



CAMBRIDGE CITY COUNCIL

E. Denise Simmons
City Councillor

Mayor
2008-2009
2016-2017

July 29, 2019

Paula Crane
Interim City Clerk
Cambridge City Hall

Re: Proposed Amendments For July 30, 2019 City Council Meeting

Dear Ms. Crane:

I am submitting a substitute to my previously proposed amendments (which I had submitted for the June 27, 2019 Ordinance hearing) to the Cannabis Business Permitting discussion that shall be part of the City Council's agenda at the Special Meeting on July 30, 2019. Please include the proposed attached amendments as part of the record for consideration and discussion at this hearing. Thank you for your attention to this matter.

Sincerely,

City Councilor E. Denise Simmons

CITY OF CAMBRIDGE

In the Year Two Thousand Nineteen AN ORDINANCE

In amendment to the Municipal Code of the City of Cambridge

**Be it ordained by the City Council of the City of Cambridge as follows:
That the Municipal Code of the City of Cambridge be amended in Title 5 entitled
“Business Licenses and Regulations” by adding a new chapter 5.50 entitled “Cannabis
Business Permitting” which reads as follows:**

Chapter 5.50 Cannabis Business Permitting

5.50.010 Purpose

This ordinance is intended to create a separate local permitting requirement for Cannabis Retail Store, Cannabis Cultivator, Cannabis Product Manufacturer and/or Cannabis Transporter (collectively “Cannabis Business”) applicants to certify compliance with certain conditions in the public interest prior to being permitted to operate a Cannabis Business in the City. The City deems it to be in the public interest to give initial permitting preferences for Cannabis Businesses to Priority Applicants, as defined herein.

5.50.20. Definitions

Cannabis Business. A Cannabis Retail Store, Cannabis Cultivator, Cannabis Product Manufacturer and/or Cannabis Transporter.

Cannabis Cultivator. An entity licensed by the Massachusetts Cannabis Control Commission as a Marijuana Cultivator to cultivate, process and package cannabis or marijuana, and to transfer cannabis or marijuana to other cannabis or marijuana establishments, but not to consumers. A craft marijuana cooperative as defined by state regulation is a type of Cannabis Cultivator.

Cannabis Product Manufacturer. An entity licensed by the Massachusetts Cannabis Control Commission as a Marijuana Product Manufacturer to obtain, manufacture, process and package cannabis or marijuana products and to transfer these products to other cannabis or marijuana establishments, but not to consumers.

Cannabis Retail Store. An establishment authorized to sell or otherwise transfer cannabis or marijuana products to consumers for use off the premises, but not to cultivate, manufacture, process, or package cannabis or marijuana products, in accordance with applicable state laws and regulations. A Cannabis Retail Store may be licensed to operate as a Cannabis or Marijuana

Retailer or registered as a Medical Marijuana Treatment Center, also known as a Registered Marijuana Dispensary (hereafter “RMD”), or both, in accordance with applicable state laws and regulations.

Cannabis Transporter. An entity, not otherwise licensed by the Cannabis Control Commission, that is licensed to purchase, obtain, and possess cannabis or marijuana, or cannabis or marijuana products, solely for the purpose of transporting, temporarily storing, selling and distributing them to cannabis establishments, not for selling to consumers.

Local Sales Taxes. Taxes imposed by the City upon the sale or transfer of marijuana or marijuana products by a Cannabis Retail Store pursuant to Section 3 of M.G.L. Chapter 64N.

Priority Applicant. A person, corporation, or other legal entity applying for a Cannabis Business permit pursuant to this Chapter to operate in the City who is:

- a. **Group A Priority Applicant.** An Economic Empowerment Applicant certified as such by the Commonwealth’s Cannabis Control Commission; or a Social Equity Program Applicant certified as such by the Commonwealth’s Cannabis Control Commission who is also a Cambridge resident and has been for at least the previous three years; or a Women or Minority Owned business as certified by the Commonwealth and/or by the City; or a Cambridge resident for at least the three previous years prior to application earning less than fifty percent (50%) of Area Median Income (AMI) in the three previous tax years prior to application -- to be known as Group A Priority Applicants.
- b. **Group B Priority Applicant.** ~~An RMD~~ **A Medical Marijuana Treatment Center** within the City that was licensed or registered **by the Massachusetts Department of Public Health** not later than July 1, 2017 to sell cannabis products in a Cannabis Retail Store pursuant to the Commonwealth’s medical use of marijuana laws, which seeks to operate as a **Colocated Marijuana Operation** licensed ~~marijuana-retailer~~ pursuant to **935 CMR 502.000: Colocated Adult-Use and Medical-Use Marijuana Operations** ~~the Commonwealth’s adult use of marijuana laws~~ - to be known as Group B Priority Applicants. Those who qualify as Group B Priority Applicants cannot also qualify as a Group A Priority Applicant.

