3 GAR Chapter 9
Cannabis Control Board
Business Regulations
Cannabis Industry Act of 2019

August 25 and 26, 2022
Presented by:
Director Dafne M. Shimizu
Department of Revenue and Taxation
Agenda

- The Basic Process
  6 Steps to Getting Licensed

- Agency Responsibilities

- Challenges and Proposed Solutions

- What’s Next?
6 Steps to Getting a Cannabis Business License

**STEP 1: Organizational Documents**
- Business License Branch
- Articles of Incorporation, By-laws, Partnership Agreement

**STEP 2: Administrative License**
- Business License Branch
- Operation for administrative purposes only (valid for 1 year)

**STEP 3: Application for Responsible Official Cannabis ID Card**
- Compliance Branch
- RO submits Application; Approval by CCB

**STEP 4: Application for Cannabis Establishment License**
- Compliance Branch
- RO submits Application; All required agencies review, inspect; Approval by CCB

**STEP 5: Application for Permit to Operate**
- Compliance Branch
- RO submits Application; All required agencies review, inspect

**STEP 6: Business License for Activity and Termination of Administrative License**
- Business License Branch
- Issuance of Business License for Cultivation, Manufacturing, Testing, or Retail
Step 1: Filing of Organizational Documents – DRT Business License Branch

- Responsible Official MUST be named in the following:
  - Articles of Organization
  - By-laws
  - Partnership Agreements
  - Other organizational document

- Filing fees to be paid in **CASH or CHECK ONLY**
- **Credit or debit card payments WILL NOT be accepted**
- Business License Branch must ensure payment is **clearly identified** as a payment from a cannabis business
Step 2: Obtain an Administrative License – DRT Business License Branch

- Required in order to apply for the Cannabis Establishment License
- Valid for maximum of 1 year
- For Administrative purposes only
  - Cannot conduct cultivation, manufacturing, testing laboratory, or retail activities
  - Examples of use are to open bank accounts, enter into leases, etc.
Step 3: Apply for Responsible Official Cannabis Identification Card - DRT Compliance Branch

- Application submitted by Responsible Official with payment in **CASH or CHECK ONLY**

- **Credit or debit card payments WILL NOT be accepted**
### §9201. Fees. Responsible Official

<table>
<thead>
<tr>
<th>Type of License</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsible Official Cannabis Identification Card New</td>
<td>$ 1,000</td>
</tr>
<tr>
<td>Responsible Official Cannabis Identification Card Renewal</td>
<td>$ 750</td>
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<tr>
<td>Responsible Official Designated Transporter New</td>
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<td>Responsible Official Designated Transporter Renewal</td>
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<tr>
<td>Responsible Official Cannabis Establishment Occupational License: Manager and Employee New</td>
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<tr>
<td>Responsible Official Cannabis Establishment Occupational License: Manager and Employee Renewal</td>
<td>$ 25</td>
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</tbody>
</table>

*non-refundable*
§ 9203. Applying for a Cannabis ID Card by a Responsible Official or Designated Transporter

- Cannabis Identification Cards (CIC) are required for all Responsible Officials and Designated Transporters
§ 9202. Responsible Official

Requirements

- 21 years of age or older
- Must be identified in articles of incorporation, by-laws, partnership agreement or other organizational documents, or is an owner, operator, or otherwise responsible for the cannabis establishment
- Meets qualifications and is approved by the CCB
- Responsible for submitting all required applications, documents, and reports
- Accountable for any intentional or unintentional action of its owners, officers, managers, employees or agents, who, with or without the knowledge of the RO, violates the Act or these rules and regulations
- Responsible for providing information, signing documents, ensuring actions are taken to comply with requirements
- Mailing address must be located on Guam
Responsible Official Must

- Obtain Clearances from:
  - Guam Police Department
  - Superior Court to include FBI background check
  - Office of the Attorney General
  - Financial review and waiver form
§9204. Denial or Approval of a New Application for a Cannabis Identification Card

- Applies to Cannabis Identification Card for Responsible Officials or Designated Transporters
- DRT must verify information
- Completed applications shall be forwarded to the Board within 30 calendar days of receipt
- Denial reasons
  - All required information not provided or insufficient
  - Falsified documents
§9204. Denial or Approval of a New Application for a Cannabis Identification Card, continued

