



September 27, 2024

Dear Governor McKee, Speaker Shekarchi, Senate President Ruggerio, General Treasurer Diossa, and Attorney General Neronha:

The Cannabis Control Commission is pleased to submit this report in accordance with R.I. Gen. Laws § 21-28.11-5(d)(1), which includes an update on the “commission’s activities, including a review of the implementation and enforcement of this chapter and the governance structure established in this chapter, not more than ninety (90) days after the end of the fiscal year.” We view this report as an opportunity to assess our current activities from both an external and internal perspective, seeking both staff, industry, and the advisory board’s feedback on a variety of topics as it relates to the Commission’s mission and activities. The Commission’s primary goal is to regulate the cannabis industry in a way that is safe, transparent and equitable for years to come.

Transitional State and Governance:

The Commission was confirmed by the Rhode Island State Senate in June 2023. Shortly thereafter, the Commission spent the summer and fall of 2023 on a public, statewide listening tour and heard feedback from industry stakeholders, licensees, public health organizations, parents, public safety officials and municipal leaders, amongst other members of the public. We also used this time to begin hiring essential staff to assist us in effectuating the goals of the Rhode Island Cannabis Act.

This past spring, we also studied two key topics, the medical marijuana program and a market demand study on cultivation and [submitted reports](#) on our findings to the Governor and General Assembly, as mandated by the Cannabis Act, pursuant to § 21-28.11-10.4 and § 21-28.11-8(b). In May 2024, the Governor named Michelle Reddish, MS, MPH, as the inaugural Administrator of the Cannabis Office and she was confirmed by the Senate in June 2024.

Administrator Reddish has been working diligently to advance the Commission’s goals while also getting to know the existing staff. She recently completed an operational assessment with each staff member and reported that the Commission was recognized by the staff for effectively managing the challenges of this transitionary period, particularly in balancing industry stakeholders while maintaining transparency through monthly open meetings. She also reported that the staff appreciates the Commission’s responsiveness to current licensees’ concerns and its efforts to create a clear process for addressing issues. The staff additionally reported that the Commission’s approach to regulatory updates has been thorough and measured, but that there is a call for more structured project planning as the transition to the Cannabis Office progresses.

While the separation of powers, duties, and responsibilities between the Office of Cannabis Regulation (OCR) and the Commission still exists under the transitional state described in the Rhode Island Cannabis Act, there is optimism that the upcoming merger will lead to greater unity and collaboration. The staff emphasizes the importance of transparency, both externally and internally, to support accountability and effectiveness within the agency. Additionally, creating additional procedural documentation to support the staff and community will improve efficiency and help ensure continuity, especially during this agency transitional period, fostering better efficiency, coordination and understanding between teams.

Currently, the Commission's top priority is finalizing our first set of regulations for the adult-use market. This process has been informed by the key mandates found in the Rhode Island Cannabis Act, assisted by the advice of the Cannabis Advisory Board (CAB) and benefited by the public comment received at every Commission open meeting. We know that many small cannabis businesses in Rhode Island are waiting on these regulations, and we hope to finalize them in the near future. We are also conscious that every action we take needs to be legally defensible, and we must balance diligence and efficiency with caution. The Commission has already been the subject of three lawsuits in the short time we have been at work and expect more on the horizon as we continue the work ahead given the litigious nature of cannabis licensing across the country. We are also grateful to the staff of the Attorney General's office for their zealous representation in defending the Commission against novel legal claims and issues.

The Commission's staff has been steadfast in building a Social Equity Assistance Program that is dedicated to fostering an inclusive and equitable cannabis industry by addressing the historical injustices and disproportionate impacts of cannabis prohibition on marginalized communities. This has required significant focus and research to properly address the economic empowerment for individuals and communities disproportionately affected by past cannabis laws. Further, the staff routinely researches adult use states' regulatory decisions to understand and create best practices for Rhode Island as we continue to develop and support a safe and growing cannabis industry.

