identification number;

e. A photograph; and

f. Any additional information as required by the Commission.

3. Once received, Tthe validly issued commercial identification card must be worn by the cardholder at all times while at the licensed facility.

4. Commercial identification cards shall not be transferable to another person or cardholder.

5. Employees may commence work once the licensing portal shows that the commercial identification card has been issued even if the physical card has not yet been received by the employee.

D. Expiration and Renewal of the Commercial Identification Card

1. Commercial identification cards shall expire one year after issuance.

2. Renewal applications shall be on such forms and through such submission mechanisms as directed by the Commission.

3. Renewal applications must be received by the Commission prior to the expiration of any existing commercial identification card.

4. Any renewal of a commercial identification card shall be subject to the same provisions and requirements covering issuance and denial of the card as originally issued.

5. It is the responsibility of the licensee to maintain accurate records regarding commercial identification card expiration dates. Failure to renew a commercial card prior to the expiration date may result in revocation of the card or enforcement action pursuant to Subchapter 5 Part 1 of this Chapter.

E. Required Updates to the Commission

1. Name and Address: A commercial cardholder shall notify the Commission of any change in their name, email or mailing address within ten (10) business days of such change.

a. Changes in name require the cardholder to remit a ten-dollar ($10.00) fee to the Commission.

b. Upon receipt of the notice and fee, the Commission will issue an updated commercial cannabis identification card.

c. A cardholder who fails to notify the Commission of any of these changes may be subject to a fine up to one hundred fifty dollars ($150). R.I. Gen. Laws §§ 21-28.11-7(m)(1), 21-28.11-9(h)(1), 21-28.11-10.2(f)(1), and 21-28.11-11(g)(1).

2. Lost/Stolen Cards: If a cardholder loses their commercial identification card, the cardholder shall notify the Commission and submit a ten-dollar ($10.00) fee within ten (10) business days of losing the commercial card.

a. Upon receipt of the notice and fee, the Commission will issue a replacement commercial identification card.

F. Termination of a Commercial Cannabis Card

1. If a cardholder violates any provisions of the Cannabis Act, the Medical Marijuana Act, these regulations or the DOH Medical Marijuana regulations, the Commission may suspend or revoke the commercial identification card, and may impose a $150 administrative penalty in accordance with Subchapter 5 Part 1 of this Chapter and R.I. Gen. Laws §§ 21-28.11-18(a)(1)(i).

2. When a commercial cannabis cardholder ceases work with a licensed cannabis establishment, whether voluntarily, involuntarily, or upon the licensed cannabis establishment closing, their commercial card shall be null and void. The licensed cannabis establishment and the cardholder shall notify the Commission and the commercial identification card shall be returned to the Commission within ten (10) days. No hearing shall be necessary to render the card null and void in this situation. R.I. Gen. Laws § 21-8.11-18(a)(1)(i).

1.3.6 Criminal Background Checks

A. In accordance with R.I. Gen. Laws § 21-28.11-12.1, as a condition of initial licensure certain key persons of cannabis establishments and primary caregivers are required to obtain a criminal background check in accordance with the Cannabis Act and/or the Medical Marijuana Act.

B. The specific requirements applicable to different key persons, cardholders and licensees can be found in the Cannabis Act and/or the Medical Marijuana Act as follows:

1. Compassion centers and hybrid cannabis retailers, R.I. Gen. Laws § 21-28.6-12(c)(7);

2. Licensed cannabis cultivators originally licensed by DBR pursuant to the Medical Marijuana Act, R.I. Gen. Laws § 21-28.6-16(k);

3. Primary caregivers, R.I. Gen. Laws § 21-28.6-6(g);

4. Any and all new licenses created by the Cannabis Act, R.I. Gen. Laws § 21-28.11-12.1, including but not limited to:

a. Cannabis retailers, § 1.4,

b. Social equity cannabis retailers, § 1.5,

c. Workers' cooperative cannabis retailers, § 1.6,

d. Cannabis product manufacturers, § 1.7, and

e. Licensed adult-use only cannabis cultivators, § 1.10.

C. All individuals required to obtain a criminal background check shall apply to the Rhode Island State Police, the Rhode Island Department of Attorney General, or local police department for a national criminal identification records check that shall include fingerprints submitted to the Federal Bureau of Investigation. R.I. Gen. Laws §§ 21-28.11-12.1(a), 21-28.6-6(g)(1), 21-28.6-12(c)(7)(i) and 21-28.6-16(k).

D. All individuals required to obtain a criminal background check have a duty to truthfully and fully disclose all prior criminal convictions to the Commission, any information the Commission requests related to said convictions, and any change(s) to the information supplied on the application. R.I. Gen. Laws § 21-28.11-12.1(b).

E. Applicants and licensees shall be responsible for any expense associated with the national criminal background check with fingerprints. R.I. Gen. Laws §§ 21-28.11-12.1(a), 21-28.6-12(c)(7)(iii), 21-28.6-6(g)(6) and 21-28.6-16(k)(3).

F. Presumptively disqualifying crimes for any and all new licenses created by the Cannabis Act shall include the conviction of or pleading guilty or nolo contendere to any felony charge or crime of (including conspiracy and/or attempt to commit) an act constituting a crime of forgery, embezzlement, obtaining money under false pretenses, misappropriation, bribery, larceny, extortion, fraud, false dealing, conspiracy to defraud, obstruction of justice, perjury, false swearing, or any other similar offense, adjudicated in a court of competent jurisdiction of this state, any other state, and/or of the federal government.

G. In accordance with R.I. Gen. Laws § 21-28.11-12.1(f), the Commission will consider any potentially and/or presumptively disqualifying crimes in accordance with the Fair Chance Licensing Act, R.I. Gen. Laws § 28-5.1-14, and, as required by R.I. Gen. Laws § 28-5.1-14(e), will apply the Fair Chance analysis to all disqualifying crimes set forth in the Medical Marijuana Act.

H. Continuing Duty to Notify the Commission of Criminal Convictions

1. All applicants, licensees and key persons thereof that are subject to the background check requirement have a continuing duty to notify the Commission of any and all criminal convictions. R.I. Gen. Laws § 21-28.11-12.1(b). Such notification must be made to the Commission in writing within ten (10) business days.

2. The Commission may require an additional or updated criminal background check in accordance with the Cannabis Act, the Medical Marijuana Act, and/or § 1.3.6 of this Part as a condition of license renewal, in conjunction with a Commission investigation or enforcement action, and/or as may be specified by the Commission.

1.4 Cannabis Retail Sales Application, Licensing and Renewals

A. R.I. Gen. Laws §§ 21-28.11-5 and 21-28.11-10.2 authorize the Commission to promulgate regulations for the licensing of adult use cannabis retailers.

B. Cannabis Retail Sales Application Period and License Application Timeline

1. Applications for cannabis retail sales licensure may only be submitted to the Commission for consideration during an open application period announced by the Commission. Open application periods will only be announced to issue the original twelve (12) licenses and, thereafter, to issue such licenses that may become available due to an expansion in the number of available licenses, the failure of a qualified applicant to be selected through the application process as described in § 1.4 of this Part, the failure of a selected applicant to satisfy licensing requirement(s) of the Cannabis Act or Commission regulations, or in the event of the revocation, relinquishment, or expiration without renewal of an existing cannabis retail sales license. R.I. Gen. Laws §§ 21-28.11-10.2 and 21-28.11-17(b).

C. Application for Cannabis Retail Sales License by Geographic Zone

1. An applicant who applies for a cannabis retail sales license may only submit one application per geographic zone specified in § 1.3.4 of this Part. R.I. Gen. Laws § 21-28.11-10.3.

D. The Commission will evaluate applications based upon the information provided by applicants on the application forms/submissions and otherwise obtained during the application process.

E. Application Fee

1. Each application for a cannabis retail sales license shall be accompanied by a non-refundable application fee of seven thousand five hundred dollars ($7,500). R.I. Gen. Laws § 21-28.11-10.2(b)(6).

F. Application Process for Cannabis Retail Sales License

1. Each application for a cannabis retail sales license shall be on such forms and through such submission mechanisms as designated by the Commission and shall include, but not be limited to, the information set forth in §§ 1.3.1, 1.3.2, 1.3.6, and 1.4 of this Part.

2. Only applications which the Commission has determined to be complete (i.e., which satisfy all applicable application requirements set forth in this Part) shall be eligible and accepted for further evaluation and review. Incomplete applications will be deficient and will not be considered further and the application fee will not be refunded.

G. Cannabis Retail Sales Application Review Criteria

1. The Commission shall review complete applications and information otherwise obtained during the application process utilizing the criteria specified in R.I. Gen. Laws §§ 21-28.11-10.2 and 21-28.11-17.1 of the Cannabis Act and §§ 1.3 & 1.4 of this Part in order to determine whether an application is qualified.

2. If an applicant seeking a cannabis retail sales license is notified that its application has been deemed “qualified” by the Commission, it shall be eligible for selection in accordance with § 1.4(H) of this Part.

3. In determining whether an applicant is “qualified,” the Commission shall consider whether such information adequately demonstrates an ability of the applicant to satisfy licensing requirements and compliance with the Cannabis Act and Commission regulations.

H. Application Selection Process

1. Once the Commission completes its review of all applications, the Commission will notify all qualified applicants and publicly announce the date, time, and manner of randomly selecting qualified applicants for approval in each available zone.

2. The Commission will publicly post the names of the qualified applicants for each zone. A random drawing to select the licensee(s) in each zone will be held in a manner that can be observed by the public. A duly authorized representative of all qualified applicants shall attend the random selection process in person. The authorized representative of any qualified

applicant which has applied for a license in multiple zones must be present and prepared at the time of the drawing to select and commit to a single zone if the applicant is selected for more than one zone.

3. The Commission will select the permissible number of qualified applicants for the number of licenses available in each available zone. After the qualified applicant(s) have been selected for each available zone, any applicant selected for multiple zones must accept a single zone and reject the other zones. After each applicant, if any, which has been selected for multiple zones accepts a single zone and rejects all others, another applicant will be drawn and selected for any rejected zone(s). This process shall continue until there are separate and distinct qualified applicants selected for the licenses available in each available zone. Once a zone selection has been made, the decision is final and cannot thereafter be amended or altered. Any applicant selected for multiple zones who chooses which single zone they would like to be licensed in may not thereafter alter that decision or change zones at any time.

4. The selected applicants shall not change or alter their proposed location to another location within the same zone without prior Commission approval. A selected applicant may not relocate or change the proposed location outside of the zone for which they were selected.

5. The selected applicants shall be deemed approved provisionally, subject to satisfaction of all requirements for final licensure. If a selected applicant fails to satisfy all requirements for final licensure as set forth in § 1.4(I) of this Part, the Commission may repeat the selection process set forth in § 1.4(H) of this Part with any previously qualified applicants for the specified zone whose applications are complete and meet the licensing requirements of this Part. If more than two (2) years has elapsed since the original selection process set forth in in § 1.4(H)(3) of this Part, the Commission may announce a new application period as set forth in § 1.4(B)(1) of this Part.

6. If at the conclusion of the selection process there are any available zones which have not been awarded to, or selected by, a qualified applicant, and if there are no more qualified applicants for those zones to select from, the Commission may reopen the application period and accept applications for any unawarded or unchosen zones and repeat the application, review, and selection processes in accordance with § 1.4 of this Part.

I. Prerequisites to Issuance of Cannabis Retail Sales License and Commencement of Operations

1. Upon notification by the Commission, the provisionally approved applicant must take reasonable and documented efforts to complete the prerequisites for final issuance of the license. If satisfaction of all

requirements for licensure takes longer than nine (9) months, the provisionally approved applicant must show substantial completion of licensing requirements and good cause to the Commission in the form of circumstances beyond the control of the provisionally approved applicant as to why additional time should be granted and the provisional approval should not be rescinded.

2. Once the final license has been issued by the Commission, the licensee must take reasonable and documented efforts to launch cannabis retail sales activities, which for purposes of this paragraph shall mean actual acquisition and dispensing of adult use cannabis pursuant to the Cannabis Act and Commission regulations. If commencement of such activities takes longer than three (3) months, the cannabis retailer licensee must show substantial completion of requirements and good cause to the Commission in the form of circumstances beyond the control of the licensee why the license should not be revoked for non-use.

3. Any cannabis retail sales applicant provisionally approved for licensure in accordance with § 1.4(H) of this Part must satisfy the below requirements before a final license authorizing operation of a cannabis retail sales establishment will be issued:

   a. Annual License Fee: The annual license fee set by R.I. Gen. Laws § 21-28.11-10.2(b)(7) of thirty thousand dollars ($30,000) must be paid.

   b. Final Information and Documentation to be Supplied - The provisionally approved applicant must provide any updates to previously submitted application information and the following additional items to the Commission:

      (1) Unless already provided with the application, documents confirming ownership or executed lease agreement as to the cannabis establishment premises.

      (2) A current certificate of occupancy (or equivalent document) to demonstrate compliance with the relevant provisions of R.I. Gen. Laws Chapters 23-28.1 and 23-27.3 [Fire Safety Code and State Building Code, respectively] for the cannabis establishment.

      (3) Updated interest holder/key person disclosure pursuant to § 1.3.1(A)(6) of this Part.

      (4) Evidence of completion of divestiture plan pursuant to § 1.3.2 of this Part.

(5) The provisional licensee must submit a request for and obtain a variance from the Commission in accordance with § 1.3.3 of this Part if there are any material deviations from the qualified application. The Commission may deny the variance in its sole and absolute discretion.

(6) Evidence that the provisionally approved applicant has acquired a cannabis seed-to-sale tracking system and all necessary equipment and software to implement tracking.

(7) An attestation by a bona fide labor organization stating that the applicant has entered into and will abide by the terms of a labor peace agreement in accordance with R.I. Gen. Laws § 21-28.11-12.2.

4. Submission of proposed activities or functions in an application by an applicant who is selected for a provisional license does not guarantee or authorize approval for that applicant to conduct all proposed activities or activities in the manner or method proposed.