5.50.030 Applicability

This Chapter shall apply to any proposed Cannabis Cultivator, Cannabis Product Manufacturer, Cannabis Retail Store, or Cannabis Transporter that is seeking licensure from the Cannabis Control Commission on or after the effective date of this Chapter. This Chapter shall not apply to RMDs that have already been permitted in the City and are not seeking licensure as a Cannabis Retail Store for retail cannabis sales prior to the effective date of this ordinance (“Existing RMD”).

5.50.040 Permitting Preferences for Priority Applicants

The City shall issue a Cannabis Business Permit pursuant to this Chapter only to Priority Applicants. For the first two years after the Effective Date of this Chapter as stated in section 5.50.100 below, the City shall issue a Cannabis Business Permit to operate a Cannabis Retail Store only to Group A Priority Applicants who are Economic Empowerment Applicants certified as such by the Commonwealth’s Cannabis Control Commission **and Group B Priority Applicants. The City shall make all reasonable efforts to expedite all local municipal requirements pursuant to 5.50.050(a)(10.) below within 45 days following ordination of this Chapter for all eligible**

Priority Applicants for the City’s execution of Host Community Agreements and within 90 days following ordination of this Chapter for all eligible Priority Applicants for issuance of special permit. No Cannabis Retail Store shall open to adult-use retail sales prior to January 1, 2020.

5.50.045 RMD Economic Empowerment Accelerator Deposit

a. Each Group B Priority Applicant seeking to convert from a Medical Marijuana Treatment Center to a Colocated Marijuana Operation shall i) make two (2) deposits of not less than \$500,000 into the Cambridge Cannabis Accelerator and Incubator Fund for the purpose of providing no-interest start-up capitalization grants to support qualifying Economic Empowerment applicants certified pursuant to section 5.50.060 below, and ii) coordinate with each Group B Priority Applicant to collaboratively establish and fund a management and operations training program available for all Group A Priority Applicants certified pursuant to section 5.50.060 below. Each Group B Priority Applicant shall make an initial deposit no later than January 1, 2020; however, such payment shall only be made following issuance and execution of all local municipal requirements pursuant to 5.50.050(a)(10.) below. Final deposit shall be made twelve months following initial deposit by each Group B Priority Applicant.

b. The City shall deposit twenty (20) percent of all Local Sales Taxes into the Cambridge Cannabis Accelerator and Incubator Fund.

5.50.050 Permitting Requirements

a. In order to obtain a Cannabis Business permit pursuant to this Chapter, an applicant must certify that:

1. It will comply with employee pay standards set out in the City’s Living Wage Ordinance;
2. It will hire at least 51% of minority, women and/or veterans as employees;
3. If applicant has a Board of Directors, the board makeup will be at least 51% minority, women and/or veterans;
4. It consents to unannounced, periodic compliance inspections by City officials of its Cannabis Business, including any Cannabis Business activities it conducts off-site;
5. It will comply with all State and local laws and regulations regarding its Cannabis Business operations;
6. No person under the minimum legal sales age shall be permitted to enter the Cannabis Business site unless such person possesses a state-issued registration card demonstrating that the person is a registered qualifying ~~medical marijuana (cannabis)~~ patient **pursuant to 935 CMR 501.000** and the Cannabis Business site is, or is co-located with, an RMD;
7. It will work with the Cambridge Public Health Department to create and distribute educational materials to its customers as directed by the Cambridge Public Health Department;

8. It will sell only cannabis and cannabis accessories, and not other products, including tobacco products or alcoholic beverages of any kind;

9. It will comply with directives of the Police Commissioner and of the Director of Traffic Parking and Transportation, or their designees, regarding traffic measures to be taken at and near the Cannabis Business site;

10. It has received a special permit from the Planning Board for its Cannabis Business and has entered into a Host Community Agreement with the City through the City Manager's Office; and

11. It is a business in good standing with no outstanding federal, state or local investigations or judgments pending against it.

b. No discretionary permit conditions may be imposed by the permit issuing authority pursuant to this Chapter.

c. A Cannabis Business permit shall be valid only for the applicant to which the Cannabis Business permit was issued, and only for the use and for the site approved in the permit. A proposed change of controlling or ownership, change of use, or change of site shall require a new Cannabis Business Permit. As part of the Cannabis Business permit application process, the City shall require the applicant to disclose all individuals and legal entities who have a beneficial interest in the applicant's business **as required pursuant to standards for change in ownership or control issued by the Massachusetts Cannabis Control Commission.**

5.50.060 Permitting Procedure

This Chapter shall be administered by the City's Inspectional Services Department, except that Priority Applicant status shall be certified by the Director of the Economic Development Division of the Community Development Department. Applications for Cannabis Business permits shall be obtained from and submitted to the Inspectional Services Department. If permit applications are properly completed and certified, and the conditions of this Chapter are met, the Commissioner of Inspectional Services (the "Commissioner") shall issue a Cannabis Business Permit to the applicant. No public hearing process on individual applications shall be conducted. A Host Community Agreement shall be negotiated with the City Manager.