During this transitional period the OCR staff remains fully engaged in regulating and enforcing the current medical and adult use cannabis markets, as well as implementing the hemp program. OCR takes enforcement matters very seriously and operate fairly to reach fair and reasonable solutions with licensees. Once the Commission's regulations are promulgated, the enforcement authority will transition from OCR to the Cannabis Office, and we anticipate including updates on the Cannabis Office's enforcement efforts into future submissions of this report once it is under our purview.

Economic Outlook:

Throughout the progress outlined above, the Commission has kept a close eye on the data from the seed-to-sale tracking system utilized by licensees. Adult-use cannabis sales in Rhode Island have steadily increased nearly every month since being legalized in December 2022. This growth is due in part to the State's efforts to create a safe and regulated market that is accessible to adult consumers over the age of

twenty-one. There are currently seven (7) hybrid cannabis retailers selling medical and adult use cannabis, over sixty (60) cultivators, and three (3) testing laboratories. Overall, we view this progress as the managed growth envisioned in the Rhode Island Cannabis Act coming into fruition. However, it should be noted that the Commission has also diligently listened to public feedback, in particular from the industry members that work every day in this space. We know from hearing directly from the public that we must steadily keep the progress moving to get additional licensed retail stores open as soon as possible.

The Commission believes that the economic prosperity opportunities for current and future licensees licensed under the Cannabis Act will be aligned with the McKee-Matos Administration's Rhode to Prosperity initiative. Improving employment opportunities and economic outcomes in the cannabis sector will contribute to Governor McKee's vision of a healthier state.

Cannabis Advisory Board and Open Meetings:

While the Commission is a three-person public body responsible for the regulation and enforcement of adult-use and medical cannabis in the state, we are assisted in receiving advice from the CAB, a nineteen-member public body. The Governor, Speaker, and Senate President named the members of the CAB in August 2023, and the CAB began meeting in November 2023. At the beginning of 2024, the CAB was assigned key matters by the Commission, in accordance with the statutory mandates described in the Rhode Island Cannabis Act. As required by the Act, the CAB also has five subcommittees that meet on a variety of topics ranging from cannabis industry topics to public health and safety related items.

Our staff also recently used this report as an opportunity to survey the CAB membership. Overall, CAB members reported that they are pleased with the progress they have made meeting over such a short period of time. The members shared constructive feedback to further enhance the effectiveness of this new public body. Feedback included to consider expanding participation and voting for all members, integrating the five subcommittees mandated by the Act to better encourage collaboration and discussion between subcommittees to address divergent conclusions before presenting recommendations to the full CAB.

Additionally, the feedback received included the need to further define the CAB's role in collaboration with the Commission, reducing meeting frequency, and giving members more time with meeting materials. Further, it was conveyed that better facilitation of meetings would effectuate more efficient and collaborative CAB meetings. Altogether, this feedback reflects a desire for a more efficient, collaborative, and manageable advisory board structure.

It should be noted that it requires a significant amount of staff time and resources to comply with the open meeting requirements and general preparation needed to coordinate the seven public bodies created in the Act (the Commission, CAB, and its five subcommittees). Additionally, the actual staff members allotted to the Commission is quite small, with only a few employees fully engaged to support the Commission's work. While having public dialogue in an open meeting setting is certainly in keeping

with our key pillar of transparency, the amount of public bodies created in the Cannabis Act adds a significant amount of work on top of the Commission's daily operations, which can interfere with our small staff's ability to be efficient and productive in other areas.

The Road Ahead:

In closing, the Commission is working diligently toward a transparent, regulated cannabis industry that is accessible to all. The Rhode Island Cannabis Act, a landmark piece of legislation, creates significant opportunities for the State. From launching a first-ever Social Equity Assistance Program to expanding the economic and educational opportunities for its residents, the Commission is paving an uncharted path forward with excitement for the future of the legalized cannabis industry. While this novel time for the Commission brings along its challenges, our staff is dedicated to breathing life into the Rhode Island Cannabis Act with integrity and a commitment in service to the State of Rhode Island. We will continue to march ahead and look forward to our continued accomplishments for this upcoming year.

Sincerely,



Kimberly Ahern, Chairperson



Michelle Reddish, Administrator