5. Commission Pre-License Inspection

a. Before a final cannabis retailer license will be issued, a Commission inspection is required. Provisionally approved applicants should contact the Commission to coordinate said inspection. Nothing in this paragraph should be construed as limiting inspections at an earlier time in addition to the final pre-license inspection.

b. The provisional licensee may be required to make any Commission designated changes regarding the security or operations of the facility and its personnel prior to commencing licensed activities.

c. Nothing herein shall limit the Commission's authority to require a provisionally approved applicant and/or licensee to implement additional security and safety recommendations from the Commission in the future.

6. Commercial Cannabis Identification Card Requirements

a. Before commencement of operations, all key persons, agents, employees, and volunteers of the cannabis retail sales licensee must apply for a commercial cannabis identification card in accordance with § 1.3.5 of this Part. All persons required to apply for a commercial cannabis identification card, except employees and volunteers, shall submit to a national criminal background check as provided in § 1.3.6 of this Part. Such individuals may be hired, appointed, or retained prior to receiving a commercial

cannabis identification card, but may not begin operations or work in cannabis storage, packaging, transport, dispensing or other cannabis activities requiring licensure pursuant to the Cannabis Act and Commission regulations until receipt of the card.

J. Commission Post-License Inspection of Operations and Inventory

1. After the cannabis retail sales license is issued, the licensee shall apply to the Commission to source inventory in accordance with § 2.11 of this Subchapter.

2. After the licensee obtains inventory but prior to conducting retail sales, the licensee shall schedule and pass an inspection with the Commission.

3. The Commission may conduct a post-licensure inspection upon commencement of operations, including but not limited to inspection for compliance of cannabis and cannabis product inventory with the tagging and tracking requirements set forth in §§ 2.9 and 2.10 of this Subchapter. Nothing in this paragraph shall be construed to limit the Commission's general inspection powers as delineated in § 5-1.4 of this Chapter.

4. The Commission shall have the right but not the obligation to notify a licensee's banking institution of any non-compliant activity, violations and/or enforcement action(s) taken by the Commission.

K. Annual Renewal

1. Cannabis retail sales licenses shall be issued for one-year terms.

2. Annual renewals shall be submitted on such forms and include such information as required by the Commission.

3. Renewal applications must be received by the Commission prior to the designated renewal date of the cannabis retail sales license.

4. An annual inspection shall be part of the annual renewal process.

5. Renewal applications shall include an updated interest holder/key person disclosure and certification as required by §§ 1.3.1(A)(6) of this Part.

6. The renewal period is one year from the date of first issuance of the license and will occur annually on that date unless and until the license is revoked or surrendered.

1.5 Social Equity Retail License Application, Licensing and Renewals

A. R.I. Gen. Laws §§ 21-28.11-5 and 21-28.11-31 authorize the Commission to regulate the licensing of social equity cannabis retailers.

B. Social Equity Retail License Application Period and License Application Timeline

1. To be eligible to apply for a social equity retail license, an applicant must first be certified as an approved social equity applicant by the Commission through the application and certification process set forth in § 1.11 of this Part. A social equity retail license application submitted by a person who has not been certified by the Commission as an approved social equity applicant will not be considered.

2. An application for a social equity retail license may only be submitted to the Commission for consideration during an open social equity license application period announced by the Commission. R.I. Gen. Laws § 21-28.11-17(b).

a. Open application periods will only be announced upon the availability of social equity retail license(s), including to issue the original six (6) licenses, and, thereafter, such licenses that may become available due to an expansion in the number of available licenses, the failure of a qualified applicant to be selected through the application process as described in § 1.5(G) of this Part, or the failure of a selected applicant to satisfy the licensing requirement(s) of the Cannabis Act or these regulations, or in the event of the revocation, relinquishment, or expiration without renewal of an existing social equity retail license. R.I. Gen. Laws § 21-28.11-10.2.

C. Application for Social Equity Retail License by Geographic Zone

1. An approved social equity applicant who applies for a social equity retail license may only submit one application per geographic zone specified in § 1.3.4 of this Part. R.I. Gen. Laws § 21-28.11-10.3.

D. The Commission will evaluate applications based upon the information provided by applicant on the application form, in associated documents and as otherwise obtained during the application process.

E. Application Fee

1. The Commission shall waive the license application fee for approved social equity applicants who apply for the initial six (6) social equity retail licenses issued by the Commission. R.I. Gen. Laws §§ 21-28.11-10.2 and 21-28.11-31(b)(2) and (f)(1).

2. Any subsequent application for a social equity retail license shall be accompanied by a non-refundable application fee of seven thousand five hundred dollars ($7,500) unless waived by the Commission in accordance with § 1.12 of this Part.

F. Application Process for Social Equity Retail License

1. Each application for a social equity retail license shall be on such forms and through such submission mechanisms as designated by the Commission and shall include, but not be limited to, the information set forth in §§ 1.3.1, 1.3.2, 1.3.6 and 1.5 of this Part.

2. Only applications that the Commission has determined to be complete (i.e., which satisfy all applicable application requirements set forth in this Part) shall be eligible and accepted for further evaluation and review. Incomplete applications will be deemed deficient and will not be considered further and any application fee will not be refunded.

G. Social Equity Retail License Application Review Criteria

1. The Commission shall review complete applications and information otherwise obtained during the application process utilizing the criteria specified in R.I. Gen. Laws §§ 21-28.11-10.2 and 21-28.11-17.1 of the Cannabis Act and §§ 1.3 and 1.5.2 of this Part to determine whether an application is qualified.

2. In determining whether an applicant is “qualified,” the Commission shall consider whether such information adequately demonstrates the ability of the applicant to satisfy licensing requirements and compliance with the Cannabis Act and these regulations.

3. Upon receipt of a complete social equity retail license application and any required application fee, the Commission shall:

a. Forward a copy of the application to the city or town in which the cannabis establishment is to be located.

b. Determine whether the applicant and the premises qualify for the license and has complied with the provisions of the Cannabis Act and these rules, and, within ninety (90) days:

(1) Acknowledge that the application is satisfactory and complete; or

(2) Send the applicant a notice of rejection setting forth specific reasons why the license application is rejected, unsatisfactory, deficient or fails to comply with application requirements.

4. If an applicant seeking a social equity retail license is notified that its application has been deemed "qualified" by the Commission, it shall be eligible for selection in accordance with § 1.5(H) of this Part.

H. Social Equity Retail License Application Selection Process

1. Once the Commission completes its final review and process of all applications, the Commission will notify all qualified applicants and publicly announce the date, time, and manner of randomly selecting qualified applicants for approval in each available zone.

2. The Commission will publicly post the names of the qualified applicants for each zone. A random selection process to select the licensee(s) in each zone will be held in a manner that can be observed by the public. A duly authorized representative of all qualified applicants shall attend the random selection process in person. The authorized representative of any qualified applicant which has applied for a license in multiple zones must be present and prepared at the time of the drawing to select and commit to a single zone if the applicant is selected for more than one zone.

3. The Commission will select a qualified applicant for each available zone. After the qualified applicant(s) have been selected for each available zone, any applicant selected for multiple zones must accept a single zone and reject the other zones. After each applicant, if any, which has been selected for multiple zones accepts a single zone and rejects all others, another applicant will be drawn and selected for any rejected zone(s). This process shall continue until there is a separate and distinct qualified applicant selected for each available zone. Once a zone selection has been made, the decision is final and cannot thereafter be amended or altered. Any applicant selected for multiple zones who chooses which single zone they would like to be licensed in may not thereafter alter that decision or change zones at any time.

4. The selected applicants shall not change or alter their proposed location to another location within the same zone without prior Commission approval. A selected applicant may not relocate or change the proposed location outside of the zone for which they were selected.

5. The selected applicants shall be deemed approved provisionally, subject to satisfaction of all requirements for final licensure. If a provisionally approved applicant fails to satisfy all requirements for final licensure as set forth in § 1.5(I) of this Part, the Commission may repeat the selection process set forth in § 1.5(H) of this Part with any previously qualified applicants for the specified zone whose applications are complete and meet the licensing requirements of this Part. If more than two (2) years has elapsed since the original selection process set forth in in § 1.5(H)(3)

of this Part, the Commission may announce a new application period as set forth in § 1.5(B)(2) of this Part.

6. If at the conclusion of the selection process there are any available zones which have not been awarded to, or selected by, a qualified applicant, and if there are no more qualified applicants for those zones to select from, the Commission may reopen the application period and accept applications for any unawarded or unchosen zones and repeat the application, review, and selection processes in accordance with this Part.

I. Prerequisites to Issuance of Social Equity Retail License and Commencement of Operations

1. Upon notification by the Commission, the selected applicant(s) shall be deemed approved provisionally, subject to satisfaction of all requirements for final licensure as a social equity retail licensee. R.I. Gen. Laws § 21-28.11-17.1(a).

2. Upon notification by the Commission, the provisionally approved applicant must take reasonable and documented efforts to complete the prerequisites for issuance of the license. If satisfaction of all requirements for licensure takes longer than twelve (12) months, the provisionally approved applicant must show that licensure requirements have been substantially completed and establish good cause in the form of circumstances beyond the control of the provisionally approved applicant as to why additional time should be granted and the provisional approval should not be rescinded.

3. Once the license has been issued by the Commission, the licensee must take reasonable and documented efforts to launch retail activities, which for purposes of this paragraph shall mean actual acquisition and dispensing of adult use cannabis pursuant to the Cannabis Act and these regulations. If commencement of such activities takes longer than six (6) months, the licensee must show substantial completion toward undertaking licensed activities and establish good cause in the form of circumstances beyond the control of the licensee as to why the license should not be revoked for non-use.

4. Any social equity applicant provisionally approved for licensure in accordance with § 1.5(H) of this Part must satisfy the below requirements before a license authorizing operation of a social equity retail cannabis establishment will be issued:

a. License Fee: The Commission shall waive in full the license fee set by R.I. Gen. Laws § 21-28.11-10.2(b)(7) of thirty thousand dollars ($30,000) for the first year of operation for the initial six (6) social equity retail licenses issued by the Commission. All subsequent

social equity retail licenses issued or reissued by the Commission shall be required to pay the statutory license fee, unless waived or reduced by the Commission in accordance with § 1.12 of this Part.

b. Final Information and Documentation to be Supplied: A provisionally approved applicant must provide any updates to previously submitted application information and the following additional items to the Commission:

(1) Unless already provided with the application, documents confirming ownership or executed lease agreement as to the cannabis establishment premises;

(2) A current certificate of occupancy, or equivalent document, to demonstrate compliance with the relevant provisions of R.I. Gen. Laws Chapters 23-28.1 and 23-27.3 [Fire Safety Code and State Building Code, respectively] for the cannabis establishment;

(3) An updated interest holder/key person disclosure pursuant to § 1.3.1(A)(6) of this Part;

(4) Evidence of completion of a divestiture plan pursuant to § 1.3.2 of this Part;

(5) Evidence that the provisionally approved applicant has acquired a cannabis seed-to-sale tracking system and all necessary equipment and software to implement tracking; and

(6) If there are any material deviations from the approved application, the provisionally approved applicant must submit a request for and obtain a variance from the Commission in accordance with § 1.3.3 of this Part. The Commission may deny the variance in its sole and absolute discretion.

5. Submission of proposed activities or functions in an application by an applicant who is selected for a provisional license does not guarantee or authorize approval for that applicant to conduct all proposed activities or activities in the manner or method proposed.

6. Commission Pre-License Inspection

a. Before a social equity retail license will be issued, a Commission inspection is required. Provisionally approved applicants should contact the Cannabis Office to coordinate said inspection. Nothing in this paragraph should be construed as limiting inspections at an earlier time in addition to the final pre-license inspection.

b. The social equity retail provisionally approved applicant may be required to make any Commission and/or Cannabis Office recommended changes regarding the security or operations of the facility and its personnel prior to commencing licensed activities.

c. Nothing herein shall limit the Commission's authority to require a provisionally approved applicant and/or licensee to implement additional security and safety recommendations from the Commission in the future.

7. Commercial Cannabis Identification Card Requirements

a. Before commencement of operations, all persons who will be present on the premises, including key persons, agents, employees, and volunteers of the social equity retail provisionally approved applicant must apply for a commercial cannabis identification card in accordance with § 1.3.5 of this Part. All persons required to apply for a commercial cannabis identification card, except employees and volunteers, shall submit to a national criminal background check as provided in § 1.3.6 of this Part. Such individuals may be hired, appointed, or retained prior to receiving a commercial cannabis identification card, but may not begin operations or work in cannabis storage, packaging, transport, dispensing or other cannabis activities requiring licensure pursuant to the Cannabis Act and these regulations until receipt of the card.

J. Commission Post-License Inspection of Operations and Inventory

1. After the social equity retail license is issued, the licensee shall apply to the Commission to source inventory in accordance with § 2.11 of this Subchapter.

2. After the social equity retail licensee obtains inventory but prior to conducting retail sales, the licensee shall schedule and pass an inspection with the Commission.

3. The Commission may conduct a post-licensure inspection upon commencement of operations, including but not limited to inspection for compliance of cannabis and cannabis product inventory with the tagging and tracking requirements set forth in §§ 2.9 and 2.10 of this Subchapter. Nothing in this paragraph shall be construed to limit the Commission's general inspection powers as delineated in § 5-1.4 of this Chapter.

4. The Commission shall have the right but not the obligation to notify a social equity retail licensee's banking institution of any non-compliant activity, violations and/or enforcement action(s) taken by the Commission.

K. Social Equity Applicant Structure Compliance Requirements

1. All approved social equity applicants, social equity provisionally approved applicants and social equity retail licensees have a continuing obligation to at all times be organized, structured and operated as required to maintain qualified social equity status in accordance with the Cannabis Act and these rules, including § 1.11 of this Part.

2. Approved social equity applicants who have submitted a qualified application for retail licensure must seek a variance in accordance with § 1.3.3 of this Part to make any changes to an application.

3. All social equity retail licensees shall have a continuing obligation to satisfy the requirements for licensure set forth in these regulations. Licensees shall provide notice to the Commission within ten (10) business days of any proposed changes to key persons and/or the ownership and control structure that may impact the licensee's qualified social equity status in accordance with § 1.3.3 of this Part.

4. If the Commission determines that a social equity retail licensee is no longer in compliance with the requirements necessary to maintain the social equity retail license, including but not limited to maintaining certified social equity applicant status, the social equity retail licensee will be required to implement a corrective action plan or the Commission may initiate proceedings to revoke the license in accordance with Subchapter 5 of this Chapter.

