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March 19, 2025

Re: LD 948, An Act to Reduce Administrative Burdens and Expand Access in the Laws Governing Cannabis

Senator Hickman, Representative Supica, Members of the Joint Standing Committee on Veterans and Legal Affairs:

The Office of Cannabis Policy (OCP) respectfully submits the following comments neither for nor against LD 948 to inform this committee's consideration of whether to double the amount of cannabis that registered caregivers can cultivate, to extend the term of a caregiver registry identification card, a registration certificate, and an adult use license from one year to two, and to renew "automatically" certain registrants and licensees.

To begin with cultivation capacity, as of February 28th of this year Maine had 1,634 registered caregivers, down from a peak of 3,257 registered caregivers in 2016. There are 77 registered dispensaries actively operating, a ten-fold increase since the eight-dispensary cap was lifted in 2021. Over the course of 2022, OCP noted a marked decline in the number of caregivers registered with the Maine Medical Use of Cannabis Program, amounting in a net loss of over 800 caregivers from the program. In response, OCP surveyed former caregivers between February and March 2023 to determine why they decided not to renew their caregiver registrations during 2022.¹ 117 former caregivers responded to the survey, and of those respondents, 58.1% cited "over supply/lower prices" as a reason for their departure from the program. Since that time, caregiver registration numbers have continued to decline, although at a much slower rate. Despite the decline in registered caregivers, OCP has not received feedback from the State's 110,000+ qualifying patients that they are having difficulty obtaining cannabis for medical use, and the geographic distribution of registered caregivers and dispensaries is relatively consistent with the population distribution across the state.

Currently, registered caregivers can choose to register with the Office to cultivate up to 30 mature cannabis plants (with a registration fee of \$240/6 mature plants) or up to 500 square feet of mature plant canopy (\$1,500 registration fee). Registered dispensaries can cultivate an unlimited amount of cannabis plants (\$5,000 registration fee). Both registered caregivers and dispensaries can wholesale an unlimited amount of cannabis to and from other registrants. Absent a statewide inventory tracking system for the medical cannabis program, it is difficult to estimate the true supply and demand for medical cannabis and the "average price per gram" of

¹ *Caregiver Exodus: Market Conditions and the Impact on Maine's Medical Use of Cannabis Program*. Office of Cannabis Policy. Spring 2023. Available at: <https://www.maine.gov/dafs/ocp/sites/maine.gov.dafs.ocp/files/inline-files/OCP%20Caregiver%20Exodus%20Report.pdf> (accessed March 12, 2025).

cannabis sold at retail—important economic measures for assessing market conditions. However, it is likely that increasing the supply of medical cannabis available through increased plant canopy will further depress retail prices in the medical cannabis program—which seems to be at odds with the stated goals of this legislation. Legislators may want to consider asking program registrants if allowing for a near doubling of the supply of medical cannabis would drive down prices in ways that could make it harder for them to operate and cover costs like utilities and rent, and if such changes would increase incentives for registrants to take advantage of cheaper alternatives including offers from illicit cultivators.

Doubling the amount of cannabis that registered caregivers can cultivate would also impact municipalities. Together, two members of the same household would be able to cultivate up to 2,000 square feet of mature plant canopy and up to 4,000 square feet of immature plant canopy under this proposal, significantly expanding the scale of these operations. But per 22 M.R.S §2429-D, a municipality may not prohibit or limit the number of registered caregivers and municipal authorization is not currently needed for a caregiver’s cultivation activities.

Turning to renewal of program registrations and licenses, in 2024, the medical program collected \$1,578,993 in registration fees for annual renewal of caregiver registry identification cards and dispensary registration certificates.² Last year, the adult use program collected \$984,850 in annual licensing renewal fees.³ OCP’s Licensing Team works with registrants and licensees annually upon renewal to ensure that they are in compliance with all program requirements, including reporting changes in the ownership of the registration or license (some of which do not need to be reported until renewal pursuant to P.L. 2023, ch. 679), changes to the location where caregivers cultivate, manufacture, or sell cannabis, changes to the facility plan for licensees, updates to contact information including e-mail addresses, mailing addresses, and residential addresses, and ensuring that required credentials like pesticide applicator and food establishment licenses are up-to-date and active. Applicants that renew their registrations or licenses online can verify that the information in their pre-populated application is accurate and quickly update any information.

As new registration and licensing requirements come about as a result of statutory changes, OCP works to implement those changes as efficiently as possible while also reducing administrative burdens for program participants. For example, when there is a new requirement that necessitates an update to an adult use licensee’s Official Plan of Record, the Office will often require that update upon the licensee’s annual renewal rather than asking for updated forms and documentation at multiple points within a given year.

At present, OCP does not have sufficient staff capacity to inspect every medical and adult use cannabis program participant on an annual basis. In 2024, OCP reported that with existing resources, the Office completed compliance inspections of 1,358 medical cannabis registrants

² This figure does not capture the fiscal impact of changing the renewal period for assistant cards from one year to two years pursuant to P.L. 2023, ch. 679 because OCP began issuing 2-year assistant cards July 1, 2024.

³ This figure does not capture the fiscal impact of changing the renewal period for individual identification cards from one year to two years pursuant to P.L. 2023, ch. 679 because OCP will not begin issuing 2-year individual identification cards until July 1, 2025.

and 387 compliance inspections of adult use cannabis licensees.⁴ Those figures represent inspections of approximately 78% of medical cannabis registrants and 87% of adult use cannabis licensees during the last calendar year. This reality raises concerns regarding the “automatic renewal” of registrants and licensees “without any violations [of the governing Act] in the previous year”.

