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“We change laws.”

Licensing

States have adopted a variety of approaches to licensing medical cannabis providers, from requiring dispensaries to produce all of their own cannabis and cannabis products to issuing separate licenses for different activities. While many of these laws are still relatively new, it appears the approach that serves patients best is to provide an adequate number of licenses for at least four types of medical cannabis business activities: cultivation, product manufacturing, dispensing, and testing.

The types of property, equipment, and expertise needed for each type of medical cannabis activity are different. In addition, the sanitary, security, and oversight rules that are prudent for product manufacturing — including mandating safe extraction methods — differ from those needed for agricultural activity, retail sales, and laboratories.

No one would dream of requiring CVS or Rite Aid to also manufacture the medicines they sell. Doing so would surely result in fewer choices and inferior products, probably at higher prices. Yet some states have required just that for medical cannabis. Similarly, product manufacturers can best serve customers when they can specialize in what they do best and when they can purchase the raw material from a number of providers. This is important since pests, business failures, and other problems can wipe out a crop.

With the exception of laboratories — which should be independent — licensees should be allowed to hold multiple types of licenses. But doing so should not be required.

Other than in small states where the number of patients may not be able to support a larger industry, the reason for states wanting to require a grower to also produce products or operate a dispensary appears to be perceived administrative convenience. Yet rules are needed to govern all the same activities whether or not there are different licenses. In addition, for each licensee, additional fees could be generated and used for any additional personnel needed.

It may be more convenient for bureaucrats to have less of *any* economic activity — from farms to craft breweries to pharmacies to nursing homes. But the question that should be answered is what is best for the state and its citizens. Seriously ill patients deserve the best medicine possible — including the delivery method that works best for the individual patient — at reasonable prices. Allowing sufficient numbers and types of licenses is key to those objectives.