5. A social equity retail license that is no longer in compliance with the requirements of § 1.5 of this Part shall not be eligible to convert to another cannabis establishment license type. R.I. Gen. Laws §§ 21-28.11-5(b)(22) and 21-28.11-31(g).

L. Annual Renewal of Social Equity Retail License

1. Social equity retail licenses shall be issued for one-year terms.

2. Annual renewals shall be submitted on such forms and include such information as required by the Commission.

3. Renewal applications must be received by the Commission prior to the designated renewal date of the social equity retail license.

4. An annual inspection shall be part of the annual renewal process.

5. An annual nonrefundable license fee according to the schedule below shall be submitted with all social equity retail license renewal applications:

Year of Licensure	License Fee
Year 1	No Fee

Year 2	$7,500
Year 3	$15,000
Year 4	$22,500
Year 5 and all subsequent years	$30,000

6. Renewal applications shall include an updated interest holder/key person disclosure and certification as required by § 1.3.1(A)(6) of this Part.

7. The renewal period is one year from the date of first issuance of the license and will occur annually on that date unless and until the license is revoked or surrendered.

1.6 Licensed Workers' Cooperative Cannabis Retail Sales Application, Licensing and Renewals

A. R.I. Gen. Laws §§ 21-28.11-5 and 21-28.11-10.2 authorize the Commission to promulgate regulations for the licensing of workers' cooperative cannabis retailers.

B. Workers' Cooperative Cannabis Retail Sales License Application Period and License Application Timeline

1. Applications for workers' cooperative cannabis retail sales licenses may only be submitted to the Commission for consideration during an open application period announced by the Commission. Open application periods will only be announced upon the availability of a workers' cooperative cannabis retail sales license(s), to issue the original 6 licenses and, thereafter, to issue such additional licenses as may become available due to an expansion in the limit of available licenses, the failure of a qualified applicant to be selected through the application process as described in § 1.6 of this Part, or the failure of a selected applicant to satisfy licensing requirement(s) of the Cannabis Act or Commission regulations, or in the event of the revocation, relinquishment, or expiration without renewal of an existing workers' cooperative cannabis retail sales license. R.I. Gen. Laws §§ 21-28.11-10.2 and 21-28.11-17(b).

C. Application for Workers' Cooperative Cannabis Retail Sales License by Geographic Zones

1. An applicant who applies for a workers' cooperative cannabis retail sales license may only submit one application per geographic zone specified in § 1.3.4 of this Part. R.I. Gen. Laws § 21-28.11-10.3.

D. The Commission will evaluate applications based upon the information provided by applicants on the application forms/submissions and otherwise obtained during the application process.

E. Application Fee

1. Each application for a workers' cooperative cannabis retail sales license shall be accompanied by a non-refundable application fee of seven thousand five hundred dollars ($7,500). R.I. Gen. Laws § 21-28.11-10.2(b)(6).

F. Application Process for Workers' Cooperative Cannabis Retail Sales License

1. Each application for a workers' cooperative cannabis retail sales license shall be on such forms and through such submission mechanisms as designated by the Commission and shall include, but not be limited to, the information set forth in §§ 1.3.1, 1.3.2, 1.3.6, and 1.6 of this Part and the following:

a. For the business plan required in § 1.3.1(A)(2) of this Part, applications for licenses under § 1.6 of this Part must also include:

(1) Three (3) year projected income statement;

(2) Number and category description of full-time equivalent employees and associated payroll expenses, including benefits, required for staffing; and

(3) Profit sharing and/or profit allocation plan; and

b. For the Operations Manual required in § 1.3.1(A)(4), the staffing plan must include job descriptions, employment contracts and volunteer agreements, if applicable.

2. Only applications which the Commission has determined to be complete (i.e., which satisfy all applicable application requirements including but not limited to those in this Part) shall be eligible and accepted for further evaluation and review. Incomplete applications will be deficient and will not be considered further and the application fee will not be refunded.

G. Workers' Cooperative Cannabis Retail Sales Application Review Criteria

1. The Commission shall review complete applications and information otherwise obtained during the application process utilizing the criteria specified in R.I. Gen. Laws §§ 21-28.11-10.2, 21-28.11-17.1, 7-6.2-1 et seq. and §§ 1.3 and 1.6 of this Part to determine whether an application is qualified.

2. If an applicant seeking a workers' cooperative cannabis retail sales license is notified that its application has been deemed "qualified" by the Commission, it shall be eligible for selection in accordance with § 1.6(H) of this Part.

3. In determining whether an applicant is "qualified," the Commission shall determine whether such information adequately demonstrates an ability of the applicant to satisfy licensing requirements and compliance with the Cannabis Act, R.I. Gen. Laws Chapter 7-6.2 and Commission regulations.

H. Application Selection Process

1. Once the Commission completes its review of all applications, the Commission will notify all qualified applicants and publicly announce the date, time, and manner of randomly selecting qualified applicants for approval in each available zone.

2. The Commission will publicly post the names of the qualified applicants for each zone. A random drawing to select the licensee(s) in each zone will be held in a manner that can be observed by the public. A duly authorized representative of all qualified applicants shall attend the random selection process in person. The authorized representative of any qualified applicant which has applied for a license in multiple zones must be present and prepared at the time of the drawing to select and commit to a single zone if the applicant is selected for more than one zone.

3. The Commission will select a qualified applicant for each available zone. After the qualified applicant(s) have been selected for each available zone, any applicant selected for multiple zones must accept a single zone and reject the other zones. After each applicant, if any, which has been selected for multiple zones accepts a single zone and rejects all others, another applicant will be drawn and selected for any rejected zone(s). This process shall continue until there is a separate and distinct qualified applicant selected for each available zone. Once a zone selection has been made, the decision is final and cannot thereafter be amended or altered. Any applicant selected for multiple zones who chooses which single zone they would like to be licensed in, may not thereafter alter that decision or change zones at any time.

4. The selected applicants shall not change or alter their proposed location to another location within the same zone without prior Commission approval. A selected applicant may not relocate or change the proposed location outside of the zone for which they were selected.

5. The selected applicants shall be deemed approved provisionally, subject to satisfaction of all requirements for final licensure. If a selected applicant fails to satisfy all requirements for final licensure as set forth in § 1.6(I) of

this Part, the Commission may repeat the selection process set forth in § 1.6(H) of this Part with any previously qualified applicants for the specified zone whose applications are complete and meet the licensing requirements of this Part. If more than two (2) years has elapsed since the original selection process set forth in in § 1.6(H)(3) of this Part, the Commission may announce a new application period as set forth in § 1.6(B)(1) of this Part.

6. If at the conclusion of the selection process there are any available zones which have not been awarded to, or selected by, a qualified applicant, and if there are no more qualified applicants for those zones to select from, the Commission may reopen the application period and accept applications for any unawarded or unchosen zones and repeat the application, review, and selection processes in accordance with § 1.6 of this Part.

I. Prerequisites to Issuance of Workers' Cooperative Cannabis Retail Sales License and Commencement of Operations

1. Upon notification by the Commission, the provisionally approved applicant must take reasonable and documented efforts to complete the prerequisites for final issuance of the license. If satisfaction of all requirements for licensure takes longer than nine (9) months, the provisionally approved applicant must show substantial completion of licensing requirements and good cause to the Commission in the form of circumstances beyond the provisionally approved applicant's control as to why additional time should be granted and the provisional approval should not be rescinded.

2. Once the license has been issued by the Commission, the licensee must take reasonable and documented efforts to launch workers' cooperative cannabis retail sales activities, which for purposes of this paragraph shall mean actual acquisition and dispensing of adult use cannabis pursuant to the Cannabis Act and Commission regulations. If commencement of such activities takes longer than three (3) months, the workers' cooperative cannabis retail sales licensee must show substantial completion of requirements and good cause to the Commission in the form of circumstances beyond the control of the licensee why the license should not be revoked for non-use.

3. Any workers' cooperative cannabis retail sales applicant provisionally selected for licensure in accordance with § 1.6(H) of this Part must satisfy the below requirements before a final license authorizing operation of the cannabis establishment will be issued:

a. Annual License Fee: The annual license fee set by R.I. Gen. Laws § 21-28.11-10.2(b)(7) of thirty thousand dollars ($30,000) must be paid.

b. Final Information and Documentation to be Supplied - The provisionally approved applicant must provide any updates to previously submitted application information and the following additional items to the Commission:

(1) Unless already provided with the application, documents confirming ownership or executed lease agreement as to the cannabis establishment premises.

(2) A current Certificate of Occupancy (or equivalent document) to demonstrate compliance with the relevant provisions of R.I. Gen. Laws Chapters 23-28.1 and 23-27.3 [Fire Safety Code and State Building Code, respectively] for the cannabis establishment.

(3) Updated interest holder/key person disclosure pursuant to § 1.3.1(A)(6) of this Part.

(4) Evidence of completion of divestiture plan pursuant to § 1.3.2 of this Part.

(5) If there are any material deviations from the approved application, the provisional licensee must submit a request for and obtain a variance from the Commission in accordance with § 1.3.3 of this Part. The Commission may deny the variance in its sole and absolute discretion.

(6) Evidence that the provisionally approved licensee has acquired a cannabis seed-to-sale tracking system and all necessary equipment and software to implement tracking.

(7) An attestation by a bona fide labor organization stating that the provisional licensee has entered into and will abide by the terms of a labor peace agreement in accordance with R.I. Gen. Laws § 21-28.11-12.2.

4. Submission of proposed activities or functions in an application by an applicant who is selected for a provisional license does not guarantee or authorize approval for that applicant to conduct all proposed activities or activities in the manner or method proposed.

5. Commission Pre-License Inspection

a. Before a workers' cooperative cannabis retail sales license will be issued, a Commission inspection is required. Provisional licensees should contact the Commission to coordinate said inspection. Nothing in this paragraph should be construed as limiting

inspections at an earlier time in addition to the final pre-license inspection.

b. The provisional licensee may be required to make any Commission recommended changes regarding the security or operations of the facility and its personnel prior to commencing licensed activities.

c. Nothing herein shall limit the Commission's authority to require a provisionally approved applicant and/or licensee to implement additional security and safety recommendations from the Commission in the future.

6. Commercial Cannabis Identification Card Requirements

a. Before commencement of operations, all key persons, agents, employees, and volunteers of the workers' cooperative cannabis retail applicant must apply for a commercial cannabis identification card as set forth in § 1.3.5 of this Part. All persons required to apply for a commercial cannabis identification card, except employees and volunteers, shall submit to a national criminal background check as provided in § 1.3.6 of this Part. Such individuals may be hired, appointed, or retained prior to receiving a commercial cannabis identification card, but may not begin operations or work in cannabis storage, packaging, transport, dispensing or other cannabis activities requiring licensure pursuant to the Cannabis Act and Commission regulations until receipt of the card.

J. Commission Post-License Inspection of Operations and Inventory

1. After the workers' cooperative cannabis retail sales license is issued, the licensee shall apply to the Commission to source inventory in accordance with § 2.11 of this Subchapter.

2. After the workers' cooperative cannabis retail sales licensee obtains inventory but prior to conducting retail sales, the licensee shall schedule and pass an inspection with the Commission.

3. The Commission may conduct a post-licensure inspection upon commencement of operations, including but not limited to inspection for compliance of cannabis and cannabis product inventory with the tagging and tracking requirements set forth in §§ 2.9 & 2.10 of this Subchapter. Nothing in this paragraph shall be construed to limit the Commission's general inspection powers as delineated in § 5-1.4 of this Chapter.

4. The Commission shall have the right but not the obligation to notify a licensee's banking institution of any non-compliant activity, violations and/or enforcement action(s) taken by the Commission.

K. Workers' Cooperative Compliance

1. All workers' cooperative retail licensees have a continuing obligation to at all times be organized, structured and operated as a workers' cooperative in compliance with R.I. Gen. Laws Chapter 7-6.2.

2. All workers' cooperative retail licensees shall have a continuing obligation to satisfy the requirements for licensure set forth in this Part.

3. If the Commission determines that a workers' cooperative retail licensee is no longer in compliance with the requirements necessary to maintain workers' cooperative status, that workers' cooperative retail license will be required to implement a corrective action plan or the Commission may revoke the license.

4. Workers' Cooperative Retail Licensees that are no longer in compliance with the requirements of § 1.6 of this Part are not eligible to convert the license to another cannabis establishment license type. R.I. Gen. Laws § 21-28.11-5(b)(22).

L. Annual Renewal

1. Workers' cooperative cannabis retail licenses shall be issued for one-year terms.

2. Annual renewals shall be submitted on such forms and include such information as required by the Commission.

3. Renewal applications must be received by the Commission prior to the designated renewal date of the workers' cooperative retail sales license.

4. An annual inspection shall be part of the annual renewal process.

5. Renewal applications shall include an updated interest holder/key person disclosure and certification as required by § 1.3.1(A)(6) of this Part.

6. The renewal period is one year from the date of first issuance of the license and will occur annually on that date unless and until the license is revoked or surrendered.

1.7 Cannabis Product Manufacturer Application, Licensing and Renewals

A. R.I. Gen. Laws §§ 21-28.11-5 and 21-28.11-9 authorize the Commission to promulgate regulations for the licensing of cannabis product manufacturers.

B. Permitted Activities of Licensed Cannabis Product Manufacturers

1. In addition to the requirements set forth in R.I. Gen. Laws § 21-28.11-9, Cannabis Product Manufacturers shall also comply with all requirements set forth in § 1.7 of this Part and all other Parts of these regulations.

2. A cannabis product manufacturer is a cannabis establishment licensed to obtain, manufacture, process and package cannabis and cannabis products, and may deliver or transfer cannabis products to other cannabis establishments.

3. Licensed cannabis product manufacturers may purchase cannabis from licensed cannabis cultivators for processing and may only transfer or sell cannabis products to other entities that are licensed pursuant to and operate in accordance with the Cannabis Act, the Medical Marijuana Act and these rules.

4. Cannabis product manufacturers shall not cultivate cannabis and may only receive, transfer and sell cannabis and cannabis products as set forth in § 2.11 of this Subchapter.

5. A direct sale or transfer of cannabis or cannabis products from a licensed cannabis product manufacturer to a consumer is prohibited.

