

MEDICAL CANNABIS AMENDMENT ACT OF 2022

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PRESENTER



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AGENDA

- Agency and Program Overview
- Annual Sales Tax Holiday
- Key Provisions
- Business License, Endorsement Types
- Open Application Period Schedule
- Social Equity Fund
- Rulemaking
- Public Comment
- Enforcement
- Q&A

AGENCY AND PROGRAM OVERVIEW



AGENCY, PROGRAM OVERVIEW

- The **Alcoholic Beverage and Cannabis Administration (ABCA)** is an independent agency within DC Government charged with supporting the public's health, safety, and welfare through the control and regulation of the sale and distribution of alcohol and medical cannabis. ABCA operates under the authority of the **Alcoholic Beverage and Cannabis (ABC) Board**.
- DC's medical cannabis program permits persons with a valid medical cannabis patient registration issued by ABCA or a US state or territory extended reciprocity to purchase cannabis from a licensed Retailer for medical purposes. Patients may purchase up to 8-ounces within a 30-day rolling period.
- ABCA is responsible for issuing patient and caregiver registrations and medical cannabis business licenses, tracking medical cannabis products from seed to sale, and enforcing DC alcohol and medical cannabis laws and regulations.

MEDICAL CANNABIS SALES TAX HOLIDAY



MEDICAL CANNABIS SALES TAX HOLIDAY

Today—April 24—is the final day of the **2023 Medical Cannabis Sales Tax Holiday**.

The sales tax holiday runs April 15-24 annually. During this period, the six (6) percent sales tax on medical cannabis products purchased by DC resident and non-DC resident patients from licensed Retailers in DC, except paraphernalia, is waived.

Licensed Retailer locations are detailed at abca.dc.gov.

ACT KEY PROVISIONS



KEY PROVISIONS

The ***Medical Cannabis Amendment Act (Act) of 2022*** signed by Mayor Muriel Bowser, took effect on March 22, 2023. Key provisions include:

- Name change for the agency, Board
- Introduction of new medical cannabis license, endorsement types
- Elimination of medical cannabis facility caps, competitive scoring
- Increased ANC public comment period for medical cannabis facility applications
- Allows ANCs to file protests, reach Settlement Agreements with medical cannabis business applicants
- Inclusion of social equity initiatives, pathway for unlicensed operators to become licensed
- Increased enforcement authority, introduction of civil penalties
- Introduction of annual medical cannabis sales tax holiday

BUSINESS LICENSE, ENDORSEMENT TYPES



LICENSE TYPES

Six (6) permanent medical cannabis license types are available. Licenses are valid for up to three (3) years. Licenses of the same type expire on the same date. Available license types include:

1. **Courier**—Permits the third-party delivery of medical cannabis, medical cannabis products, and paraphernalia on behalf of licensed Retailers and Internet Retailers to eligible patients and their caregivers. *(NEW)*
2. **Cultivation Center**—Permits the growing of cannabis for sale to licensed Retailers in DC for resale to eligible patients and their caregivers.
3. **Internet Retailer**—Permits businesses that do not have physical location open to the public to sell cannabis and paraphernalia online and by mobile application for delivery to eligible patients. *(NEW)*
4. **Retailer**—Permits the dispensing of medical cannabis and medical cannabis products to eligible patients and caregivers. *(RENAMED, PREVIOUSLY DISPENSARY)*
5. **Testing Laboratory**—Permits the testing of medical cannabis and medical cannabis products and provides testing results to licensed cultivation centers and manufacturers.
6. **Manufacturer**—Permits the manufacturing of medical cannabis products for resale to retailers and internet retailers. *(NEW)*

LICENSE TYPES

- A Conditional License Application may be filed by both standard and social equity applicants for all medical cannabis business license types, except a Testing Laboratory, that do not currently have a proposed location during open application periods.
- If approved, restrictions apply including being unable to distribute, purchase, possess, cultivate, manufacture, or sell medical cannabis or medical cannabis products.
- Conditional license holders have one (1) year from the date of issuance to provide ABCA the required documentation including but not limited to a lease, Certificate of Occupancy, security plan, and a permanent license application.

