

# CNMI CANNABIS COMMISSION

## CITIZEN-CENTRIC REPORT: FY2023

Building 1341 Asencion Ct. Capitol Hill, Saipan P.O. Box 500135 (670) 488-0420  
website: [cnmicc.com](http://cnmicc.com)



### ABOUT US

The Commonwealth of the Northern Mariana Islands became the first United States Territory to legalize marijuana for recreational, medicinal, and commercial use through the passage of CNMI Public Law 20-66, or the Taulamwaar Sensible CNMI Cannabis Act, which was later amended in CNMI Public Law 21-05. The CNMI Cannabis Commission ("Commission") has been delegated the authority under CNMI P.L. 20-66 and P.L. 21-05 to promulgate and implement regulations pertaining to the purchase, sale, production, processing, transportation, or delivery of any marijuana items in the CNMI.

Implementation and enforcement of these regulations cover all populations within the Northern Mariana Islands. The variety of commercial structures available to the industry revolved around marijuana businesses looking to cultivate, manufacture, store, distribute, allow for onsite consumption, or sale of marijuana to a person 21 years of age or older within the Commonwealth.

### COMMISSIONERS

Pursuant to Public Law 20-66, five members were appointed to serve as Commissioners to promulgate such rules and regulations, as may be necessary to fulfill the intent, policies and purposes of the Cannabis Act. The Commission was duly organized and began its duties on September 12, 2019.

### MANAGING DIRECTOR

The head of administration of the Commission is led by a Managing Director who shall be responsible for organizing the work of the Commission in a manner that will ensure its efficient and effective operation. The Managing Director shall have such other duties as may be assigned or delegated by the Commission. The Managing Director serves at the pleasure of the Commission.

### DIVISIONS OF THE COMMISSIONS

The Division of Administrative Services is responsible for planning and coordinating activities that help the office organization run efficiently. The specific responsibilities vary, but this division is responsible for maintaining the office as well as supervising activities that include customer service, purchasing, record keeping, inventory, and office upkeep.

The Division of Permitting and License reviews, investigates, inspects and processes Cannabis Commercial License applications, Homegrown Marijuana Registry applications and other related requirements or supplemental applications. The findings from this division are presented and reviewed by the Managing Director, then presented to the Board for decision making. In addition, the division is responsible for monitoring and observing marijuana applicants and business establishment activities as well as homegrown marijuana registrants and report incidents or other deviations from the Cannabis Act and the Rules & Regulations.

The Division of Enforcement and Investigations is responsible for investigating and enforcing to ensure compliance from all cannabis applicants, commercial licensees and homegrown registrants. In addition, the division is also in charge of overseeing, monitoring and observing marijuana business establishment activities as well as homegrown marijuana registrants and address incidents or other deviations from the Cannabis Act and the Rules & Regulations. It is also responsible for creating and maintaining partnerships with local law enforcement to assist with criminal related violations.

MISSION	COMMISSIONERS	MANAGEMENT
To regulate the cannabis industry by implementing and administering the laws and regulations enabling safe, responsible adult personal-use of Cannabis and to capture a revenue stream that can contribute towards the overall economic progress of the Commonwealth.	<p><b>Chairman</b> Jose B. Palacios (Saipan)</p> <p><b>Vice Chairman</b> Journie M. Hofschneider (Tinian)</p> <p><b>Secretary</b> Thomas L. Songsong (Rota)</p> <p><b>Treasurer</b> Juan T. Iguel (Northern Islands)</p> <p><b>Member Vacant</b></p>	<p><b>Acting Managing Director</b> Erik Basa</p> <p><b>Executive Secretary</b> Natasha Palacios</p> <p><b>Division of Permitting &amp; Licensing</b> Erik Basa</p> <p><b>Division of Enforcement &amp; Investigations</b> Kelby Royal &amp; Dominic Pangelinan</p> <p><b>DPS Assistance</b> Maj. Paul Ogumoro &amp; Sgt. Fred Sato</p>

## OUR PROGRESS

**HOME GROWN MARIJUANA REGISTRY** Individuals who are 21 years of age or older are mandated by Commonwealth law to register for a Homegrown Marijuana Registry Card in order to produce, process, keep, or store homegrown marijuana at a household or cultivation site for noncommercial purposes.

