

## Recent Updates from the Cannabis Control Commission *Community Impact Fees, Host Community Agreement Standard Evaluation Form, and Upcoming Deadline for Social Equity Compliance*

**(Prepared for 2025 MMA Connect 351 Conference)**

Effective November 9, 2022, Chapter 180 of the Acts of 2022, “An Act Relative to Equity in the Cannabis Industry” (“Act”), amended G.L. c. 94G, § 3 relative to host community agreements (“HCAs”) and community impact fees (“CIFs”). Thereafter, the Cannabis Control Commission (“CCC”) amended its regulations at 935 CMR 500.000, et seq. and 935 CMR 501.000, et seq. (“Amended Regulations”), to implement the Act. See [here](#) and [here](#) for our comprehensive 2023 and 2024 eUpdates, respectively, on the Act and Amended Regulations.

On January 7, 2025, the CCC issued [updated guidance](#) for host communities. This eUpdate outlines the impacts of the guidance on HCAs and CIFs and reviews the new scoring template for evaluating HCA applicants and standard form for tracking and submitting CIFs. Capitalized terms used in this eUpdate are defined as set forth in the Amended Regulations.

### HCA Evaluation

CCC Standard Evaluation Template Form. The Amended Regulations require host communities to adhere to certain enumerated “best practices” when engaging in HCA negotiations with individuals or entities that have pre-verified or verified Social Equity Businesses, and License Applicants that have been designated by the CCC as Social Equity Program Participants or Economic Empowerment Priority Applicants. Among other mandates, host communities must publish general application criteria and scoring methodologies for the local approval process, and must develop a standard form to evaluate components of an HCA application. While host communities may develop and use their own scoring rubric, the recent guidance includes a [Standard Evaluation Template Form](#).

Considerations for use of Standard Evaluation Template. As each municipality has unique physical characteristics and demographics, host communities considering adoption of the CCC’s template should first review whether revisions to the standard template are needed to modify and/or tailor the scoring methodology to address any specific host community concerns.

Adoption of HCA Policy. If a host community has not yet adopted an HCA policy or a standard application form, doing so may streamline the process for selecting eligible applicants. For more information on the CCC’s “best practices” and HCA requirements, please refer to our prior eUpdates.

## **Community Impact Fees**

Updated Guidance. Pursuant to the Act and Amended Regulations, host communities may assess CIFs that are “reasonably related” to the operation of a marijuana business and documented “in a form and manner” determined by the CCC. On January 7, 2025, the CCC issued [updated guidance](#) regarding CIFs, along with an itemized [CIF Invoice Form](#) that host communities can use to document impact costs. Municipalities are not required to use the CCC’s Invoice Form, but any invoice used must include a specific description of the cost imposed, including itemization for the cost of each good or service, reason/purpose why the cost was incurred, and its relation to the marijuana businesses’ operations.

CIF Invoices. The CCC’s updated guidance clarifies that host communities seeking to assess CIFs must transmit to a marijuana business an itemized invoice on the CCC or other comparable form not later than one month after the date of the anniversary of the licensee’s final license date, rather than on the date of the annual renewal of a final license. A host community that entered into an HCA prior to the issuance of the new guidance should determine whether this issue should be addressed in future HCA negotiations. The CCC now requires that a host community notify it when submitting CIF invoices to a marijuana business.

CIF Documentation Considerations. Host municipalities must be aware that:

- The initial invoice period for requested CIFs may only cover a one-year period starting from the date the CCC grants a marijuana business a final license. All future invoices may only cover a one-year period based on the anniversary of the business's final license date. The CCC will not certify any CIFs attributable to dates outside of the applicable one-year invoice period.
- Failure to timely transmit CIF invoices will result in a forfeiture of any CIFs for applicable year of operation.
- The CCC will not certify CIFs that are good faith estimates, unquantifiable costs, generalized expenses, pro-rated expenses, or legal costs incurred to defend against a lawsuit brought by a marijuana business.
- If costs imposed by a marijuana business create an “enhanced need” beyond those required for non-marijuana businesses in the municipality, certifiable CIFs may include the following: consultation costs, traffic intersection design studies; public safety personnel overtime costs; and environmental impact studies.

CCC CIF Determinations. Once the CIF invoice is transmitted, the marijuana business must submit it to the CCC within 30 calendar days of receipt together with any supporting documentation and the business’ verification of its gross annual sales. The CCC then determines whether the requested CIFs may be assessed, in whole or in part, for that particular one-year period and must notify the parties of their option to dispute the CIF determination.

Final License Dates/HCA Policies. Where no statutory or regulatory provision requires a marijuana business to notify a host community of the date of its final license, and such information is not readily available on the CCC website or elsewhere, it can be difficult to determine the mandated one-year invoice period. Such a notification requirement can, however, be included in an HCA policy. For more information regarding CIFs, please refer to our previous eUpdate.

## **Social Equity Standards**

The [May 1, 2025 deadline](#) for host communities to notify the CCC of compliance with the “Equity Standards for Host Communities to Promote and Encourage Full Participation in the Regulated Marijuana Industry” is fast approaching. Host Communities must create an account on [MassCIP](#) to submit the required information.

To review, the Amended Regulations required host communities to adopt local rules or bylaws consistent with the CCC’s new equity standards no later than May 1, 2024. Beginning on May 1, 2025, the CCC has authority, following notice of non-compliance and an opportunity to take corrective action, to take administrative or enforcement action, including one or more of the following:

- Imposing fines equal to the total CIFs collected from all marijuana businesses in the host community during the prior calendar year;
- Issuance of sanctions pursuant to 935 CMR 500.360, including an assessment of an administrative fine of up to \$50,000 per violation, with a right to an administrative hearing;
- Loss of a host community’s good compliance standing;
- CCC abstention from considering new license applications in that host community until a host community’s good compliance standing is restored; and/or
- Identification on the CCC’s website that the host community has been assessed a fine for noncompliance.

For additional guidance on complying with the new social equity standards, including publication requirements, establishing an equity plan, and best practices during HCA negotiations, please refer to our previous eUpdate [here](#).

For further information, please contact Attorney [Nicole Costanzo](#) or your KP Law attorney at 617.556.0007.

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