



Office of the Marijuana Commissioner

February 7, 2024

Commissioner Rob Coupe

JOINT FINANCE COMMITTEE

Agenda

- Overview of HB2 Delaware Marijuana Control Act
- Timeline for Implementation and License Types
- Office of the Marijuana Commissioner (OMC)
- Legislative Requests – Technical Fixes and New Legislation
- Budget Projections



Overview of HB2 Delaware Marijuana Control Act

Main Concepts

- Effective Date 07/05/2023
- Created OMC
- Authorized 125 business licenses
- Directed to establish Rules& Regulations (R&Rs)
- Empowered DATE to enforce R&Rs
- Established 15% sale tax
- Created implementation timeline
- Title 4 Chapter 13

Committee & Commission

- The Delaware Marijuana Control Act
- Oversight Committee – 15 members
- Appeals Commission – 3 members

State Agency Positions (34)

- OMC 5 positions
- DATE 14 positions
- Div. of Revenue 7 positions
- Dept of Agriculture 2 positions
- Div. Public Health 6 positions - HSP
(Health Systems Protection)
- (All positions listed in HB195 FY24 Budget)

Funds

Marijuana Regulation Fund

The Office of the State Treasurer shall administer the fund §1381(a)

Justice Reinvestment Fund

7% of total tax revenue collected will be allocated to the Justice Reinvestment Fund

The Criminal Justice Council (CJC) will administer grants, contracts, services or initiatives §1387(b)



Timeline for Implementation and License Types

Timeline

July 11, 2024 - Final Rules & Regulations

September 1, 2024 - Commissioner may begin receiving license applications.

October 1, 2024 - Commissioner may begin to issue licenses.

November 1, 2024 - Commissioner may begin to issue licenses for cultivation.

December 1, 2024 - Commissioner may begin to issue licenses for manufacturing.

March 1, 2025 - Commissioner may begin to issue licenses for retail and testing licenses



Timeline for Implementation and License Types

License Types

Cultivation - 60

Open Cultivation License: 20

Social Equity Cultivation (≥ 2500 ft²): 10

Microbusiness Cultivation: 20

Social Equity Cultivation (≤ 2500 ft²): 10

Retail - 30

Open Retail License: 15

Social Equity Retail License: 15

Manufacturing - 30

Open Manufacturing: 10

Social Equity Manufacturing: 10

Microbusiness Manufacturing: 10

Testing Lab - 5

Open Testing Lab: 3

Social Equity Testing Lab: 2

Total All Licenses – 125

Total Social Equity Licenses - 47



Office of the Marijuana Commissioner (OMC)

Building infrastructure of the OMC: Offices, Equipment, Branding and Hiring Staff

OMC Large Scale IT Projects: Seed to Sale Tracking Software, License Application Process Software, Data Analytics Prog.

Rules & Regulations

Stakeholder Engagement

Social Equity License Program and Technical Assistance

Medical Marijuana Program

- There are six licensed companies

- Five have active cultivation facilities

- Four have active manufacturing facilities

- Combined there are 13 active retail locations throughout the State



Legislative Requests – Technical Fixes and New Legislation

Legislative Technical Fixes

License process

- Application

- Lottery

- Conditional license

- Active license

Social Equity and Micro Business Residency Requirements Challenged

- Dormant Commerce Clause

New Legislation

Merging the Office of Medical Marijuana (OMM) into the OMC

Conversion License for existing OMM License Holders



Budget Projections

Application Fees Revenue starting in FY25 2nd Quarter

125 licenses estimating 2 applicants per license potential \$ 754,000

License Fees Revenue starting in FY25 2nd and 3rd Quarters

125 licenses potential total if all licenses issued \$ 758,000

Conversion Fees Revenue starting in FY25 1st and 2nd Quarters (If Legislation passed)

23 converted licenses if all existing OMM licenses are converted could generate \$1.15 Million to \$5 Million depending on assessment formula used by the State (OMC)

Projection – Sales and Tax Revenue starting in FY25 3rd Quarter and first full year will be FY26

Current Medical Marijuana Program – 17,000 patients spend average of \$3, 303 per year on marijuana products
Projected adult use recreational market – 85,000 customers annual sales would be approximately \$281 Million in sales
Potential Tax Revenue of \$42 Million (generated by 15% sales tax)



Questions?

Office of the Marijuana Commissioner (OMC)

Commissioner Rob Coupe

Deputy Commissioner Paul Hyland

Keila Montalvo, Community Relations Officer

Taylor Shannon, Administrative Specialist II

DAG Adria Martinelli, Legal Counsel



OMC Office (302)244- DOMC (3662)

Email address OMC@delaware.gov

Website ...OMC.Delaware.gov

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