

## **Application for Hybrid Cultivation License Now Open with Application for Hybrid Retail License Expected this Fall**

On May 25, 2022, Rhode Island enacted The Rhode Island Cannabis Act (the “Act”), becoming the nineteenth state in the country to legalize cannabis for recreational adult-use. It is expected that cannabis sales will be big business in Little Rhody, given that medical sales alone averaged approximately \$6.8 million per month from January 2020 to May 2022.<sup>1</sup>

With the December 1, 2022 rollout of recreational retail sales fast approaching, licensed medical cultivators are exclusively eligible to apply for a hybrid cultivation license to grow cannabis for the recreational market, with hybrid applications for existing compassion centers expected to be available on or before October 15, 2022.<sup>2</sup>

Based on the foregoing, licensed medical cultivators and compassion centers would do well to review the Act with an eye toward provisions applicable to recreational adult-use prior to commencing recreational sales this winter.

This post provides an overview of certain relevant provisions of the Act, as well as recent guidance from the Office Cannabis Regulation (“OCR”) that should be of note to existing cannabis cultivators and compassion centers who intend to service Rhode Island’s recreational adult-use market.

### **The Cannabis Control Commission**

The Act provides for the creation of an independent commission known as the Rhode Island Cannabis Control Commission (the “Commission”).<sup>3</sup> The Commission will consist of three members appointed by the Governor, subject to the advice and consent of the Rhode Island Senate.<sup>4</sup>

Once appointed, the Commission will be responsible for the “regulation, licensing, and control of adult use and medical cannabis” throughout Rhode Island.<sup>5</sup> The Governor has yet to announce who will be appointed to the Commission. However, a decision is expected in the coming months.

### **The Transitional Period**

Until the Commission is appointed and issues final rules and regulations, the OCR has the authority to “prescribe such forms, procedures, and requirements as necessary to facilitate the acquisition of hybrid retail and cultivation licenses by compassion centers and cultivators” licensed under the existing medical marijuana program.<sup>6</sup>

The OCR’s [website](#) provides guidance for Rhode Island’s cannabis industry stakeholders, including licensed cultivators and compassion centers who intend to serve the recreational adult-use market.

## **Hybrid Cultivator and Retailer Licenses**

Pursuant to the Act, only holders of a current medical marijuana cultivator’s license are eligible to apply to service the recreational adult-use market.<sup>7</sup> No new licenses are presently available or being considered by the OCR.<sup>8</sup>

All applicants for a hybrid cultivation license must be in good standing with the OCR. “Good standing” means “an active license in which an approved location is required.”<sup>9</sup> A pending enforcement action before the DBR or other matters of noncompliance before the OCR will materially impact the DBR’s view of a licensee’s overall good standing for purposes of obtaining a hybrid cultivation license.<sup>10</sup>

The fee schedule for a hybrid cultivation license corresponds to the applicant’s existing medical marijuana cultivator’s license. “Micro” license holders must submit a \$500 fee along with their application, whereas “Class A” and “Class B” license holders are responsible for submitting \$2,000 and \$3,500, respectively.<sup>11</sup> Cultivators with a preexisting medical cultivation license may apply for a hybrid cultivation license by completing and submitting the forms found [here](#).

Like hybrid cultivation applications, hybrid retail applications will only be available to existing medical licensed compassion centers.<sup>12</sup> Hybrid retail license applications are not yet available, however, they are expected to come online on or before October 15, 2022.<sup>13</sup>

## **Separation of Cannabis Products at Wholesale and Retail**

The General Assembly was concerned that the legalization of recreational adult-use would displace the Rhode Island’s existing medical marijuana program. To that end, the Act requires cultivators seeking a hybrid license to “submit plans to distinguish between the sales of marijuana or finished marijuana products at whole sale based upon designation for medical or adult use sales.”<sup>14</sup>

Likewise, applicants for a hybrid retail license are instructed to: (1) separate marijuana and marijuana products designated for adult-use and medical sales; (2) separate sales areas for adult-use and medical sales; and (3) provide a patient consultation area that will allow for a confidential consultation with qualified medical patients.<sup>15</sup>

Notwithstanding the foregoing, hybrid cultivators and compassion centers must continue to comply with preexisting packaging and labeling requirements.<sup>16</sup>

\* \* \*

Navigating Rhode Island’s recreational adult-use regime can be challenging. However, the attorneys at Kelly, Souza, & Parmenter, P.C. are here to help.

Should you need assistance interpreting the provisions of the Act or applying for a hybrid license, please contact Attorneys [Michael A. Kelly](#), [Michael D. Resnick](#), or [Sean P. Klammer](#).



---

<sup>1</sup> Office of Cannabis Regulation, *Industry Overview* (June 21, 2022), [https://dbr.ri.gov/sites/g/files/xkgbur696/files/2022-06/MMP\\_IndustryOverview\\_May22.pdf](https://dbr.ri.gov/sites/g/files/xkgbur696/files/2022-06/MMP_IndustryOverview_May22.pdf).

<sup>2</sup> Office of Cannabis Regulation, *Preliminary Guidance for Hybrid Cultivation and Retail Sales*, §§ 1.1, 4.2 (July 12, 2022), <https://dbr.ri.gov/sites/g/files/xkgbur696/files/2022-07/2022-07-12%20Hybrid%20Prelim%20Guidance.pdf>.

<sup>3</sup> R.I. Gen. Laws § 21-28.11-11.4(a).

<sup>4</sup> *Id.* at (b)(1) – (2).

<sup>5</sup> R.I. Gen. Laws § 21-28.11-11.4(a).

<sup>6</sup> R.I. Gen. Laws § 21-28.11-10.1(a) – (c).

<sup>7</sup> R.I. Gen. Laws § 21-28.11-7(b).

<sup>8</sup> Office of Cannabis Regulation, *Hybrid Cultivator License Frequently Asked Questions* (Aug. 1, 2022), <https://dbr.ri.gov/sites/g/files/xkgbur696/files/2022-08/Hybrid%20Cultivator%20FAQs%208-1-2022%20%283%29.pdf>.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> Office of Cannabis Regulation, *supra* note 2, at § 4.3.

<sup>12</sup> Office of Cannabis Regulation, *supra* note 8.

<sup>13</sup> Office of Cannabis Regulation, *supra* note 2, at § 4.2.

---

<sup>14</sup> R.I. Gen. Laws § 21-28.11-10.1(d)(2).

<sup>15</sup> *Id.* at (d)(1).

<sup>16</sup> Office of Cannabis Regulation, *Packaging and Labeling Guidance Document: Requirements for Adult-Use and Medical Marijuana Products* (Aug. 5, 2022), <https://dbr.ri.gov/sites/g/files/xkgbur696/files/2022-08/Adult%20Use%20and%20Medical%20Labeling%20Guidance%208-5-2022.pdf>.