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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”, “commercial identification card”, “commercial card”, “license identification document”, “registry identification document”, or “certification 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 “commercial 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 earning 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 “key 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. 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.
 - 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;
- n. Change of status of cannabis applications, licensure, disciplinary or enforcement activity in other jurisdictions; and
- o. Any other changes requiring a variance as determined by the Commission.
- 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. The 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.

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:

<u>Year of Licensure</u>	<u>License Fee</u>
<u>Year 1</u>	<u>No Fee</u>
<u>Year 2</u>	<u>\$7,500</u>
<u>Year 3</u>	<u>\$15,000</u>
<u>Year 4</u>	<u>\$22,500</u>
<u>Year 5 and all subsequent years</u>	<u>\$30,000</u>

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 be 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:

<u>Medical Marijuana License Class</u>	<u>Facility Size (defined in § 1.2 of this Part)</u>	<u>Annual License Fee</u>
<u>Micro-license</u>	<u>0 – 2,500 sq. ft.</u>	<u>\$4,500</u>
<u>Class A</u>	<u>0 – 5000 sq. ft.</u>	<u>\$18,000</u>
<u>Class B</u>	<u>5,001 – 10,000 sq. ft.</u>	<u>\$31,500</u>

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.

B. 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.

<u>License Class</u>	<u>Canopy Size (defined in § 1.2 of this Part)</u>	<u>Annual License Fee</u>
<u>Micro-license</u>	<u>0 – 2,500 sq. ft.</u>	<u>\$4,500</u>

<u>Class A</u>	<u>0 – 5,000 sq. ft.</u>	<u>\$18,000</u>
<u>Class B</u>	<u>5,001 – 10,000 sq. ft.</u>	<u>\$31,500</u>

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.
 - (3) 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.
 - (4) 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.

- (5) 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.
- (6) 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.

(7) 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 programming 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.

<u>Section</u>	<u>Description</u>	<u>Fee</u>
<u>§ 1.4 – Cannabis Retail Sales License</u>	<u>Application Fee</u>	<u>\$7,500</u>
<u>§ 1.4 – Cannabis Retail Sales License</u>	<u>Annual Licensing Fee</u>	<u>\$30,000</u>
<u>§ 1.11 – Social Equity Applicant Status Certification</u>	<u>Social Equity Applicant Status Certification Fee</u>	<u>\$0 (Waived)</u>
<u>§ 1.5 – Social Equity Retail License</u>	<u>Application Fee</u>	<u>\$0 (Waived for initial 6 licenses)</u>
<u>§ 1.5 – Social Equity Retail License</u>	<u>Annual Licensing Fee</u>	<u>See scale in § 1.5(L)(5); \$0 in first year, increasing to \$30,000 in 5 years</u>
<u>§ 1.6 – Workers' Cooperative Retail License</u>	<u>Application Fee</u>	<u>\$7,500</u>
<u>§ 1.6 – Workers' Cooperative Retail License</u>	<u>Annual Licensing Fee</u>	<u>\$30,000</u>
<u>§ 1.7 – Cannabis Product Manufacturer</u>	<u>Application Fee</u>	<u>\$2,000</u>

<u>§ 1.7 – Cannabis Product Manufacturer</u>	<u>Annual Licensing Fee</u>	<u>\$4,500</u>
<u>§ 1.8 – Compassion Center</u>	<u>Application Fee</u>	<u>\$10,000</u>
<u>§ 1.8 – Compassion Center</u>	<u>Annual Licensing Fee</u>	<u>\$500,000</u>
<u>§ 1.9 – Hybrid Cannabis Retailer (applies only to Licensed Compassion Centers)</u>	<u>Annual Adult Use Sales Authorization Fee for licensed Compassion Centers</u>	<u>\$30,000</u>
<u>§ 1.9 – Hybrid Cannabis Retailer Authorization (applies only to Licensed vertically integrated Compassion Centers)</u>	<u>One-time Application Fee for hybrid cultivation authorization</u>	<u>\$0</u>
<u>§ 1.10 – Hybrid Cannabis Cultivator Transition: Micro-license, Class A or Class B</u>	<u>One-time Application Fee</u>	<u>\$0</u>
<u>§ 1.10 – Adult Use Cultivator: Micro-license, Class A or Class B</u>	<u>One-time Application Fee</u>	<u>\$4,500</u>
<u>§ 1.10 – Medical, Hybrid or Adult Use Cannabis Cultivator: Micro-license</u>	<u>Annual Licensing Fee</u>	<u>\$4,500</u>
<u>§ 1.10 – Medical, Hybrid or Adult Use Cannabis Cultivator: Class A</u>	<u>Annual Licensing Fee</u>	<u>\$18,000</u>
<u>§ 1.10 – Medical, Hybrid or Adult Use Cannabis Cultivator: Class B</u>	<u>Annual Licensing Fee</u>	<u>\$31,500</u>

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.