ENDORSEMENT TYPES

Endorsements extend additional operating privileges to licensees for the duration of the license period. Endorsements can be requested in the initial application or any time after issuance. Four (4) medical cannabis license endorsements are available to Retailers only. They include:

- 1. Delivery**—Permits medical cannabis and medical cannabis products to be delivered to eligible patients and their caregivers at residential and commercial properties in DC and picked up curbside at the licensed premises. Delivery privileges are automatically extended to Courier and Internet Retailer licensees.
- 2. Education Tasting**—Permits the offering of cooking and how-to classes and demonstrations, and tastings for educational purposes.
- 3. Safe-Use Treatment Facility**—Permits the on-premises consumption of medical cannabis and medical cannabis products purchased on-site at the retailer within designated areas.
- 4. Summer Garden**—Permits the sale, service, and on-premises consumption of medical cannabis and medical cannabis products within a private outdoor space. A Safe-Use Treatment Facility endorsement is required for a Summer Garden endorsement.

OPEN APPLICATION, FEE SCHEDULE



OPEN APPLICATION, FEE SCHEDULE

Medical cannabis business applications and request forms are only accepted during open periods, except for Testing Laboratory (all parties) and Endorsement (Licensed Retailers) Applications which are accepted on an ongoing basis.

At least 50% of all new cultivation center, manufacturer, internet retailer, retailer, and courier licenses are required to be set aside for social equity applicants.

Filing and annual license fees apply for all available license and endorsement applications/licenses. Social equity applicants are entitled to a 75% fee reduction on application and licensing fees for the first three (3) years. The fee reduction does not apply to endorsement application and license fees.

Open application and fee schedules are available at abca.dc.gov.

OPEN APPLICATION, FEE SCHEDULE

START/END DATES	LICENSE TYPES	ELIGIBILITY
April 13, 2023- May 1, 2024	Manufacturer	Licensed Cultivation Centers
May 1, 2023- May 1, 2024	Cultivation Center, Manufacturer, Retailer	Licensed Operators—All
May 1, 2023- June 30, 2023	Courier, Cultivation Center, Manufacturer	Social Equity Applicants
August 29, 2023- October 30, 2023	Courier, Cultivation Centers, Manufacturers	Non-Social Equity Applicants
November 1, 2023- January 29, 2024	Cultivation Center, Internet Retailer, and Retailer	Unlicensed Operators
March 1, 2024- April 30, 2024	Internet Retailer, Retailer	Social Equity Applicants
July 1, 2024- August 29, 2024	Internet Retailer, Retailer	Non-Social Equity Applicants

OPEN APPLICATION, FEE SCHEDULE

- Licensed Operators—Operators currently licensed by ABCA as a medical cannabis cultivation center or dispensary.
- Unlicensed Operators—Operators of businesses that sell, exchange as part of a commercial transaction, or deliver cannabis and cannabis products from a specific location in the District and are unlicensed by ABCA.
- Social Equity Applicants—Applicants that meet at least two (2) of the below:
 - Has at least one owner who is a District resident, individually or collectively owns at least 50% of the business, and is a returning citizen
 - Has at least one owner who is a District resident, individually or collectively owns at least 50% of the business, and is married to or in a civil union, has a child, or is the child of a person or has a non-parent legal guardian who is or has been incarcerated in the District or in any other jurisdiction for a cannabis or drug-related offense
 - Has at least one owner who is a District resident, individually or collectively owns at least 50% of the business and has an income that does not exceed 150% of the median family income as set forth by the United States Department of Housing and Urban Development, adjusted for household size, at the time the applicant submits the application.

QUALIFICATIONS FOR LICENSURE, DISTANCE REQUIREMENTS



QUALIFICATIONS FOR LICENSURE

- Applicants may not have had any felony conviction for a crime of violence, a gun offense, tax evasion, fraud, or credit card fraud within the three (3) years preceding the date the application is filed with ABCA unless the Applicant demonstrates rehabilitation and fitness for licensure in accordance with D.C. Official Code § 7-1671.06.

DISTANCE REQUIREMENTS

- A medical cannabis business, except for a courier license, shall not locate within three hundred feet (300 ft.) of a preschool, primary or secondary school, or recreation center unless the main entrance to the preschool, primary or secondary school, or recreation center, or the nearest property line of the school or recreation center, is actually on or occupies ground zoned commercial or industrial according to the official atlases of the Zoning Commission of the District of Columbia.
- No new retailer license shall be issued if located within four hundred feet (400 ft.) of another retailer.