6. Cannabis product manufacturers may manufacture products for both the adult use and medical cannabis markets.

7. A licensed cannabis product manufacturer shall only be licensed to conduct licensed activities at a single location.

8. Licensed cannabis product manufacturers must abide by all local ordinances, including zoning ordinances, and may be subject to any additional location restrictions established by the Commission.

C. Licensed Cannabis Product Manufacturer Application Period and License Application Timeline

1. Applications to become licensed as a cannabis product manufacturer may only be submitted to the Commission for consideration during an open application period announced by the Commission. The Commission reserves the right to modify application periods and to limit the number of new licenses available to new applicants in furtherance of maintaining a stable, regulated cannabis industry and mitigating the impact on public health and safety. R.I. Gen. Laws §§ 21-28.11-5 and 21-28.11-17(b).

D. The Commission will evaluate applications based upon the information provided by applicants on the application forms/submissions and otherwise obtained during the application process.

E. Application Fee

1. All cannabis product manufacturer applications shall be accompanied by a non-refundable application fee of two-thousand dollars ($2,000).

F. Application Process for Cannabis Product Manufacturer License

1. Each application for a licensed cannabis product manufacturer shall be on such forms and through such submission mechanisms as designated by the Commission and shall include, but not be limited to the information set forth in §§ 1.3.1, 1.3.2, 1.3.6 and 1.7 of this Part, and including the following:

a. Plan for distinguishing between sales of finished cannabis products at wholesale based on designation for medical or adult use sales, if applicable;

b. If applicable, evidence of compliance with Minimum Requirements for Departmental Approval of Volatile Solvent-Based Hydrocarbon Extraction Operations, as set forth in § 2.20 of this Subchapter; and

c. All other information required by the Commission as described in the application form.

2. Only applications which the Commission has determined to be complete (i.e., adequately addresses all application requirements of this Part and contains complete responses to all mandatory questions) shall be eligible for review.

G. Prerequisites to Issuance of Cannabis Product Manufacturer License and Commencement of Operations

1. If an applicant seeking to operate as a licensed cannabis product manufacturer is notified that its application has been approved by the Commission, it shall complete the below steps before a license will be issued.

2. Payment of the annual cannabis product manufacturing license fee of four thousand, five hundred dollars ($4,500).

3. Final Information and Documentation to be Supplied. The applicant must provide any updates to previously submitted application information and the following additional items to the Commission:

a. A sufficient description of the final physical location of the cannabis establishment (by plat and lot number, mailing address, etc.).

b. Evidence that the physical location for the cannabis establishment is not located within five hundred feet (500') of the property line of a preexisting public or private school.

c. A current Certificate of Occupancy (or equivalent document) to demonstrate compliance of the cannabis establishment with the relevant provisions of R.I. Gen. Laws Chapters 23-28.1 and 23-27.3 [Fire Safety Code and State Building Code, respectively].

d. Evidence of approval from the state fire marshal's office for any and all forms of manufacturing that use a heat source or flammable solvent. R.I. Gen. Laws § 21-28.11-5(b)(28)(ii).

e. Evidence of either ownership of property or agreement by owner of property to allow the operation of a licensed cannabis product manufacturer on the property.

f. A final diagram of the cannabis establishment, including where cannabis will be stored, processed and packaged, and where security alarms and cameras and surveillance recording storage will be located.

g. The legal name, current address, and date of birth of any interest holder or person who will be an employee or agent of the cannabis product manufacturer at its inception or in the anticipated future.

h. Evidence of completion of divestiture plan and other individual relinquishment requirements pursuant to § 1.3.2 of this Part.

4. Pre-License Inspection. Before a cannabis product manufacturer license will be issued, a Commission inspection is required. Approved applicants should contact the Commission to coordinate said inspection. Nothing in this paragraph should be construed as limiting inspections at an earlier time in addition to the final pre-license inspection. As a result of this inspection the cannabis product manufacturer may be required to make any changes required by the Commission, including but not limited to issues regarding the security of the cannabis establishment or its personnel, prior to commencing licensed activities.

H. Post-Approval Process and Timeline

1. Upon notification of approval of a license application from the Commission, the approved applicant must take reasonable and documented efforts to complete the prerequisites for issuance of the license pursuant to the steps detailed in § 1.7(G) of this Part. If such efforts take longer than nine (9) months, the approved applicant must show that licensure requirements have been substantially completed and show good cause to the Commission in the form of circumstances beyond the control of the approved applicant to establish why additional time should be granted and the application approval should not be rescinded.

2. Once the license has been issued, the licensed cannabis product manufacturer must take reasonable and documented efforts to launch licensed activities, which for purposes of this paragraph shall mean actual cannabis processing, packaging, manufacturing, and/or other activities requiring a cannabis product manufacturer license pursuant to the Cannabis Act and/or Medical Marijuana Act. If such efforts take longer than six (6) months, the licensed cannabis product manufacturer must show that licensure requirements have been substantially completed and show good cause to the Commission in the form of circumstances beyond the control of the approved applicant to establish good cause to the Commission why the license should not be revoked for non-use.

I. Post-Licensure Inspection of Operations, Inventory and Requirements

1. After the cannabis product manufacturer license is issued, the licensed cannabis product manufacturer shall notify the Commission when it obtains inventory and commences operations. The Commission may conduct a post-licensure inspection upon this commencement of operations, including but not limited to inspection for compliance of cannabis and cannabis product inventory with the tracking requirements set forth in §§ 2.9 and 2.10 of this Subchapter. Nothing in this paragraph shall be construed to limit the Commission's general inspection powers as delineated in § 5-1.4 of this Chapter.

J. Annual License Renewal

1. Cannabis product manufacturer licenses shall be issued for one-year terms.

2. Annual renewals shall be submitted on such forms and include such information as prescribed by the Commission.

3. Renewal applications must be received by the Commission prior to the designated renewal date of the cannabis product manufacturer license.

4. A licensed cannabis product manufacturer must submit to the Commission an annual license fee of four thousand five hundred dollars ($4,500) prior to the renewal being issued.

5. All licensees must be in good standing with the Commission prior to the renewal being issued.

6. An annual inspection shall be part of the annual renewal process.

1.8 Compassion Center Application, Licensing and Renewals

A. R.I. Gen. Laws §§ 21-28.11-5, 21-28.11-10 and 21-28.11-10.1 authorize the Commission to promulgate regulations to license compassion centers and to

assume all powers, duties, and responsibilities previously held by the Department of Business Regulation and the Office of Cannabis Regulation with respect to the regulation, administration and enforcement of the provisions of the Medical Marijuana Act.

B. Compassion Center Application Period and License Application Timeline

1. Applications for compassion center licensure may only be submitted to the Commission for consideration during an open application period announced by the Commission. R.I. Gen. Laws § 21-28.11-17(b).

2. Open application periods may be announced upon the availability of a compassion center license such as may be due to an expansion in the number of available licenses, the absence of a qualified applicant to be selected through the application process as described in § 1.8(H)(6) of this Part, the failure of a selected applicant to satisfy licensing requirement(s) of the Medical Marijuana Act, the Cannabis Act or these regulations as described in in § 1.8(H)(5) of this Part, or in the event of the revocation, relinquishment, or expiration without renewal of an existing compassion center license, as provided in R.I. Gen. Laws §§ 21-28.6-12(b)(7)(ii), 21-28.6-12(b)(8), and 21-28.6-12(d)(3).

C. Application for Compassion Center License

1. Compassion center licenses will be issued pursuant to R.I. Gen. Laws § 21-28.6-12(c)(3) regarding geographic location.

2. An applicant who applies for a compassion center license may only submit one application per zone. A person or entity cannot be an interest holder with respect to more than one applicant/application for a compassion center license per zone. An applicant may apply for a license in more than one zone provided, however, that if an applicant is selected for a license in more than one zone, the applicant must select a single zone in which the applicant will proceed with licensing in accordance with § 1.8(H) of this Part. Another applicant will then be selected for the zone or zones which were not selected. Applicants who apply in more than one zone must submit a separate application and separate application fee for each zone they apply to and indicate in each application all applications it has submitted and in which zones.

D. The Commission will evaluate applications based upon the information provided by applicants on the application forms/submissions and otherwise obtained during the application process.

E. Application Fee

1. Each application shall be accompanied by a non-refundable application fee of $10,000. R.I. Gen. Laws § 21-28.6-12(c)(1)(i).

F. Application Process for Compassion Center License

1. Each application for a compassion center shall be on such forms and through such submission mechanisms as designated by the Commission and shall include, but not be limited to, the information set forth in §§ 1.3.1, 1.3.2, 1.3.6 and 1.8 of this Part, and also including the following:

a. The applicant's corporate information required in § 1.3.1(A)(1), compassion center applications shall also include non-profit corporation compliance including, certificate of incorporation under R.I. Gen. Laws § 7-6-36 or certificate of authority under R.I. Gen. Laws § 7-6-70, copies of articles of incorporation and bylaws, and, if applicable, documentation of recognition as a tax-exempt organization by the US Internal Revenue Service.

b. For the business plan information required in § 1.3.1(A)(2) of this Part, the compassion center application shall also include:

(1) Applicant's experience running a non-profit organization or other business, and applicant's experience running a medical cannabis business, as applicable; and

(2) Services for hardship patients and charity care.

c. For the operations manual information required in § 1.3.1(A)(4) of this Part, the compassion center application shall also include:

(1) Patient and personal data privacy;

(2) Patient confidentiality, education, counseling and outreach; and

(3) Assuring steady supply for patients.

d. The proposed physical location of the compassion center by plat and lot number, street address and zoning district. If the applicant holds a valid Rhode Island cultivator license, then this may also include one additional location proposed to be used for the secure cultivation of medical cannabis. Regarding the proposed physical location(s), the applicant shall submit:

(1) The proposed physical location of the cannabis establishment by plat and lot number, street address and mailing address.

(2) Evidence of full compliance of the facility with the local zoning laws in the form of a certificate or letter from an authorized zoning official of the municipality confirming

zoning compliance and receipt of all required final zoning approvals and certification by an authorized officer of the applicant as to compliance with any other applicable local ordinances.

(3) Evidence that the physical location is not located within one thousand feet (1,000') of the property line of a preexisting public or private school in compliance with R.I. Gen. Laws § 21-28.6-12(f)(2).

(A) For the purposes of this paragraph, "private school" shall be deemed to refer to any nonpublic institution of elementary or secondary (K-12th Grade) education, accredited or recognized as a private school by the department of elementary and secondary education or the school committee of the city or town having jurisdiction over private schools.

(B) For purposes of this paragraph, the 1000-foot distance shall be measured from the secured compassion center premises, which shall include allotted outdoor areas (such as parking and loading areas), to the property line of the school, which shall include the school building, land, and appurtenances.

(4) A draft diagram of the proposed facilities, including where within the facility the medical cannabis will be stored, processed, packaged, manufactured and dispensed, and where security alarms and cameras and surveillance recording storage will be located, patient access areas, limited access areas, patient parking capacity and access for persons with disabilities in accordance with applicable law, and showing the location of the facility relative to streets and other public areas.

(5) A description of objective parameters (such as distances from streets and public areas) and/or proposed measures (such as black-out window shades) that ensure that cannabis and cannabis products at the premises shall not be visible from the street or other public areas.

(6) Documents evidencing either ownership of property or lease agreement with owner of property to allow the operation of a cannabis establishment on the property.

e. A certification regarding nonprofit compliance as required in the Commission's application form which includes the following

certifications and information as to status and any existing and/or proposed:

(1) Nonprofit status and operation;

(2) Management companies, vendors and contracts;

(3) Related party transactions;

(4) Real estate and equipment transactions;

(5) Compensation of officers, directors and employees; and

(6) Revenue and profit-sharing arrangements.

f. With respect to the disclosure and divesture requirements in § 1.3.2 of this part, except as provided in § 21-28.11-19(d), a compassion center and interest holders/key persons thereof may not have any "material financial interest or control" in another Rhode Island cannabis establishment licensee or vice versa. R.I. Gen. Laws §§ 21-28.6-12(b)(1)(ii), 21-28.6-12(d)(5)(v), 21-28.11-19.

g. Other written materials which will allow the Commission to determine the compassion center's ability to comply with the review criteria contained in R.I. Gen. Laws § 21-28.6-12(c)(3) and these regulations.

h. All other information required by the Commission as described in the application form.

5. Only applications which the Commission has determined to be complete (i.e., which satisfy all applicable application requirements including but not limited to those above) shall be eligible and accepted for further evaluation and review. Incomplete applications will be deficient and will not be considered further and the application fee will not be refunded.

G. Compassion Center Application Review Criteria

1. The Commission shall review complete applications and information otherwise obtained during the application process utilizing the criteria specified in R.I. Gen. Laws § 21-28.6-12(c)(3) of the Medical Marijuana Act and § 1.8 of this Part in order to determine whether an application is qualified.

2. If an applicant seeking a license to operate a compassion center is notified that its application has been deemed "qualified" by the Commission, it shall be eligible for selection in accordance with § 1.8(H) of this Part.

3. In determining whether an applicant is “qualified,” the Commission shall determine whether such information adequately demonstrates an ability of the applicant to satisfy licensing requirements and compliance with the Medical Marijuana Act, the Cannabis Act, and these regulations.

H. Application Selection Process

1. Once the Commission completes its review of all applications, the Commission will notify all qualified applicants and publicly announce the date, time, and manner of randomly selecting qualified applicants for approval in each available zone.

2. The Commission will publicly post the names of the qualified applicants for each zone. A random drawing to select the licensee(s) in each zone will be held in a manner that can be observed by the public. A duly authorized representative of all qualified applicants shall attend the random selection in person. The authorized representative of any qualified applicant which has applied for a license in multiple zones must be present and prepared at the time of the drawing to select and commit to a single zone if the applicant is selected for more than one zone.

3. The Commission will select a qualified applicant for each available zone. After the qualified applicant(s) have been selected for each available zone, any applicant selected for multiple zones must accept a single zone and reject the other zones. After each applicant, if any, which has been selected for multiple zones accepts a single zone and rejects all others, another applicant will be drawn and selected for any rejected zone(s). This process shall continue until there is a separate and distinct qualified applicant selected for each available zone. Once a zone selection has been made, the decision is final and cannot thereafter be amended or altered. Any applicant selected for multiple zones who chooses which single zone they would like to be licensed in, may not thereafter alter that decision or change zones at any time.