OCTOBER 2022 - SEPTEMBER 2023

**Homegrown Marijuana Registry Applications Received:**

Saipan: 9 Tinian: 0 Rota: 1

**Pending Homegrown Marijuana Registry Applications: 4    Inactive Homegrown Marijuana Registry Cards: 17    Active Homegrown Marijuana Registry Cards: 11**

**COMMERCIAL CANNABIS LICENSING** Depending on the type of license issued by the Commission, a licensed cannabis business will be authorized to commercially cultivate, manufacture, store, distribute, allow for onsite consumption, or sell marijuana to a person 21 years of age or older within the Commonwealth.

**The Commission is able to issue out the following types of**

**commercial cannabis licenses:**

- Marijuana Producer License (Class 1, 2, or 3)
- Marijuana Micro Producer License
- Marijuana Wholesale License
- Marijuana Processor
- Marijuana Retailer License
- Marijuana Lounge License (Class 1 or 2)

**Application Processing stages:**

- Administrative Review
- Incomplete Letter Issuance, if any
- Compliance Review
- Approval-in-Principle
- Inspection
- Board Hearing and Decision

**Cannabis Licensing Applications Received:**

- Marijuana Producer, Class 1: 1
- Marijuana Lounge, Class 1: 1
- Marijuana Processor: 2
- Marijuana Retailer: 4

**Cannabis Licensing Applications Pending: 6\***

(\*Commission is awaiting submission of incomplete documents from applicant)

## Cannabis Licensing Applications in Approval-In Principle: 8\*

(\*Commission is awaiting applicant's request to schedule an inspection)

### Commercial Cannabis Licenses Issued:

- Marijuana Producer, Class 1: 3
- Marijuana Producer, Class 2: 2
- Marijuana Producer, Class 3: 3
- Marijuana Retailer: 6
- Marijuana Lounge, Class 1: 1
- Marijuana Processor: 1

## OUR FINANCES

**FISCAL YEAR 2023** Pursuant to CNMI Public Law 22-08, the CNMI Cannabis Commission received a total appropriation of \$267,791 for fiscal year 2023. The funding provided by PL. 22-08 came during the second year of the COVID-19 pandemic. The funding supported the overall personnel, all others and mandated compensation for the Commission board members. During the fiscal year, the Commission received additional funding through the revised budget adjusting the total amount by \$29,367. With the appropriated funding, the Commission was able to continue the operations of the Commission under the permitting and licensing division as well as purchase much needed office supplies. The total budget amount for the Commission at the end of fiscal year 2023 amounted to \$620,604.81.

### Table A.

Total Budget for FY2023: \$620,604.81

Personnel Expenditures	
Wages & Salary	\$108,696.99
Personnel Insurance	\$1,091.58
401K DC Ret.	\$2,449.24
FICA Contribution	\$6,955.71
Health Insurance	\$1,229.88
Medicare Contributions	\$1,626.76
Total:	\$122,050.16

All Other Expenditures	
Communications	\$1,199.88
Travel	\$188.00
Utilities - Power	\$2,000.00
Supplies - Office	\$3,191.63
Supplies - Operations	\$933.21
Food Items	\$1,728.00
Technology	\$2,410.00
Repair & Cleaning	\$1,940.00
Printing & Advertising	\$1,472.40
Public Auditor	\$2,408.00
Board & Compensation	\$277,750.00
Total	\$295,221.12

Total FY2023 Personnel & All Others Expenditures: \$417,271.28

**EXPENDITURES** Table A. reflects the expenditures for personnel and all other costs for FY2023.

Personnel Expenditures were utilized to compensate for the Managing Director's yearly salary and the Commission Staff. Costs reflect the resignation of the Managing Director during the fiscal year and the reduction in personnel expenses during the period in which the position was vacant.

All Other Expenditures were utilized to cover costs for the CNMICC Commissioners salary pursuant to P.L. 20-66/21-05. Expenditures also include travel and transportation for Tinian Commissioner to assist with application inspections and attend official Commission board meetings. Additionally, the remainder of expenses were utilized for operational needs such as office power, supplies, furniture and the public auditor fees.