5.50.070 Permit Expiration and Renewal

The Cannabis Business Permit issued pursuant to this Chapter shall be subject to renewal annually. If the applicant fails to timely renew or fails to meet the requirements of this Chapter at the time of each renewal, including the Permitting Requirements in section 5.50.050 above, the Cannabis Business Permit issued hereunder shall expire. A Cannabis Business Permit will not be renewed if the permit holder has failed to pay all fines issued pursuant to this Chapter.

5.50.080 Enforcement

- a. Failure to comply with this Chapter, including a failure to maintain the status of a Priority Applicant, failure to obtain or to comply with the provisions of a Planning Board special permit or State license to operate a Cannabis Business, or failure to comply with any applicable laws, may result in revocation by the City, through the Commissioner, of the Cannabis Business Permit granted pursuant to this Chapter. Failure to meet the annual Cannabis Business Permit renewal requirements will result in the expiration of the Cannabis Business Permit. If a permit holder's State license is revoked, then the Cannabis Business Permit issued by the City shall be revoked. A Cannabis Business Permit may be revoked or not renewed if the permit holder has sold a cannabis product to a person under the minimum legal sales age three times or more, or if the permit holder has failed to pay to the City all outstanding fines issued pursuant to this Chapter.
- b. An applicant must cease to operate if it does not hold and maintain a valid Cannabis Business Permit pursuant to this Chapter. Prior to revoking a Cannabis Business Permit issued hereunder, the Commissioner will notify the Cannabis Business Permit holder in writing and allow the Cannabis Business Permit holder at least fourteen (14) days to submit written information to the Commissioner establishing that the Cannabis Business Permit holder is in compliance with the terms of this Chapter. The Commissioner shall make a final determination on the Cannabis Business Permit expiration or revocation thereafter. If a permit holder requests, the Commissioner in his discretion may hold a hearing before deciding whether to revoke a Cannabis Business Permit.
- c. Any violation of this Chapter by a permit holder shall be subject to a fine of up to \$300 for each violation. Each day a violation exists shall constitute a separate violation.
- d. Fines pursuant to this Chapter may be issued pursuant to the non-criminal ticketing procedure in G.L.c.40, §21D. The Commissioner of Inspectional Services, the Police Commissioner, and the Commissioner of Public Health, or their designees shall be the enforcement officials for this Chapter.

5.50.090 Regulations

The Commissioner of Inspectional Services, as well as the Assistant City Manager for Community Development, with the approval of the City Manager, are authorized to promulgate regulations and to create the necessary application and permit forms, to implement this Chapter with respect to their respective responsibilities pursuant to this Chapter. Regulatory requirements implementing this ordinance may differ for Priority Applicants and non-Priority applicants, such that the regulatory burden for Priority Applicants is less burdensome.

5.50.095 Cambridge Cannabis Accelerator and Incubator Fund

a. No later than 45 days following ordination of this Chapter, the Assistant City Manager for Community Development shall issue a procurement for the City to engage a nonprofit located within the City to establish and administer a Cambridge Cannabis Accelerator and Incubator Fund. The purpose of the fund shall be to 1) provide no-interest start-up capitalization grants to support qualifying Economic Empowerment applicants certified pursuant to section 5.50.060 above, and 2) establish an incubator program for Group A Priority Applicants. The Assistant City Manager shall select such nonprofit by no later than November 1, 2019.

b. The Fund shall be administered by the selected nonprofit. There shall be a Cambridge Economic Empowerment Accelerator Fund Advisory Board which shall support and advise the nonprofit in its administration of the fund. The advisory board shall be made up of the

Assistant City Manager for Community Development or designee, who shall serve as chair, as well as four City residents with experience in community and economic development or small business development to be appointed by the City Manager.

5.50.100 Effective Date

This Chapter shall take effect on _____, 2019.

5.50.110 Severability

The provisions of this Chapter are severable, and if any part of this Chapter should be held invalid by a court of competent jurisdiction, such invalidity shall not affect the remainder of the Chapter, and the remainder of the Chapter shall remain in full force and effect.