4. The selected applicants shall not change or alter their proposed location to another location within the same zone without prior Commission approval. A selected applicant may not relocate or change the proposed location outside of the zone for which they were selected.

5. The selected applicants shall be deemed approved provisionally, subject to satisfaction of all requirements for final licensure. If a provisionally approved applicant fails to satisfy all requirements for final licensure as set forth in § 1.8(I) of this Part, the Commission may repeat the selection process set forth in § 1.8(H) of this Part with any previously qualified applicants for the specified zone whose applications are complete and meet the licensing requirements of this Part. If more than two (2) years has elapsed since the original selection process set forth in in § 1.8(H)(3)

of this Part, the Commission may announce a new application period as set forth in § 1.8(B)(2) of this Part.

6. If at the conclusion of the selection process there are any available zones which have not been awarded to, or selected by, a qualified applicant, and if there are no more qualified applicants for those zones to select from, the Commission may reopen the application period and accept applications for any unawarded or unchosen zones and repeat the application, review, and selection processes in accordance with § 1.8 of this Part.

I. Prerequisites to Issuance of Compassion Center License and Commencement of Operations

1. Upon notification by the Commission, the provisionally approved applicant must take reasonable and documented efforts to complete the prerequisites for issuance of the license. If satisfaction of all requirements for licensure takes longer than nine (9) months, the provisionally approved applicant must show substantial completion of licensing requirements and good cause to the Commission in the form of circumstances beyond the control of the applicant as to why additional time should be granted and the provisional approval should not be rescinded.

2. Once the license has been issued by the Commission, the compassion center must take reasonable and documented efforts to launch compassion center activities, which for purposes of this paragraph shall mean actual acquisition and dispensing of medical cannabis pursuant to the Medical Marijuana Act and these regulations. If commencement of such activities takes longer than three (3) months, the licensee must show substantial completion of requirements and good cause to the Commission in the form of circumstances beyond the control of the licensee as to why the license should not be revoked for non-use.

3. Any compassion center applicant selected for provisional licensure in accordance with § 1.8(H) of this Part must satisfy the below requirements before a license authorizing operation of a compassion center will be issued:

a. Annual Compassion Center Registration Fee: The annual license fee set by R.I. Gen. Laws § 21-28.6-12(c)(5)(ii) of five hundred thousand dollars ($500,000) must be paid.

b. Final Information and Documentation to be Supplied - The provisionally approved applicant must provide any updates to previously submitted application information and the following additional items to the Commission:

(1) Unless already provided with the application, documents confirming ownership or executed lease agreement as to the compassion center premises.

(2) Evidence of full compliance of the facility with the local zoning laws in the form of a certificate or letter from an authorized zoning official of the municipality confirming zoning compliance and receipt of all required final zoning approvals and certification by an authorized officer of the applicant as to compliance with any other applicable local ordinances.

(3) A current certificate of occupancy (or equivalent document) to demonstrate compliance with the relevant provisions of R.I. Gen. Laws Chapters 23-28.1 and 23-27.3 [Fire Safety Code and State Building Code, respectively] for each physical address to be utilized as a compassion center or for the secure cultivation of medical cannabis, if applicable.

(4) Updated interest holder/key person disclosure and updated certification of nonprofit status and compliance pursuant § 1.3.1(A)(6) of this Part.

(5) Evidence of completion of divestiture plan pursuant to § 1.3.2 of this Part.

(6) If there are any material deviations from the approved application, the applicant must submit a request for and obtain a variance from the Commission in accordance with § 1.3.3 of this Part. The Commission may deny the variance in its sole and absolute discretion.

(7) In the event the applicant holds a cultivation license that will merge into the compassion center license pursuant to R.I. Gen. Laws § 21-28.6-12(b)(10), the applicant shall provide to the Commission a certificate from the Rhode Island Secretary of State as to articles of merger of the cultivator license holder entity into the applicant entity or certified articles of dissolution of the cultivator entity, and such other documents evidencing the merger and/or transfer of assets and operations as required by the Commission.

(8) Evidence that the provisionally approved applicant has acquired a cannabis seed-to-sale tracking system and all necessary equipment and software to implement tracking.

4. Submission of proposed activities or functions in an application by an applicant who is selected for a license does not guarantee or authorize

approval for that applicant to conduct all proposed activities or activities in the manner or method proposed.

5. In accordance with R.I. Gen. Laws § 21-28.6-12(f)(5):

   a. The applicant must schedule an on-site inspection of the compassion center with the RISP to inspect the facility's security.

   b. The compassion center may be required to make any RISP or Commission recommended changes regarding the security or operations of the facility and its personnel prior to commencing licensed activities.

   c. Nothing herein shall limit the Commission's authority to require an applicant and/or licensee to implement additional security and safety recommendations from RISP or the Commission in the future.

6. Commission Pre-License Inspection

   a. Before a compassion center license will be issued, a Commission inspection is required. Provisionally approved applicants should contact the Commission to coordinate said inspection. Nothing in this paragraph should be construed as limiting inspections at an earlier time in addition to the final pre-license inspection.

7. Commercial Cannabis Identification Card Requirements

   a. Before commencement of operations, all owners, members, officers, directors, managers, agents, employees, and volunteers of the compassion center must apply for a commercial cannabis identification card as provided in § 1.3.5 of this Part. All persons required to apply for a compassion center commercial cannabis identification card, except employees and volunteers, shall submit to a national criminal background check as provided in § 1.3.6 of this Part. Such individuals may be hired, appointed, or retained prior to receiving a commercial cannabis identification card, but may not begin operations or work in medical cannabis cultivation, storage, processing, packaging, manufacturing, transport, dispensing or other medical cannabis activities requiring licensure pursuant to the Medical Marijuana Act until receipt of the card.

J. Commission Post-License Inspection of Operations and Inventory

1. After the compassion center license is issued, the compassion center shall apply to the Commission to source inventory in accordance with § 2.11 of Part 2 of this Subchapter.

2. After the compassion center obtains inventory but prior to conducting retail sales, the compassion center shall schedule and pass a pre-sales inspection with the Commission.

3. The Commission may conduct a post-licensure inspection upon commencement of operations, including but not limited to inspection for compliance of medical cannabis and cannabis product inventory with the tagging and tracking requirements set forth in § 2.9 and § 2.10 of Part 2 of this Subchapter. Nothing in this paragraph shall be construed to limit the Commission's general inspection powers as delineated in § 1.4 of Part 1 of Subchapter 5 this Chapter.

4. The Commission shall have the right but not the obligation to notify a compassion center's banking institution of any non-compliant activity, violations and/or enforcement action(s) taken by the Commission.

K. Prohibited Business Relationships with Medical Practitioners

1. R.I. Gen. Laws § 21-28.6-12(d)(5)(iv) prohibits compassion center license holders or any cardholders under the license from entering into a business relationship with any medical practitioner who provides written certifications of qualifying patients' medical conditions in connection with Rhode Island's Medical Marijuana Program.

2. Prohibited business relationships include but are not limited to:

a. Employment;

b. Fee splitting;

c. Referral or similar fees;

d. Cost sharing;

e. Subsidies or reimbursement; and

f. Any other similar business or financial relationships with a practitioner or any affiliated persons or entities who provide or otherwise facilitate patient certifications to Rhode Island residents, whether directly or indirectly, including through another medical marijuana program license.

3. Pursuant to § 5-1.4 of this Chapter, the Commission may review and audit the books and records of licensees to ascertain compliance with the Medical Marijuana Act, the Cannabis Act and these regulations. Any compassion center licensee which has or whose cardholders have prohibited business relationships in violation of the Medical Marijuana Act

may be subject to enforcement proceedings including revocation of licensure by the Commission.

L. Nonprofit Compliance

1. All compassion centers have a continuing obligation to be organized, structured and operated as a nonprofit in compliance with R.I. Gen. Laws Chapter 7-6, unless the compassion center has obtained a hybrid cannabis retailer authorization and has converted to a for-profit-corporation structure in accordance with R.I. Gen. Laws § 21-28.11-10(d) and § 1.9(F) of this Part.

2. A compassion center shall at all times be operated on a not-for-profit basis for the mutual benefit of its patients in accordance with R.I. Gen. Laws § 21-28.6-12(f).

3. Compassion centers shall not be organized, structured or operated in a manner that violates R.I. Gen. Laws § 21-28.6-12(f), or which would cause medical cannabis and medical cannabis products to be priced at unreasonable rates, as determined by the Commission, in accordance with R.I. Gen. Laws § 21-28.6-12(d)(2)(iii).

4. All licensed compassion centers have a continuing obligation to satisfy the requirements for licensure set forth in this Part.

M. Annual Renewal

1. Compassion center licenses shall be issued for one-year terms.

2. Annual renewals shall be submitted on such forms and include such information as required by the Commission.

3. Renewal applications must be received by the Commission prior to the designated renewal date for the compassion center license.

4. Pursuant to R.I. Gen. Laws § 21-28.6-12(d)(2), the Commission's review of compassion center renewal applications shall include consideration of whether the compassion center is adequately providing patients with access to medical cannabis at reasonable rates.

5. An annual inspection shall be part of the annual renewal process.

6. Subject to § 21-28.11-10(d), renewal applications shall include an updated certification of nonprofit compliance and an interest holder/key person disclosure and certification as required by §§ 1.8(F)(1)(g) and 1.3.1(A)(6) of this Part.

7. The renewal period is one year from the date of first issuance and will occur annually on that date unless and until the license is revoked or

surrendered. The issuance of temporary licenses by the Commission, pursuant to R.I. Gen. Laws § 21-28.6-12(d)(4), does not alter this renewal period or license term with respect to payment of the annual license fee.

1.9 Hybrid Cannabis Retailer Authorization Application and Renewals

A. R.I. Gen. Laws §§ 21-28.11-5, 21-28.11-10 and 21-28.11-10.1 authorize the Commission to promulgate regulations for hybrid cannabis retailers.

B. Hybrid Cannabis Retailer Eligibility

1. A licensed compassion center may apply to operate as a hybrid cannabis retailer and thereby be permitted to sell both adult use and medical cannabis pursuant to the provisions of the Cannabis Act and Medical Marijuana Act. To be eligible to become authorized as a hybrid cannabis retailer, a licensed compassion center must be in good standing and maintain its compassion center license in accordance with the provisions of the Medical Marijuana Act and must make good faith efforts to ensure that the sale of adult use cannabis has no significant adverse effect, as determined by the Commission, on the medical marijuana program and patient needs. R.I. Gen. Laws § 21-28.11-10.

C. Application for Hybrid Cannabis Retailer Authorization

1. The application for authorization as a hybrid cannabis retailer shall be on such forms and through such submission mechanisms as designated by the Commission, and shall include, but not be limited to, the following:

a. The applicant's legal and any d/b/a name(s), mailing address, phone number(s), and Compassion Center license number.

b. The physical location of the cannabis establishment by plat and lot number, street address and mailing address.

c. Square footage of the cannabis establishment retail facility and the square footage of the licensed cultivation facility, if applicable.

d. Name and contact information for the applicant's compliance officer and, if different, the designated individual primarily responsible for maintenance of Medical Marijuana Program (MMP) services levels and ongoing compliance with existing MMP program requirements, rules, and regulations.

e. Policies and procedures detailing the applicant's plan to maintain a sufficient quantity and variety of medical cannabis products.

f. A description and visual rendering of the applicant's plan to provide and maintain a patient consultation area that will allow privacy for confidential consultation with qualifying patients (e.g., office space with door).

g. A description and visual rendering of the applicant's plan to physically separate sales areas for adult use and medical sales, which may be provided by a temporary or semi-permanent physical barrier (e.g., tri-fold privacy screens, movable partitions, and room dividers).

h. A plan and description detailing the applicant's methods, protocols, and practices for the physical separation of medical and adult use inventory, storage, and customer-facing floor and display areas for available products.

i. A description of the applicant's plan to prioritize patient and caregiver identification verification and physical entry into retail areas in the event of reaching capacity or other constraints. This plan may include, but is not limited to, employee greeters to escort qualified patients, priority lines and/or entrances for qualified patients, and reserved hours of operation for qualified patient access.

j. The applicant's updated standard operating procedures that encompass both adult use and medical cannabis service. The applicant may submit a redlined version of its current MMP operations manual with updated procedures for the management of adult use sales to comply with this requirement.

k. If the applicant has an approved variance, in accordance with § 1.3.3 of this Part, to offer home delivery services as part of its participation in the MMP, an updated, redlined version of changes to the applicant's home delivery plan for adult use retail sales.

l. An attestation from a bona fide labor organization stating that applicant meets the requirements of R.I. Gen. Laws § 21-28.11-12.2 relating to Labor Peace Agreements.

m. If the applicant will elect to transition from a not-for-profit corporation to a for-profit corporation pursuant to R.I. Gen. Laws § 21-28.11-10(d), supporting documentation including but not limited to timetables for such transition, copies of proposed articles of merger and/or other corporate documents pursuant to which such transition will be effectuated.

n. If applicable, a written description detailing the constraints present in the applicant's premises which prevent the applicant from

meeting the requirements identified in § 1.9(C)(1)(f)-(j) at the applicant's current licensed premises or describe the undue hardship that would result from applicant's efforts to satisfy same. Documentation confirming how the applicant meets the following minimum conditions that apply to and must satisfied by all proposed retail locations include but are not limited to:

(1) The adjunct location must be physically located within the same municipality and geographic zone as the applicant's licensed premises;

(2) The adjunct location must comply with all municipal zoning requirements and applicant must obtain and submit to the Commission a copy of municipal approval;

(3) The approval of any adjunct location will not cause due hardship upon another licensed cannabis retailer; and

(4) If approved by the Commission, the hybrid cannabis retailer shall not be permitted to engage in the sale of cannabis for adult-use at more than one premises. R.I. Gen. Laws § 21-28.11-10.1(d)(1)(iv).

o. An affidavit of compliance with filing all required tax returns and paying all taxes due to the State of Rhode Island in accordance with R.I. Gen. Laws Chapter 5-76.

p. All other information required by the Commission as described in the application form.

2. Only applications which the Commission has determined to be complete (i.e., which satisfy all applicable application requirements including but not limited to those above) shall be accepted for further evaluation and review.