First, what does it mean for a registrant or licensee to be “without any violations” of the law governing their respective program? OCP provides technical assistance to program participants on a daily basis for violations of program requirements. That does not mean that the program participants did not violate program requirements, it simply means that the violation was not subject to administrative or enforcement action like fines, suspensions or revocations. Second, given that OCP does not have the capacity to inspect every program participant annually, and this bill would require only program participants to interact with the licensing team once every two years, how is the Office supposed to determine with reasonable certainty whether or not each program participant has violated program requirements over the course of the previous year?

We thank the committee for its consideration of our comments and concerns and we would be happy to answer any questions you have at the work session.

⁴ These figures include only routine inspections, including pre-licensure and pre-registration inspections, but not inspections conducted pursuant to complaint investigations.



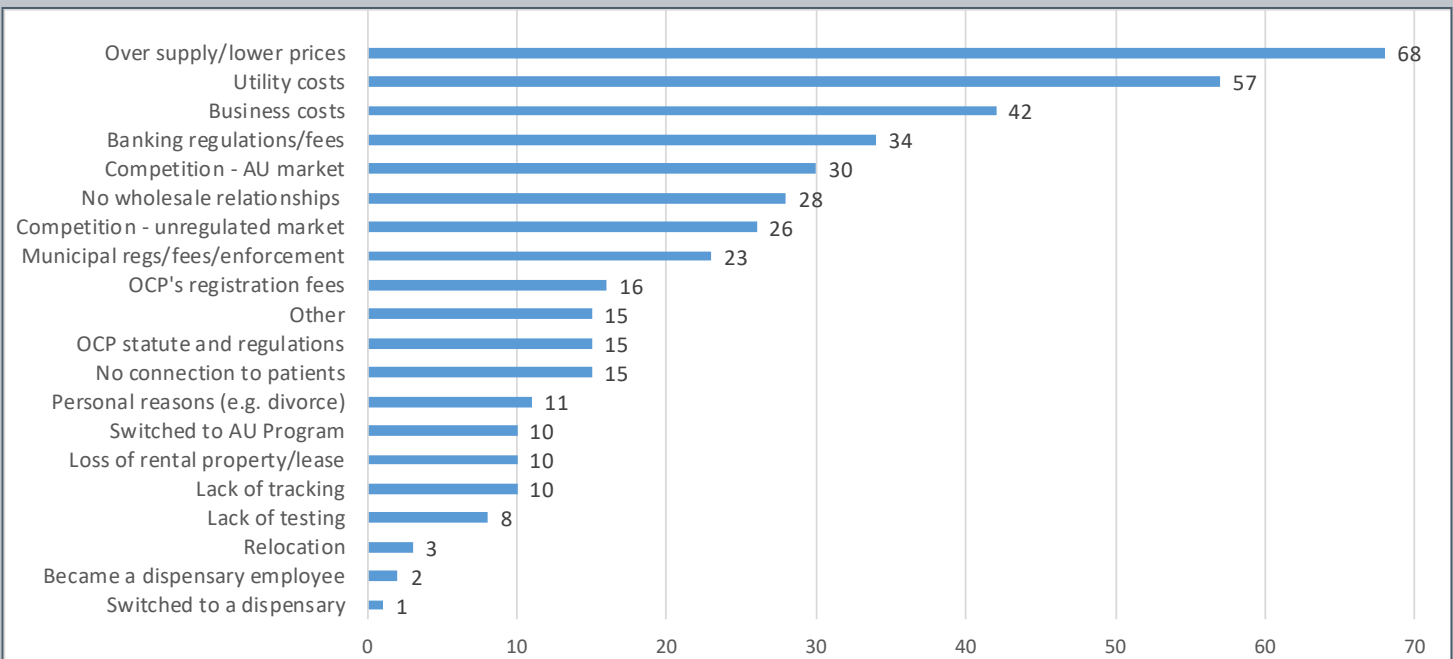
Introduction

The Maine Medical Use of Cannabis Program (MMCP) saw a net loss of over 800 caregivers from the end of 2021 to the end of January 2023. Rather than relying on anecdotal evidence, in early 2023, the Office of Cannabis Policy (OCP) surveyed former caregivers to gain a better understanding of why so many registrants exited the program.

The survey was sent to every caregiver who exited the program between 1/1/2022 and 1/31/2023, a group of **1,339 individuals**. OCP received **117 responses**, a response rate of **8.7%**.

Reasons Caregiver Registrations Were Not Renewed

Question 2 asked respondents to select the top five reasons that most closely represented why they did not renew their caregiver registration. The results can be seen in the chart below.



Regulatory Impact

Question 3 asked respondents if changes in regulations would have better protected their caregiver business.

45.9% said that regulation did not impact their decision to exit the MMCP

21.1% said that more regulation would have better protected their caregiver business

17.4% said less regulation would have better protected the caregiver business

Conclusion

The former caregiver survey provides a clearer understanding of the forces weighing on operators in the MMCP. Notably, business and market conditions were the central drivers of program exits. In an industry in which overproduction has led to massive drops in price, the effects of these variable costs has been insurmountable for many caregivers.