



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

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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 (may be done simultaneously with Step 3)

- Business License Branch
- Operation for administrative purposes only (valid for 1 year)

STEP 3: Application for Responsible Official Cannabis ID Card (may be done simultaneously with Step 2)

- 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

Type of License			Fee
Responsible Official	Cannabis Identification Card	New	\$ 1,000
Responsible Official	Cannabis Identification Card	Renewal	\$ 750
Responsible Official	Designated Transporter	New	\$ 200
Responsible Official	Designated Transporter	Renewal	\$ 175
Responsible Official	Cannabis Establishment Occupational License: Manager and Employee	New	\$ 50
Responsible Official	Cannabis Establishment Occupational License: Manager and Employee	Renewal	\$ 25

*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

§9209. Application Process for Cannabis Establishment License.

- 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

	Type of License		Fee	*non-refundable
Cannabis Establishment	Type I Cultivation	Application	\$ 500	
Cannabis Establishment	Type I Cultivation	New License	\$ 500	
Cannabis Establishment	Type I Cultivation	License Renewal	\$ 500	
Cannabis Establishment	Type I Cultivation	Permit to Operate	\$ 600	
Cannabis Establishment	Type II Cultivation	Application	\$ 2,000	
Cannabis Establishment	Type II Cultivation	New License	\$ 3,000	
Cannabis Establishment	Type II Cultivation	License Renewal	\$ 3,000	
Cannabis Establishment	Type II Cultivation	Permit to Operate	\$ 2,000	

§9201. Fees. Cannabis Establishment – Cultivation, continued

Type of License			Fee
Cannabis Establishment	Type III Cultivation	Application	\$ 3,500
Cannabis Establishment	Type III Cultivation	New License	\$ 5,000
Cannabis Establishment	Type III Cultivation	License Renewal	\$ 5,000
Cannabis Establishment	Type III Cultivation	Permit to Operate	\$ 5,000
Cannabis Establishment	Type IV Cultivation	Application	\$ 5,000
Cannabis Establishment	Type IV Cultivation	New License	\$ 10,000
Cannabis Establishment	Type IV Cultivation	License Renewal	\$ 10,000
Cannabis Establishment	Type IV Cultivation	Permit to Operate	\$ 15,000

*non-refundable

§9201. Fees. Cannabis Establishment – Manufacturing, Testing, Retail

	Type of License		Fee
Cannabis Establishment	Cannabis Product Manufacturing Facility License	Application	\$ 3,000
Cannabis Establishment	Cannabis Product Manufacturing Facility License	New License	\$ 4,000
Cannabis Establishment	Cannabis Product Manufacturing Facility License	License Renewal	\$ 4,000
Cannabis Establishment	Cannabis Product Manufacturing Facility License	Permit to Operate	\$ 5,000
Cannabis Establishment	Cannabis Testing Facility License	Application	\$ 2,000
Cannabis Establishment	Cannabis Testing Facility License	New License	\$ 2,000
Cannabis Establishment	Cannabis Testing Facility License	License Renewal	\$ 2,000
Cannabis Establishment	Cannabis Testing Facility License	Permit to Operate	\$ 2,000
Cannabis Establishment	Retail Cannabis Store License	Application	\$ 5,000
Cannabis Establishment	Retail Cannabis Store License	New License	\$ 5,000
Cannabis Establishment	Retail Cannabis Store License	License Renewal	\$ 5,000
Cannabis Establishment	Retail Cannabis Store License	Permit to Operate	\$ 5,000

*non-refundable

Illustration of Cost

Type I Cultivator

✓ RO CIC	\$1,000
✓ CEL Application	\$500
✓ CEL New License	\$500
✓ Permit to Operate	<u>\$600</u>
✓ TOTAL	<u>\$2,600*</u>

Type IV Cultivator

✓ RO CIC	\$1,000
✓ CEL Application	\$5,000
✓ CEL New License	\$10,000
✓ Permit to Operate	<u>\$15,000</u>
✓ TOTAL	<u>\$31,000*</u>

*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

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