D. Hybrid Cannabis Retailer Application Review Process

1. The Commission will evaluate applications based upon the information provided by applicants on the application forms/submissions and information otherwise obtained during the application process.

2. Upon receipt of a complete hybrid cannabis retailer application and application fee, the Commission shall:

a. Forward a copy of the application to the city or town in which the cannabis establishment is to be located.

b. Determine whether the applicant and the premises qualify and have complied with the provisions of the Cannabis Act and these rules, and, within ninety (90) days:

(1) Acknowledge that the application is satisfactory and complete; or

(2) Send the applicant a notice of rejection setting forth specific reasons why the application is incomplete, rejected, unsatisfactory or fails to comply with application requirements. Incomplete applications will be deficient and will not be considered further and the application fee will not be refunded.

3. Applications identified as satisfactory and complete shall be deemed approved conditionally, subject to satisfaction of all requirements for final authorization as a hybrid cannabis retailer. R.I. Gen. Laws § 21-28.11-17.1(a).

E. Prerequisites to Issuance of Hybrid Cannabis Retailer Authorization and Commencement of Operations

1. Upon notification by the Commission, the approved applicant must take reasonable and documented efforts to complete the prerequisites for issuance of the authorization. If satisfaction of all requirements takes longer than six (6) months, the approved applicant must show substantial completion of requirements and good cause to the Commission in the form of circumstances beyond the control of the approved applicant why additional time should be granted and the application approval should not be rescinded.

2. Any applicant selected for hybrid cannabis retail authorization in accordance with § 1.9 of this Part must satisfy the below requirements before an authorization permitting operation as a hybrid cannabis retailer will be issued by the Commission:

a. Annual Authorization Fee. Prior to the issuance of a hybrid cannabis retailer authorization, or for any period of renewal, the applicant shall pay an annual fee of thirty thousand dollars ($30,000). R.I. Gen. Laws §§ 21-28.11-10(e) and 21-28.11-10.2(b)(7).

b. Final Information and Documentation to be Supplied. The applicant must provide any updates to previously submitted application information and the following additional items to the Commission:

(1) Evidence of completion of divestiture plan pursuant to § 1.3.2 of this Part.

(2) Evidence that the applicant has acquired a cannabis seed-to-sale tracking system and all necessary equipment and software to implement tracking.

(3) If there are any material deviations from the approved application, the applicant must submit a request for and obtain a variance from the Commission in accordance with § 1.3.3 of this Part. The Commission may deny the variance in its sole and absolute discretion.

3. Commission Inspection

a. Before a hybrid cannabis retail authorization will be issued, a Commission inspection is required. Approved applicants should contact the Commission to coordinate said inspection. Nothing in this paragraph should be construed as limiting inspections at an earlier time in addition to the final and post licensing inspections.

b. The hybrid cannabis retailer may be required to make any Commission recommended changes regarding the security or operations of the facility and its personnel prior to commencing licensed activities.

c. Nothing herein shall limit the Commission's authority to require a licensee to implement additional security and safety recommendations from the Commission in the future.

4. Once the hybrid cannabis retailer authorization has been issued by the Commission, the licensee must take reasonable and documented efforts to launch hybrid cannabis retailer activities, which for purposes of this paragraph shall mean actual acquisition and dispensing of adult use cannabis pursuant to the Cannabis Act and these regulations. If commencement of such activities takes longer than three (3) months, the hybrid cannabis retailer must show good cause to the Commission why the authorization should not be revoked for non-use.

5. Once the authorization has been issued by the Commission, the hybrid cannabis retailer shall post in a conspicuous place a copy of a certificate of authorization evidencing a license in good standing and payment of the hybrid cannabis retailer fee. R.I. Gen. Laws § 21-28.11-10(a)(3).

6. Submission of proposed activities or functions in an application by an applicant who is selected for a hybrid cannabis retail authorization does not guarantee or authorize approval for that applicant to conduct all proposed activities or activities in the manner or method proposed.

F. Nonprofit Corporate Structure Conversion

1. A compassion center authorized as hybrid cannabis retailer is exempt from compliance with the not-for-profit corporation registration requirement under R.I. Gen. Laws Chapter 7-6, provided the compassion center has converted to a for-profit corporation or other entity in compliance with all applicable laws pertaining to such for-profit entities, and provided the compassion center is in good standing with the Commission and operates in accordance with the Cannabis Act, the Medical Marijuana Act and these regulations. R.I. Gen. Laws § 21-28.11-10(d).

2. A compassion center authorized as a hybrid cannabis retailer that converts from a nonprofit corporate structure to a for profit corporate structure is required to provide notice of such conversion to the Commission within sixty (60) days of the conversion. Notice must include an attestation by the cannabis establishment's compliance officer that the hybrid cannabis retailer has complied with all applicable laws and reporting responsibilities related to the change in corporate structure, and should include updated documentation related to the conversion, including but not limited to:

    a. Documentation reflecting the entity conversion or amendment of corporate organization;

    b. Documentation reflecting changes to the hybrid cannabis retailer's legal and/or any d/b/a name(s), certificate of incorporation or organization in Rhode Island, certificate of authority to transact business in Rhode Island, articles of incorporation or organization, bylaws or operating agreement and corporation organization chart;

    c. Documentation reflecting any change in ownership, corporate officers, managers, members, the membership of a board of directors, and/or board of trustees.

3. A hybrid cannabis retailer that has converted to a for profit corporate structure has a continuing duty to provide notice and updated information and documentation to the Commission regarding any changes to the cannabis establishment's corporate structure in accordance with the variance requirements in § 1.3.3 of this Part.

G. Vertically Integrated Compassion Center – Hybrid Cultivation Eligibility

1. Any compassion center licensee authorized to cultivate cannabis (i.e. a vertically integrated compassion center), that obtains a hybrid retailer authorization, may also apply for a hybrid cultivation authorization.

2. To be eligible for hybrid cultivation authorization, the vertically integrated compassion center must:

a. Submit an application to the Commission as directed by the Commission;

b. Maintain a compassion center license with hybrid retail authorization in good standing in accordance with the Cannabis Act, the Medical Marijuana Act, and these regulations;

c. Make good faith efforts to ensure that the adult use cannabis cultivation portion of the licensee's operation has no significant adverse effect on the medical cannabis program and patient needs; and

d. Submit an application fee of $3,500.

H. Annual Renewal

1. Hybrid cannabis retailer authorizations shall be issued for one-year terms and renewals shall be concurrent with the licensee's Compassion Center license renewal.

2. Annual renewals of hybrid cannabis retailer authorizations shall be submitted on such forms and include such information as required by the Commission.

1.10 Cannabis Cultivator Application, Licensing and Renewals

A. R.I. Gen. Laws §§ 21-28.11-5, 21-28.11-7 and 21-28.11-10.1 authorize the Commission to promulgate regulations to license cannabis cultivators, and authorizes the Commission to assume all powers, duties, and responsibilities previously held by the Department of Business Regulation with respect to the regulation, administration and enforcement of the provisions of the Medical Marijuana Act.

B. Except as specifically provided in the Medical Marijuana Act, a cannabis cultivator may not operate at a shared location with a retail cannabis establishment, medical marijuana treatment center or hybrid cannabis retailer. R.I. Gen. Laws § 21-28.11-5(c)(3).

1.10.1 Medical Marijuana Cultivators

A. A medical marijuana cultivator licensed pursuant to R.I. Gen. Laws § 21-28.6-16 may acquire, possess, manufacture, cultivate, deliver, or transfer medical cannabis in accordance with the provisions of the Medical Marijuana Act, the Cannabis Act, and these regulations.

1. All medical marijuana cultivators must register the location with the department of public safety. R.I. Gen. Laws § 21-28.6-16(i).

B. Medical marijuana cultivator licenses are categorized by facility size and are required to remit the corresponding annual licensing fee for their license class:

Medical Marijuana License Class	Facility Size (defined in § 1.2 of this Part)	Annual License Fee
Micro-license	0 – 2,500 sq. ft.	$4,500
Class A	0 – 5,000 sq. ft.	$108,000
Class B	5,001 – 10,000 sq. ft.	$3120,5000

1.10.2 Hybrid Cannabis Cultivators

A. A licensed medical marijuana cultivator may apply for licensure as a hybrid cannabis cultivator and thereby be permitted to cultivate, manufacture and process cannabis for both adult use and medical use in accordance with R.I. Gen. Laws §§ 21-28.11-7, 21-28.6-16 and the Commission's regulations.

B. To be eligible to become licensed as a hybrid cannabis cultivator, the licensed medical marijuana cultivator must:

1. Maintain in good standing the medical cannabis cultivator license pursuant to the provisions of the Medical Marijuana Act, the Cannabis Act, and these regulations; and

2. Make good faith efforts to ensure that the adult use cannabis cultivation portion of the cultivation operation has no significant adverse effect on the medical marijuana program and patient needs; and

3. Submit a completed hybrid cannabis cultivator application to the Commission.

4. At renewal hybrid cannabis cultivators will be subject to the licensing fee schedule categorized by canopy size as set forth in § 1.10.3 of this Part.

CB. Transition of Hybrid Cannabis Cultivator Licenses from "Facility Size" to "Canopy Size" classes after issuance of the Commission's Regulations

1. A licensed medical marijuana cultivator approved and authorized by DBR or the Commission to participate in adult use cannabis cultivation pursuant to the Cannabis Act shall, upon the first renewal of its hybrid cannabis cultivator license following the promulgation of these regulations by the Commission, be licensed as a hybrid cannabis cultivator and transition its

cultivator class categorization from facility size to a corresponding license class calculated by canopy size.

a. The hybrid cannabis cultivator shall transition from its current facility-size license class to the equivalent canopy-size license class (i.e., from Micro-license to Micro-license or from Class A to Class A);

b. The hybrid cannabis cultivator shall submit an updated floor plan, showing the layout of the entire licensed premises including the boundaries/measurements of the canopy; and

c. The hybrid cannabis cultivator shall satisfy any other requirements, including a final inspection, as required by the Commission for transition to a license class based on canopy size.

1.10.3 Annual Licensing Fees for Hybrid Cannabis Cultivators and Adult Use Cannabis Cultivators

A. The annual licensing fee for existing hybrid cannabis cultivators and any future new adult use cannabis cultivators are listed in this table and must be paid in full before a license will be issued or renewed.

License Class	Canopy Size (defined in § 1.2 of this Part)	Annual License Fee
Micro-license	0 – 2,500 sq. ft.	$4,500
Class A	0 – 5,000 sq. ft.	$180,000
Class B	5,001 – 10,000 sq. ft.	$2031,5000

1.10.4 Licensed Cannabis Cultivator Application Process and General Requirements

A. Adult Use Cannabis Cultivators – Application Moratorium

1. R.I. Gen. Laws § 21-28.11-7(a) places a moratorium on the issuance of new cannabis cultivator licenses and prohibits the Commission from issuing any new cannabis cultivator licenses for a time period that is two (2) years from the date of promulgation of the Commission's first set of final rules and regulations. Should the Commission thereafter reopen the application period to new applicants, these regulations, including the application provisions, shall apply. The moratorium on the issuance of new cannabis cultivator licenses does not apply to the issuance of a hybrid

cannabis cultivator license to an existing medical marijuana cultivator as set forth in § 1.10.2 of this Part.

2. Following the end of the moratorium set forth in R.I. Gen. Laws § 21-28.11-7, the Commission may issue adult use cannabis cultivator licenses. R.I. Gen. Laws § 21-28.11-17(b). An adult use cannabis cultivator licensed pursuant to R.I. Gen. Laws § 21-28.11-7 may acquire, possess, cultivate, deliver, or transfer adult use cannabis in accordance with the provisions of the Cannabis Act and these regulations.

B. Adult Use Cannabis Cultivators – Application Fee

1. New cannabis cultivator applications shall be accompanied by a non-refundable application fee of $4,500. R.I. Gen. Laws § 21-28.11-7(f)(5).

C. Adult Cannabis Cultivator Application Requirements

1. Each application for a new cultivator license shall be on such forms and through such submission mechanisms as designated by the Commission and shall include, but not be limited to, the information set forth in §§ 1.3.1, 1.3.2, 1.3.6 and 1.10 of this Part.

2. The Commission reserves the right to modify the application periods and to limit the number and/or classes of new licenses available to new applicants in furtherance of maintaining a stable, regulated cannabis industry and mitigating the impact on public health and safety. R.I. Gen. Laws §§ 21-28.11-7 and 21-28.11-17(b).

3. Applicants must contact the Commission prior to submitting an application for a proposed canopy size or facility size over ten thousand (10,000) sq. ft.

4. The Commission will evaluate applicants based upon the information provided by applicants on the application forms/submissions and otherwise obtained during the application process.

5. Cannabis cultivators shall only be licensed at a single location registered with the Commission and must abide by all local municipal ordinances, including zoning ordinances, and may be subject to any additional location restrictions promulgated by the Commission.

a. With respect to local zoning, cannabis cultivation may fall within various zoning use categories, including without limitation the following zoning use categories: agricultural uses (such as greenhouse and nursery), industrial uses (light and general), manufacturing and processing (such as factory) or specific cannabis related use categories.

b. Whether cannabis cultivation is a permitted use, prohibited use or allowed by special use permit within these or any other use categories is determined by local zoning authorities. R.I. Gen. Laws § 21-28.11-7(k).

6. Only applications that the Commission has determined to be complete (i.e., adequately addresses all application requirements and contains complete responses to all mandatory questions) shall be eligible for review.

D. Prerequisites to Issuance of a Cannabis Cultivator License and Commencement of Operations

1. If an applicant seeking to operate as a licensed cannabis cultivator is notified that its application has been approved by the Commission, it shall complete the below steps before a cannabis cultivator license will be issued.

a. Payment of the applicable annual license fee as set forth in § 1.10.3 of this Part.

b. Final Information and Documentation to be Supplied. The applicant must provide any updates to previously submitted application information and the following additional items to the Commission:

(1) A sufficient description of the final physical location of the cultivator premises (by plat and lot number, mailing address, etc.).

(2) Evidence of complete compliance of the cannabis establishment with local zoning laws in the form of certificate or letter from an authorized zoning official of the municipality and certification by an authorized officer of the applicant as to compliance with any other applicable local ordinances.