**FEE COLLECTIONS Table B.** Commercial Cannabis Licensing (CCL) Application fees are nonrefundable and vary in cost depending on the type of license being sought. The Commission collected 8 applications and a total of \$8,000 in application fees from October 2022 - September 2023. Among those CCL applications, 7 applications were licensed and the Commission collected a total of \$75,400 from licensing fees. These figures include renewal licenses.

Types of Commercial Cannabis Licenses	APP FEES	APPS RECEIVED	APP FEES COLLECTED	LICENSE FEES	LICENSED	LICENSED FEES COLLECTED
Marijuana Micro Producer	\$250.00	0	\$ -	\$500.00	0	\$-
Marijuana Producer Class 1	\$500.00	1	\$500.00	\$1,000.00	3	\$3,000.00
Marijuana Producer Class 2	\$750.00	0	\$-	\$3,700.00	2	\$7,400.00
Marijuana Producer Class 3	\$1,000.00	0	\$-	\$6,500.00	3	\$19,500.00
Marijuana Processor	\$1,000.00	2	\$2,000.00	\$4,500.00	1	\$4,500.00
Marijuana Wholesaler	\$250.00	0	\$-	\$2,000.00	0	\$-
Marijuana Retailer	\$1,000.00	4	\$4,000.00	\$6,000.00	6	\$36,000.00
Marijuana Lounge Class 1	\$1,500.00	1	\$1,500.00	\$5,000.00	1	\$5,000.00
Marijuana Lounge Class 2	\$1,500.00	0	\$-	\$3,500.00	0	\$-
		8	\$8,000.00		16	\$75,400.00

\*For the purpose of reporting, please note that the application and licensing fees collected are not considered revenues generated. These fees are considered regulatory fees that do not reflect the collection of licensees' BGR, Cannabis Tax, etc.

## WAY FORWARD

**CHALLENGES** In FY2023, the Commission continued to face many challenges due to the ongoing economic shortfall in the entire CNMI. During this time, the Commission faced numerous challenges, including, but limited to the following:

- Inability to purchase a Cannabis Tracking System (CTS) to enable real time tracking of cannabis within the CNMI. CTS is a vital component in all the legalized states in the US, as it provides a unified way to report how a licensee produces, packages, labels, delivers, transports, sells, or disposes of Cannabis. CTS would majorly play a key role in preventing legal cannabis from being diverted into the illicit market and would ensure that illegally grown product out of the legal supply. Lack of funding to adequately staff the Commission in creating delays in processing of applications;
- No staff satellite offices in Tinian and Rota;
- Lack of opportunity to provide training to build capacity within the Commission;
- Lack of designated legal counsel. Although the Attorney General has provided written consent to the hiring of an Attorney, the Commission does not have the budgetary means to do so. Without adequate legal representation, the Commission's progress is significantly stifled due to insufficient legal guidance.
- Vacancy positions of the Managing Director and Commission board member
- Resignation of enforcement personnel
- Need for amendments to P.L. 20-66, P.L. 21-05, and the Cannabis Regulations to further enhance the implementation of duties assigned to the Commission, such as earmarking fees collected through processing applications, issuing licenses, and imposing fines to be used to assist with personnel and operational costs

## UPCOMING

- Satellite Offices :With additional funding provided through ARPA and other resources, the Commission seeks to establish satellite offices and resources in Tinian and Rota
- Regulations: Adoption and Certification of revised sections of Cannabis Rules & increase enforcement capabilities
- Staffing:Continue to hire and develop Commission staff, filling the roles of Managing Director and Enforcement and Compliance Officers.
- Education & Outreach :With new staff, the Commission seeks to resume its education & outreach program to government organizations, and cannabis industry stakeholders.
- Permitting & Licensing :With the hopeful resumption of tourism and the recovery of the CNMI economy, the Commission sees opportunity for additional licenses of commercial cannabis businesses
- Enforcement & Investigations :Expanding outreach and regulatory awareness among commercial cannabis licensees and ensuring a strong and robust enforcement framework for the industry
- Establishing Cannabis Tracking System :Instituting a Commonwealth-wide Cannabis Tracking System to monitor and regulate the commercial sale of marijuana