- **Denial of application**
  - If the application is denied, Board shall provide written notification to the applicant of the denial reason *within 10 business days*
  - A denied applicant has *10 business days* to appeal or resubmit a revised application
    - Denial Upheld – applicant cannot reapply from 6 months from date of denial
- **Approval of application**
  - DRT shall issue a Cannabis Identification Card ("CIC") *within 5 business days*
    - CIC must be picked up by the cardholder in person and expires one year from date of issuance
Step 4: Apply for Cannabis Establishment License at DRT Compliance Branch

- Responsible Official submits application and application fee to DRT in **CASH or CHECK ONLY**
- **Credit or debit card payments WILL NOT be accepted**
- DRT
  - Verify information on application
  - Conduct investigation to determine whether applicant and premises qualify for the license
  - Generate an investigation report
  - Forward to the CCB within 30 calendar days of receipt or advise Responsible Official within 30 business days of the Department’s determination if an application is incomplete or if information is found to be false.
§9208. Requirements for a Cannabis Establishment License.

1. Legal residents of Guam for no less than 3 years and shall retain 51% ownership
2. Ownership of only one type of entity allowed
3. Owner of a testing facility cannot own or have financial stake in any other type of cannabis establishment
4. Cultivation and Manufacturing allowed only in: Agriculture Zone (A), Light Industrial Zone (M1), or Heavy Industrial Zone (M2)
5. Retail Cannabis allowed only in: Commercial Zone (C), Light Industrial Zone (M1) and Heavy Industrial Zone (M2)
6. Drug Free Work Zone and other zoning requirements apply
§9210. Applying for a Cannabis Establishment License

✓ The RO’s Name and ID Card No.
✓ Legal Name of business organization
✓ Physical address of proposed cannabis establishment business
✓ Type of business organization (e.g. sole proprietor, corporation, partnership, LLC, LLP); and
✓ Proof that no proposed owners, officers, or board members of the proposed cannabis establishment business are under age 21
✓ Verification of the permitted use of the premises
✓ Proof that the cannabis establishment is registered and has a business license and a Business Privilege Tax Number with DRT
§9210. Applying for a Cannabis Establishment License, continued

✓ Clearances from health, water, building and fire agencies or authorities
✓ Certification that none of the persons who are proposed to be owners, officers, or board members of the proposed cannabis establishment have served as an owner, officer or board member for a licensed cannabis establishment that has had its license revoked within the three years of the current application date
✓ Certification that the proposed licensed cannabis establishment will not knowingly employ or contract with a person who is under 21
✓ Fees as indicated in §9201
**§9201. Fees. Cannabis Establishment - Cultivation**

<table>
<thead>
<tr>
<th>Type of License</th>
<th>Fee</th>
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</thead>
<tbody>
<tr>
<td>Cannabis Establishment Type I Cultivation Application</td>
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<tr>
<td>Cannabis Establishment Type I Cultivation New License</td>
<td>$ 500</td>
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<tr>
<td>Cannabis Establishment Type I Cultivation License Renewal</td>
<td>$ 500</td>
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<tr>
<td>Cannabis Establishment Type I Cultivation Permit to Operate</td>
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<tr>
<td>Cannabis Establishment Type II Cultivation Application</td>
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<td>Cannabis Establishment Type II Cultivation New License</td>
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<td>Cannabis Establishment Type II Cultivation Permit to Operate</td>
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§9201. Fees. Cannabis Establishment – Cultivation, continued

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<thead>
<tr>
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<tr>
<td>Cannabis Establishment Type III Cultivation Permit to Operate</td>
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<tr>
<td>Cannabis Establishment Type IV Cultivation Application</td>
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<td>Cannabis Establishment Type IV Cultivation New License</td>
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<td>Cannabis Establishment Type IV Cultivation Permit to Operate</td>
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*non-refundable
§9201. Fees. Cannabis Establishment – Manufacturing, Testing, Retail

<table>
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<th>Type of License</th>
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<tr>
<td>Cannabis Establishment Cannabis Product Manufacturing Facility License Application</td>
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<td>Cannabis Establishment Cannabis Product Manufacturing Facility License New License</td>
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<td>Cannabis Establishment Cannabis Testing Facility License Application</td>
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<td>Cannabis Establishment Cannabis Testing Facility License License Renewal</td>
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<td>Cannabis Establishment Retail Cannabis Store License Permit to Operate</td>
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<td>Cannabis Establishment Retail Cannabis Store License Application</td>
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<td>Cannabis Establishment Retail Cannabis Store License Permit to Operate</td>
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*non-refundable*
## Illustration of Cost