(3) Unless already provided at time of initial application, evidence that the physical location for the cultivator premises is not located within five hundred feet (500') of the property line of a preexisting public or private school. R.I. Gen. Laws § 21-28.11-17.1(b)(3).

(4) A current Certificate of Occupancy (or equivalent document) to demonstrate compliance of the cannabis cultivator establishment with the relevant provisions of R.I. Gen. Laws Chapters 23-28.1 and 23-27.3 [Fire Safety Code and State Building Code, respectively].

(5) Evidence of either ownership of property or agreement by owner of property to allow the operation of a licensed cannabis cultivator on the property.

(6) A final diagram of the cannabis establishment premises, including where cannabis will be cultivated, stored, processed, packaged, and manufactured, and where security alarms and cameras and surveillance recording storage will be located.

(7) The legal name, current address, and date of birth of any person who will be an employee or agent of the cultivator at its inception or within the foreseeable future.

(8) Evidence of completion of divestiture plan and other individual relinquishment requirements pursuant to § 1.3.2 of this Part.

c. Pre-License Inspection. Before a cannabis cultivator license will be issued, a Commission inspection is required. Approved applicants should contact the Commission to coordinate pre-license inspection. Nothing in this paragraph should be construed as limiting inspections at an earlier time in addition to the final pre-license inspection. The cannabis cultivator may be required to make any changes required by the Commission regarding the security of the establishment and its personnel prior to commencing licensed activities.

E. Post-Licensure Inspection of Operations, Inventory and Requirements

1. After the cannabis cultivator license is issued, the licensed cannabis cultivator shall notify the Commission when it obtains inventory and commences operations. The Commission may conduct a post-licensure inspection upon this commencement of operations, including but not limited to inspection for compliance of cannabis and cannabis product inventory with the tagging and tracking requirements set forth in §§ 2.9 and 2.10 this Subchapter. Nothing in this paragraph shall be construed to limit the Commission's general inspection powers as delineated in § 5-1.4 of this Chapter.

2. Any key person/interest holder of a licensed cannabis cultivator shall not be a registered primary caregiver cardholder for any qualifying patient(s) other than themselves. R.I. Gen. Laws § 21-28.6-16(a).

F. Post-Approval Process and Timeline

1. Upon notification of approval of an application from the Commission, the approved applicant must take reasonable and documented efforts to

complete the prerequisites for issuance of the cannabis cultivator license pursuant to the requirements detailed in § 1.10.4(D) of this Part. If such efforts take longer than nine (9) months, the approved applicant must show that licensure requirements have been substantially completed and show good cause to the Commission in the form of circumstances beyond the control of the approved applicant to establish why additional time should be granted and the application approval should not be rescinded.

2. Once the license has been issued, the licensed cannabis cultivator must take reasonable and documented efforts to launch cannabis cultivator activities, which for purposes of this paragraph shall mean actual cannabis cultivation, processing, packaging, manufacturing, and/or other cannabis related activities requiring a cultivator license pursuant to the Cannabis Act. If such efforts take longer than six (6) months, the licensed cannabis cultivator must show substantial completion toward undertaking licensed activities and good cause to the Commission in the form of circumstances beyond the control of the licensed cannabis cultivator to establish why the license should not be revoked for non-use.

1.10.5 Renewal of Cultivator Licenses – General Requirements for Medical Marijuana Cultivators, Hybrid Cannabis Cultivators, and Adult Use Cannabis Cultivators

A. All cannabis cultivator licenses shall be issued for one-year terms.

B. All cannabis cultivators have an ongoing obligation to comply with all applicable requirements in the Cannabis Act, the Medical Marijuana Act, and the Commission's regulations.

C. Licensed cannabis cultivators shall only be licensed to grow cannabis at a single location registered with and approved by the Commission. R.I. Gen. Laws § 21-28.11-7(k).

D. Annual renewals shall be submitted on such forms and include such information as prescribed by the Commission, including but not limited to:

1. The licensee's legal and any d/b/a name(s).

2. Any updates or changes to the licensee's bylaws, operating agreement, or organizational chart.

3. Documentary evidence of the licensed premises, floor plan, and canopy, including the location where within the premises cannabis will be cultivated, stored, processed, packaged, manufactured, and stored, and where security cameras, alarms, and surveillance recording storage will be located.

4. Evidence that the physical location of the cannabis establishment is not located within five-hundred feet (500') of the property line of a preexisting public or private school. R.I. Gen. Laws § 21-28.11-17.1(b)(3).

5. Description of protocols and measures that ensure that cannabis at the licensed premises shall not be visible from the street or other public areas.

6. Evidence of property ownership or agreement by owner of property to allow the operation of a licensed cannabis cultivator on the property.

7. The legal name, current address, and date of birth of each interest holder of the licensee.

8. If applicable, a copy of the licensee's management agreement and list of persons who have an ownership interest in or operational control over the management company.

9. If the licensed cannabis cultivator premises and/or other operational assets will be owned or leased by a person or entity other than the applicant, the legal name and current address of any such person or entity and a list of all persons or entities (legal names and current addresses) having any ownership in such entity, whether direct or indirect.

10. An affidavit of compliance with filing all required tax returns and paying all taxes due to the State of Rhode Island in accordance with R.I. Gen. Laws Chapter 5-76.

11. Up to date policies and procedures for handling voluntary and mandatory recalls of cannabis products including recalls due to any action initiated at the request or order of the Commission, and any voluntary action by a licensed cannabis cultivator to remove defective or potentially defective cannabis from the market, as well as any action undertaken to promote public health and safety.

12. Policies and procedures for ensuring that any outdated, damaged, deteriorated, mislabeled, or contaminated cannabis is segregated from other cannabis and destroyed.

13. Name of the compliance officer.

14. All other information required by the Commission as described in the renewal application form.

E. Renewal applications must be received by the Commission prior to the designated renewal date of the cannabis cultivator license.

F. An inspection shall be part of the annual renewal process.

1.10.6 Cooperative Cultivations

A. Cooperative cultivations are not considered licensed cannabis cultivators under these rules. The Commission shall not accept applications or renewal applications for licensed cooperative cultivations, and cooperative cultivations shall no longer be permitted. R.I. Gen. Laws § 21-28.6-14(d).

1.11 Social Equity Applicant Status Certification

A. Social Equity Applicant Status Certification Application Period and Timeline

1. An application to become certified as an approved social equity applicant may only be submitted to the Commission for consideration during an open social equity applicant status certification period announced by the Commission. R.I. Gen. Laws § 21-28.11-17(b).

B. Social Equity Applicant Status Certification Application

1. Each application for social equity applicant status certification shall be on such forms and through such submission mechanisms as designated by the Commission and shall include, but not be limited to the following:

a. The applicant's legal name and any d/b/a name(s), mailing address, physical address of the principal place of business, mailing address (if different), and telephone number;

b. The applicant's certificate of incorporation or organization in Rhode Island or certificate of authority to transact business in Rhode Island, articles of incorporation or organization, bylaws or operating agreement and corporation organization chart;

c. A disclosure and certification as to all owners, key persons and investors as required in § 1.3.1(A)(6) of this Part, including the corresponding shares, equity, control or interest held by each;

d. Any financing, management, purchase, and/or any other type of agreement entered into by the applicant that may affect the ownership or control of the applicant at any point in the future;

e. An attestation with supporting documentation as prescribed by the Commission as to the manner in which the applicant has been disproportionately impacted by the criminal enforcement of cannabis laws in accordance with R.I. Gen. Laws § 21-28.11-3(39), including but not limited to documentation evidencing any of the following circumstances:

~~(1) The applicant has at least 51% ownership and control by one or more individuals who were convicted of a nonviolent cannabis offense or offenses.~~

~~(2) The applicant has at least 51% ownership and control by one or more individuals who are an immediate family member of an individual or individual(s) convicted of nonviolent cannabis offenses;~~

~~(A) "Immediate family member" as used in this section means the same as "member of an impacted family" as defined in R.I. Gen. Laws § 21-28.11-3(34); namely, a parent, legal guardian, child, spouse, or dependent who, prior to May 25, 2022, was arrested for, charged with, convicted of, or adjudicated delinquent for any offense that is eligible for expungement under the Cannabis Act.~~

(13) The applicant has at least fifty-one percent (51%) ownership and control by one or more individuals who have resided for at least five (5) of the preceding ten (10) years in a disproportionately impacted area, as determined by the Commission.

(24) The applicant has at least fifty-one percent (51%) ownership and control by one or more individuals who:

(A) Have been arrested for, convicted of, or adjudicated delinquent for any offense that is eligible for expungement under the Cannabis Act; or

(B) Is a member of an impacted family.

(35) The applicant has a minimum of ten (10) full-time employees, as defined in § 1.2 of this part, and has at least fifty-one percent (51%) of current employees who:

(A) Currently reside in a disproportionately impacted area, as determined by the Commission; or

(B) Have been arrested for, convicted of, or adjudicated delinquent for any offense that is eligible for expungement under the Cannabis Act or is a member of an impacted family.

(C) For individual applicants to qualify under this criterion, the individual must demonstrate that they are either the majority owner of or occupy the highest position

on the organizational chart for the employing entity. For entity applicants, the employing entity must be the same as the applicant entity to qualify under this criterion.

(46) The applicant can demonstrate significant past experience in or business practices that promote economic empowerment, as that term is defined in § 1.2 of this Part, in a disproportionally impacted area, as determined by the Commission. An applicant is considered to have met this criterion if:

(A) The applicant is an individual or an entity that is owned and controlled by one or more individuals who have either:

(i) Volunteered with one or more organizations, for at least five (5) of the last ten (10) years for at least four hundred (400) hours per year, where they worked directly with individuals in disproportionately impacted areas offering services designed for economic empowerment, and can provide an attestation signed by an authorized representative of said organization affirming both the scope of the work performed as well as the hours committed; or

(ii) Held a full-time position for at least five (5) of the last ten (10) years in a company, business, or other organization, including both for-profit and not-for-profit entities, that is primarily engaged in work supporting economic empowerment where the primary responsibilities included working directly with individuals in disproportionately impacted areas.

(75) The applicant has at least fifty-one percent (51%) ownership and control by one or more individuals who each had income which does not exceed four hundred percent (400%) of the median income in a disproportionally impacted area, as defined in § 1.2 of this Part and as determined by the Commission, for at least five (5) of the past ten (10) years.

(A) For the purpose of this criterion, qualification shall be determined for an applicant based on the adjusted

gross income of all adult individuals within the applicant's household inclusive of all:

(i) Federal taxable wages and income;

(ii) Tips;

(iii) Unemployment compensation;

(iv) Social security income;

(v) Self-employment income;

(vi) Social security disability income;

(vii) Retirement or pension income;

(viii) Realized capital gains;

(ix) Investment income;

(x) Rental and royalty income;

(xi) Excluded (untaxed) foreign income;

(xii) All forms of imputed income;

(xiii) Taxable non-cash fringe benefits;

(xiv) Alimony;

(xv) Legal settlements, awards and damages;

(xvi) Insurance awards;

(xvii) Gambling winnings;

(xvii) Prizes and awards; and

(xix) Any other income documentation requested by the Commission.

(B) Only the individual who earned income in the disproportionately impacted area is eligible to have their ownership contribute to qualification as a social equity applicant.

f. Any other information as requested by the Commission on the application form.

C. Social Equity Applicant Status Certification Application Review Process

1. The Commission shall review complete applications and information otherwise obtained during the application process utilizing the criteria specified in the Cannabis Act and these regulations to determine whether an applicant meets the criteria for approved social equity applicant status.

2. The Commission shall not accept duplicate or multiple applications from a single applicant. A person or entity may not be or have entered into any agreement to become, even if contingent on meeting a future condition, a key person/interest holder with respect to more than one applicant and/or application for social equity applicant status certification.

3. If an applicant seeking social equity applicant status certification is notified that their application has been approved by the Commission, they will be considered an approved social equity applicant, and thereafter be eligible to proceed with the application process for a social equity retail license in accordance with § 1.5 of this Part and/or to apply for resources from the Social Equity Assistance Program and Fund in accordance with § 1.12 of this Part.

4. If the Commission determines that an applicant who applied as a social equity applicant is not eligible for social equity status:

   a. The applicant shall be provided an additional ten (10) days to provide alternative evidence that the applicant qualifies as a social equity applicant on such forms and through such submission mechanisms as designated by the Commission; or

   b. The applicant may pay all required application fees and proceed as a non-social equity applicant to apply for another cannabis retail license type set forth in this Part; or

   c. If the rejected applicant cannot do either of the above, then any social equity certification application fee shall be returned, and the social equity applicant certification application process shall be terminated as to that applicant. R.I. Gen. Laws § 21-28.11-31(f)(2).

5. If at any time any information provided by the applicant in its application, supporting or associated documents is found to be knowingly and/or willingly false or fraudulent, the Commission shall deny and/or revoke social equity applicant status, and in its sole discretion may prohibit any future applications associated with the applicant.

6. The Commission's review of an application or decision regarding the grant or denial of approved social equity applicant status shall not constitute a contested case under Subchapter 5 Part 1 of this Chapter and/or the APA, and, aside from the process set forth in § 1.11(C)(4) of this Part, a

decision rendered by the Commission in connection with any application for certification as a social equity applicant shall be final.

1.12 Social Equity Assistance Program and Fund

1.12.1 Authority, Purpose and Scope

A. R.I. Gen. Laws §§ 21-28.11-5 and 21-28.11-31 authorize the Commission to establish and promulgate regulations governing the Social Equity Assistance Program and Fund. This section sets forth the principles, policies, and practices of the Commission in implementing and administering the Social Equity Assistance Program and Fund.

B. The Commission is authorized to distribute resources from the Social Equity Assistance Fund while also safeguarding public funds. The Commission shall comply with statutory reporting requirements and implement performance management metrics to monitor the usage and viability of the Social Equity Assistance Program and Fund. R.I. Gen. Laws § 21-28.11-31(e) and (h).