MEDICAL CANNABIS
SOCIAL EQUITY FUND,
MEDICAL CANNABIS CERTIFIED
BUSINESS ENTERPRISE



SOCIAL EQUITY FUND, MCCBE

- The Department of Small and Local Business Development (DSLBD) administers the Medical Cannabis Social Equity Fund (Fund) and determines the designation of applicants as Medical Cannabis Certified Business Enterprises (MCCBE).
- Money in the Fund is to be used to provide equity, grants, and loans to assist social equity applicants and MCCBEs in gaining entry to, and successfully operating in, the program.
- ABCA does NOT disburse funds from the Fund but does require license applicants to submit MCCBE and Social Equity Declaration Forms indicating if they are or are not seeking to qualify as either an MCCBE or Social Equity applicant with their application.

PUBLIC COMMENT, PROTESTS



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- Applications are subject to a 45-day public comment period.
- Protests may only be submitted by an ANC located in the Ward the establishment is in or is requesting to operate in.
- Applicants and ANCs may enter into Settlement Agreements but they must be approved by the ABC Board to be enforceable.

PUBLIC COMMENT, PROTESTS

- Resolutions submitted by an ANC must address concerns or support regarding the proposed location, including but not limited to:
 - The effect of the establishment on real property values
 - The effect of the establishment on peace, order, and quiet
 - The effect of the establishment upon residential parking needs and vehicular and pedestrian safety
 - The proximity of the establishment to schools, recreation centers, day care centers, public libraries, or other similar facilities (new and transfer to new location applicants)
 - The effect of the establishment on the operation and clientele of schools, recreation centers, day care centers, public libraries, or other similar facilities (new and transfer to new location applicants)
 - Whether school-age children using facilities in proximity to the establishment will be unduly attracted to the establishment while present at, or going to or from, the school, recreation center, day care center, public library, or similar facility at issue (new and transfer to new location applicants)
 - Whether issuance of the license would create or contribute to an overconcentration of licensed medical cannabis establishments of the same type which is likely to affect adversely the locality, section, or portion in which the establishment is located (new and transfer to new location applicants)

COMPLIANCE



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- The public may submit complaints about licensed and unlicensed medical cannabis businesses to ABCA by phone or online form. All complaints will be investigated.
- The ABC Board may now issue fines for primary and secondary tier violations with fines increasing for subsequent violations. Additionally, ABCA investigators may issue citations for select primary and secondary tier violations.

UNLICENSED ESTABLISHMENTS

- Unlicensed operators that submit a complete application with ABCA during the 90-day open application period for a cultivation center, retailer, or internet retailer will not be subject to compliance with the Act while their application is being considered.
 - One exception: applicants may receive cease and desist orders if the applicant is found to be selling cannabis products or using advertising or packaging that may be especially appealing to children.
- Approved licensees will be notified in writing at least 15 days prior to being issued a license by the ABC Board. All unlicensed activity must cease within this time period.

UNLICENSED ESTABLISHMENTS

- If the ABC Board denies a license application, the decision will be made in writing to the applicant stating the reasons for denial.
- The applicant may submit a written appeal to the Board within 15 calendar days to reconsider the denial decision, including any relevant documentation or evidence that contests the denial.
 - The Board will hold a hearing and render a decision within 30 days of receiving a written appeal.
- Upon denial of the application, or denial of the appeal, the unlicensed establishment must close within 30 days of receiving the written decision.

EMERGENCY, PROPOSED RULEMAKING



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- The ABC Board adopted the Emergency and Proposed Rulemaking on April 12, 2023, and the rules became effective immediately on that date.
- The emergency rules will expire one hundred twenty (120) days from the date of adoption, or on August 10, 2023, unless superseded.
- A public hearing on the emergency and proposed rulemaking has been scheduled for Wednesday, June 7, 2023, at 10:30 a.m. All persons desiring to comment on the proposed rulemaking must submit their written comments no later than 30 days after the rulemaking is published in the *D.C. Register* to Martha Jenkins, General Counsel, Alcoholic Beverage and Cannabis Administration, at 2000 14th Street, N.W., 4th Floor, Washington, D.C. 20009 or martha.jenkins@dc.gov.