<table>
<thead>
<tr>
<th>Type I Cultivator</th>
<th>Type IV Cultivator</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ RO CIC</td>
<td>✓ RO CIC</td>
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<tr>
<td>$1,000</td>
<td>$1,000</td>
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<tr>
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<tr>
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<td>✓ CEL New License</td>
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<tr>
<td>$500</td>
<td>$10,000</td>
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<tr>
<td>✓ Permit to Operate</td>
<td>✓ Permit to Operate</td>
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<td>$600</td>
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<tr>
<td>✓ TOTAL</td>
<td>✓ TOTAL</td>
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<tr>
<td>$2,600*</td>
<td>$31,000*</td>
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*Does not include registration, permitting, inspection, or any other fees.
Step 5: Application for Permit to Operate
§9212 Permit to Operate a Cannabis Establishment

A. Application
   1. RO info with CIC Number
   2. Date of issuance of CEL
   3. Date of expiration of CEL
   4. Date the CE must reapply
   5. Business Privilege Tax Number

B. Site Plan

C. Distance to closest school and Drug Free Zone

D. Floor plan drawn to scale

E. Clearances from appropriate agencies
§9212 (a)(5) Clearances Required

- Building, zoning, agricultural, water, wastewater, air quality, safety, and protection of endangered species laws and regulations
- DPHSS, Division of Environmental Health, if preparation, packaging, storing, selling, distributing or dispensing of cannabis infused edible food products is involved

**Note:** Agencies must ensure that all funds received from cannabis businesses are separated from any other funds received and that there is a mechanism in place to ensure that the TOG is aware that a deposit is for cannabis applicants, licensees, permittees, etc. This includes funds for established inspection, permit, license, and other fees.
§9212 (a)(5) Clearances Required - DPW

- Building code
- Solid waste requirements
- Signage laws
- Where applicable, real property owned by fee simple or leasehold by the applicant and for which any improvements will be made for the purpose of this business;
§9212 (a)(5) Clearances Required - GEPA

- Runoff
- Sanitation
- Waste disposal
- Air Quality
§9212 (a)(5) Clearances Required – GFD, DPHSS, and GWA/GEPA

- GFD - Fire safety code provisions which apply
- DPHSS - Compliance with all regulatory codes with which the proposed business must comply
- GWA/GEPA - Compliance with water and wastewater requirements
§9212 (a)(5) Clearances Required – DRT and DoAg

- **DRT**
  - Business Privilege Tax
  - Payment of all applicable taxes or approval of a payment plan for recovery of delinquent taxes or existence of a challenge to each claim by DRT that taxes are delinquent

- **DoAg**
  - Whenever improvements will be made to real property to be used for such business, DoAg shall determine whether mitigation will be required in the interest of endangered species
§9212 (b) DRT Inspection

- DRT must conduct an inspection within 30 calendar days of receipt of the application for the Permit to Operate.
  - Proposed location
  - Security system, including the video surveillance system and alarm system as required by this Chapter
  - Labeling and packaging procedures that comply with this Chapter
  - Required policies and procedures as described in these rules and regulations
  - Electronic data management system in accordance with these rules and regulations
§9212 (C) Written Notification of Failure to Pass

- The Department shall provide a written notification of failure to pass inspection to the responsible official of the cannabis establishment within 5 business days of the Department’s determination of failure to pass and specify the area of concern.

- If the cannabis establishment fails the inspection, the RO shall notify DRT when the cannabis establishment is ready for another inspection.

- Once approved, DRT shall issue the Permit to Operate within 5 business days.

- The RO shall pick up the Permit to Operate in person at DRT after paying applicable fees.

- The Permit to Operate must be displayed in a conspicuous place inside the licensed cannabis establishment.
Step 6: Obtaining a Business License for the Activity (Cultivation, Testing, Manufacturing, Retail) and Termination of Administrative License

- RO will go to DRT Business License Branch to request for issuance
Challenges and Solutions
What Next?

- Agency and Board Orientation
- Agency SOPs, Forms, and Instructions
- Set Up of New Accounts for Agencies Receiving Funds from Cannabis Businesses
  - Includes DRT, DPW, GFD, DLM, EPA, etc.
- Education Campaign
- Addressing various challenges through:
  - Changes to law
  - Changes to rules and regulations
  - MOUs
  - Other
Questions/Comments
Si Yu’us Ma’ase