C. In accordance with R.I. Gen. Laws § 21-28.11-31(b), the Social Equity Assistance Program and Fund shall be exclusively used for the following purposes:

1. To provide grants to approved social equity applicants to pay for ordinary and necessary expenses to establish and/or operate a licensed cannabis establishment;

2. To support the waiver or reduction of application and/or licensing fees for approved social equity applicants; and

3. To implement and administer programing for restorative justice, jail diversion, drug rehabilitation and education workforce development for jobs related to cannabis cultivation, transportation, distribution and sales.

D. In accordance with R.I. Gen. Laws § 21-28.11-31(b)(1-3), the Commission in its sole discretion may decide the specific usages of the Social Equity Assistance Program and Fund.

E. The Commission in its sole discretion shall determine the specific amount(s) and timing of disbursement of any resource(s) to be granted to any particular resource applicant, and may, without limitation, limit, deny, and/or revoke any resources requested, approved, awarded or disbursed.

F. The Commission is expressly authorized to consult with, partner with, or utilize other state agencies, programs and/or third-party vendors to assist with or facilitate the distribution of any resources from the Social Equity Assistance Program and Fund. R.I. Gen. Laws § 21-28.11-5(a)(8).

1.12.2 Eligibility and Criteria

A. Only approved social equity applicants shall be eligible to apply for the Social Equity Assistance Program and Fund grant and waiver resources set forth in § 1.12.1(C)(1) and (2). Resource applicants who are not certified as approved social equity applicants may apply for the resources specified in § 1.12.1(C)(3). R.I. Gen. Laws § 21-28.11-31(b) and (d).

B. All approved social equity applicants who apply for resources from the Social Equity Assistance Program and Fund must demonstrate:

1. Certification by the Commission as an approved social equity applicant, in accordance with § 1.11 of this Part;

2. Submission of a qualified cannabis establishment license application or selection for issuance of a cannabis establishment license, whether provisional or otherwise, as determined by the Commission; and

3. Ownership and control of at least fifty-one percent (51%) equity in the business entity applying for resources from the Social Equity Assistance Program and Fund. R.I. Gen. Laws § 21-28.11-31(d).

1.12.3 Resource Application Period

A. Applications for resources from the Social Equity Assistance Program and Fund may only be submitted to the Commission for consideration during an open application period announced by the Commission.

1.12.4 Resource Application Process

A. Each application for resources from the Social Equity Assistance Program and Fund shall be on such forms and through such submission mechanisms as designated by the Commission.

B. Required application information shall include, but not be limited to, the following, as may be applicable to the type of resource requested:

1. The name, contact information, and mailing address of the resource applicant;

2. The name, contact information and mailing address of the associated cannabis establishment;

3. Documentation supporting the type and amount of resource(s) requested;

4. A projected budget and budget narrative for the amount of resource(s) requested;

5. A project plan for how the resource applicant will monitor the effectiveness and impact of the project and resources requested;

6. An affidavit of compliance with filing all required tax returns and paying all taxes due to the State of Rhode Island in accordance with R.I. Gen. Laws Chapter 5-76;

7. An affidavit evidencing good standing with the Commission of the resource applicant, the cannabis establishment license, and any key person associated with the cannabis establishment license; and

8. Any other information as requested by the Commission on the application form.

1.12.5 Resource Application Review

A. Each application for resources from the Social Equity Assistance Program and Fund shall be reviewed to confirm completeness and compliance with the Cannabis Act and these rules. Only resource applications which the Commission has determined to be complete (i.e., which satisfy all applicable application requirements) shall be considered eligible and accepted for further evaluation and review. Incomplete applications will be deficient and will not be considered further.

B. The Commission may request additional information in connection with any resource application, and in its sole discretion may permit the resubmission of any resource application rejected as being incomplete or deficient.

C. The Commission shall deny any resource application(s) containing duplicative, false or fraudulent information and may disqualify any resource applicant, cannabis establishment or associated person(s) from any and all future applications.

D. The Commission shall provide notice to the resource applicant in writing of any decision approving or rejecting a complete resource application.

1.12.6 Approved Application Resource Type Requirements

A. Applications for the Waiver of Application and/or Licensing Fees

1. In accordance with R.I. Gen. Laws § 21-28.11-31(b)(2) and (f)(1), the Commission may authorize waiver of up to one hundred percent (100%) of any nonrefundable license application fee or any nonrefundable fee associated with acquiring a cannabis establishment license.

2. Approved social equity applicants whose application for a waiver of an application and/or license fee is granted shall be notified in writing of the fee amount or percentage that has been approved as waived by the

Commission. The resource applicant shall be responsible for full payment of any amounts not waived before any associated application or license process may proceed.

B. Applications for Monetary Grant Funds

1. Approved social equity applicants who are approved for a monetary grant from the Social Equity Assistance Program and Fund shall enter into a formal grant resource agreement before any monetary amount(s) will be disbursed.

2. The resource agreement shall include, but not be limited to, the following terms and information:

a. The total grant amount;

b. A description of required terms, including a requirement that grant amounts shall only be used for the specific purpose, recipient, and/or function(s) set forth in the agreement;

c. A schedule of disbursement for any monetary amounts, stating that grant disbursement shall be made in installments upon the completion of specific objectives and the Commission's receipt of evidence demonstrating that such objectives have been achieved;

d. Reporting requirements;

e. Program evaluation requirements;

f. Restrictions, including a provision prohibiting transfer of the grant or funds;

g. Revocation and indemnification provisions; and

h. All other information or terms specified by the Commission as described in the agreement.

3. The Commission shall void a previously issued Social Equity Assistance Program and Fund resource application approval if the grant agreement is not executed by the resource applicant within sixty (60) days of receipt of the agreement.

C. Disbursement of Monetary Grant Funds

1. The Commission shall only disburse monetary grant amounts in the installment amounts specified in the executed grant agreement and upon the resource applicant's completion of specific objectives and the

Commission's receipt of evidence demonstrating that such objectives have been achieved, which may include evidence of actual costs.

2. Installment amounts shall constitute twenty-five percent (25%) of the total grant amount and shall be disbursed following a quarterly schedule over the course of one (1) year, or other schedule as approved by the Commission.

3. Approved social equity applicants receiving grant funds shall comply with all reporting requirements, which may include but not be limited to progress and/or spending reports. Scheduled installment payments shall only be disbursed upon evidence of the resource applicant's compliance with all reporting requirements.

4. Eligible and Non-Eligible Uses of Grant Funds

a. All eligible uses for grant funds, and documentation thereof, are subject to approval by the Commission.

b. The Commission shall consider the following to be presumptively eligible uses of grant funds, subject to approval by the Commission:

(1) Ordinary and necessary expenses to establish and/or operate a cannabis establishment, including:

(A) Employee payroll wages and expenses;

(B) Real estate rental expenses;

(C) Mortgage payments;

(D) Utility and overhead expenses;

(E) Business supplies;

(F) Construction and furnishing expenses;

(G) Professional services; and

(H) Any other expense approved by the Commission as constituting an ordinary and necessary expense to establish and/or operate a cannabis establishment.

c. The Commission shall consider the following non-exclusive list to be presumptively non-eligible uses of grant funds:

(1) Cannabis or cannabis product inventory;

(2) Stock options;

(3) Payments to investors;

(4) Expenses related to the purchase of real estate or property;

(5) Demolition of an existing structure;

(6) Costs incurred outside of the approved timeline specified in the grant agreement; and

(7) Any other expense determined by the Commission to not constitute an ordinary and necessary expense to establish and/or operate a cannabis establishment.

D. Applications for Programming Resources

1. Resource applicants who are approved to receive resources from the Social Equity Assistance Program and Fund for programming as set forth in R.I. Gen. Laws § 21-28.11-31(b)(3) and § 1.12.1(C)(3) of this Part shall enter into a formal resource agreement before any resources will be disbursed.

2. The resource agreement shall include, but not be limited to, the following terms and information:

a. The total resource or monetary amount;

b. A description of terms, including a requirement that resource amounts shall only be used for the specific purpose, recipient, and/or function(s) set forth in the agreement;

c. A schedule of disbursement of any monetary amounts;

d. Reporting requirements;

e. Program evaluation requirements;

f. Restrictions, including a provision prohibiting transfer of the agreement and/or resources;

g. Revocation and indemnification provisions; and

h. All other information or terms specified by the Commission as described in the agreement.

3. The Commission shall cancel a previously issued resource application approval for programming if the formal resource agreement is not executed by the resource applicant within ninety (90) days of receipt of the agreement.

4. Resource applicants receiving resources for programming shall comply with all reporting requirements, which may include but not be limited to progress and/or spending reports. Monetary payments shall only be disbursed upon evidence of the resource applicant's compliance with all reporting requirements.

1.12.7 Revocation

A. The Commission may deny, rescind or revoke any previously issued approval for resources or resources from the Social Equity Assistance Program and Fund.

B. If at any time any information provided by the resource applicant in its application, formal resource agreement and/or supporting or associated documents is found to be knowingly and/or willingly false, the Commission shall deny the further issuance of or revoke any issued or approved resource in whole or in part. Such revocation shall be in addition to any other criminal or civil penalties that the resource applicant and/or associated persons may be subject to under applicable law.

C. The Commission shall deny the issuance of or revoke any monetary resources awarded or disbursed if a resource applicant or any key person of an associated cannabis establishment or association is convicted of bribery, fraud, theft, embezzlement, misappropriation, and/or extortion involving the State, any state agency or political subdivision of the state, any federal or municipal agency.

D. The Commission may provide for additional rights and remedies in any resource agreement under this Part, which will be in addition to the rights provided under these regulations.

E. The Commission may seek reimbursement or engage in litigation or prosecution for any misuse or misappropriation of any resources issued from the Social Equity Assistance Program and Fund.

F. Disbursed resources that have subsequently been revoked by the Commission shall constitute debt to the state in accordance with R.I. Gen. Laws § 21-28.11-28.

1.12.8 Commission Discretion and Judicial Review

A. The Commission shall not have any obligation to issue any resource, grant or waiver under the Social Equity Assistance Program and Fund, or to make any other approval or award of any benefit or resource under the Cannabis Act or these rules, and may, in its sole discretion, decline to issue any resource to any resource applicant and/or approved social equity applicant, including those who have submitted a completed application that otherwise meets the eligibility requirements of § 1.12.2(B) of this Part.

B. The Commission's review of a resource application or subsequent decision regarding the approval or denial of the request for resources from the Social Equity Assistance Program and Fund shall not constitute a contested case under Subchapter 5 Part 1 of this Chapter and/or the APA, and no opportunity to object to a resource application shall be afforded, nor will further Commission review be available from a decision rendered by the Commission in connection with any resource application.

1.12.9 Examination and Inspection Rights

A. The Commission shall have the right at reasonable times to inspect any cannabis establishment that is associated with a resource application during the term of a resource agreement and have access to all equipment and supplies in the cannabis establishment for the purpose of ensuring compliance with any resource agreement, the Cannabis Act, and/or all rules and regulations promulgated thereunder. R.I. Gen. Laws § 21-28.11-5(a)(20).

B. The Commission may examine any books, papers, records or memoranda bearing upon the approval of any resource(s) awarded by the Commission from the Social Equity Assistance Program and Fund, and may require the attendance of any person executing any application, document, report or other statement, or of any key person or other person associated with the cannabis establishment, and may examine such person under oath respecting any matter which the Commission deems pertinent or material in determining the eligibility for resources awarded under the Cannabis Act and/or these regulations. R.I. Gen. Laws § 21-28,11-5(a)(20) and (23).

1.13 Cannabis Testing Laboratories

A. Cannabis testing laboratories shall comply with all applicable requirements set forth in the Cannabis Act, the Medical Marijuana Act, these regulations and RIDOH's testing regulations, 216-RICR-60-05-6.

B. The Commission hereby adopts RIDOH's testing regulations, and RIDOH will continue to license cannabis testing laboratories under 216-RICR-60-05-6.

C. The Commission may enforce any violations of the Cannabis Act, the Medical Marijuana Act, these regulations, and/or 216-RICR-60-05-6 by a cannabis testing laboratory pursuant to the procedures set forth in Subchapter 5 Part 1 of this Chapter.

1.14 Fees

A. The following is a table compiling all the fees listed in this Part.

Section	Description	Fee

§ 1.4 – Cannabis Retail Sales License	Application Fee	$7,500
§ 1.4 – Cannabis Retail Sales License	Annual Licensing Fee	$30,000
§ 1.11 – Social Equity Applicant Status Certification	Social Equity Applicant Status Certification Fee	$0 (Waived)
§ 1.5 – Social Equity Retail License	Application Fee	$0 (Waived for initial 6 licenses)
§ 1.5 – Social Equity Retail License	Annual Licensing Fee	See scale in § 1.5(L)(5); $0 in first year, increasing to $30,000 in 5 years
§ 1.6 – Workers' Cooperative Retail License	Application Fee	$7,500
§ 1.6 – Workers' Cooperative Retail License	Annual Licensing Fee	$30,000
§ 1.7 – Cannabis Product Manufacturer	Application Fee	$2,000
§ 1.7 – Cannabis Product Manufacturer	Annual Licensing Fee	$4,500
§ 1.8 – Compassion Center	Application Fee	$10,000
§ 1.8 – Compassion Center	Annual Licensing Fee	$500,000
§ 1.9 – Hybrid Cannabis Retailer (applies only to Licensed Compassion Centers)	Annual Adult Use Sales Authorization Fee for licensed Compassion Centers	$30,000
§ 1.9 – Hybrid Cannabis Retailer Authorization (applies only to Licensed vertically integrated Compassion Centers)	One-time Application Fee for hybrid cultivation authorization	$0
§ 1.10 – Hybrid Cannabis Cultivator Transition: Micro-license, Class A or Class B	One-time Application Fee	$0
§ 1.10 – Adult Use Cultivator: Micro-license, Class A or Class B	One-time Application Fee	$4,500

§ 1.10 – Medical, Hybrid or Adult Use Cannabis Cultivator: Micro-license	Annual Licensing Fee	$4,500
§ 1.10 – Medical, Hybrid or Adult Use Cannabis Cultivator: Class A	Annual Licensing Fee	$180,000
§ 1.10 – Medical, Hybrid or Adult Use Cannabis Cultivator: Class B	Annual Licensing Fee	$3120,5000

1.15 Severability

A. If any section, term, or provision of these regulations should be adjudged invalid for any reason, that judgment should not effect, impair, or invalidate any remaining section, term, or provision, which shall remain in full force and effect.