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RI LEGALIZES RECREATIONAL USE OF MARIJUANA

FINAL BILL GIVES LICENSED CULTIVATORS THE EXPANDED RIGHT TO MANUFACTURE

More than 15 years after establishing its medical marijuana program and, following years of on-and-off momentum, Rhode Island has become the 19th state to legalize recreational marijuana.

On May 25, 2022, the Governor signed into law a bill that not only allows adults over 21 to possess, use and grow cannabis but critically, a new framework for sales and taxation of marijuana at state-sanctioned stores. Although news coverage focused on the Act's automatic expungement of prior convictions for marijuana possession, the most significant development for industry participants is arguably the material addition of a last-minute amendment to the bill, allowing cannabis cultivators the expanded right to manufacture cannabis products in the adult use market. This crucial new language stated below is also of greater import to aspiring industry participants:

On August 1, 2022 and thereafter, any medical marijuana cultivator licensed or approved pursuant to the provisions of § 21-28.6-16, upon payment of an additional license fee, shall be permitted to cultivate, manufacture and process cannabis as a hybrid cannabis cultivator for both adult use and medical use.



Historically, in Rhode Island's medical marijuana program, medical marijuana cultivators were permitted to grow, process and manufacture cannabis and cannabis products under their singular cultivation licenses. Many cultivators do in fact manufacture cannabis products, whether it be a simple rosin press or a more complex critical CO2 extractor. However, this historic right to manufacture, a significant component to commercial cannabis industries given consumer trends away from marijuana flower and towards edibles and extracts, was in jeopardy prior to the amendment. This is because (i) the original proposed adult use legislation removed "manufacturing" from the defined activities in which a cultivator could undertake in an adult use program, where such right was explicitly stated in Rhode Island's medical marijuana act and, (ii) created a

separate license for manufacturing activities while expressly prohibiting license holders from holding more than one license in the industry (cultivators could not hold manufacturing licenses, manufacturers could not hold cultivation licenses, etc.).

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Without this additional language, only the three compassion centers would have arguably been able to manufacture cannabis products for a period of time before a regulatory scheme and licensing structure was put in place for manufacturing, depriving licensed cultivators a crucial source of revenue from legalized cannabis operations.

PLDO Partner Benjamin L. Rackliffe has been at the forefront of advising businesses on state and federal cannabis law and policy landscape in both medical and recreational markets throughout New England and elsewhere, including being instrumental in the final Rhode Island legislation. He will continue to monitor Rhode Island's activity and provide updates as they develop. The start date for the sale of recreational use marijuana is December 1, 2022. If you have questions on cannabis legal matters, please contact PLDO Partner Benjamin L. Rackliffe at 401-824-5100 or email brackliffe@pdlolaw.com.



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