

2023

Annual Report to the Maine State Legislature

Adult Use Cannabis Program



Contents

1. Background.....	1
2. Executive Summary	2
3. Licensing in the AUCP	4
3.1 Applications	4
3.2 Status of Establishment Licenses	5
3.3 Administrative Violations	7
4. Industry Capacity, Volume, and Value.....	8
4.1 Existing Capacity	8
4.2. Industry Volume and Value by Cultivation Facilities.....	10
4.3. Industry Volume and Value by Manufacturing Facilities.....	11
4.4. Industry Volume and Value by Cannabis Retail Stores.....	12
5. Compliance in the AUCP.....	15
5.1 Compliance Inspections	15
5.2. Compliance Violations.....	15
6. Public Health and Safety.....	17
6.1 Mandatory Testing	17
6.2 Public Health Collaborations	18
6.3 Public Health and Safety Campaigns	19
7. Revenue, Staffing, and Expenditures.....	20
7.1 Revenue.....	20
7.2 Staffing and Expenses	20
8. Legislative Changes, Rulemaking, and Recommendations.....	22
8.1 Legislative Changes	22
8.2 Rulemaking	23
8.3 Legislative Recommendations	23
9. Conclusion	25
Appendix A – Report Requirements.....	27

1. Background

The Office of Cannabis Policy (OCP) was established within the Department of Administrative and Financial Services on February 4, 2019. The establishment of the Office—occurring one month after Governor Mills was sworn into office—was the first concrete step by the State of Maine’s executive branch towards implementing the voter-approved and legislatively-amended *Cannabis Legalization Act*, authorizing adult use cannabis.

Since the launch of adult use retail sales in October 2020, Maine’s Adult Use Cannabis Program (AUCP) has continued to grow and mature. As the contents of this report¹ will reveal, there are 300 businesses, consisting of several thousand employees, now operating in the AUCP. The third full year of retail sales set records once again, generating \$216,906,065² in 2023 compared to \$158,865,720 in 2022.

In addition, testing capacity remains more than adequate, more municipalities are opting to permit AUCP establishments in their cities and towns, and only minor adjustments have been necessary, from a regulatory perspective, to ensure the continued success of this new cannabis program. This is all a result of the hard work of both industry and government to develop an effective system for cannabis regulation and commerce in Maine.

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The rules and statute governing the AUCP may be found at:

- Adult Use Cannabis: [Title 28-B](#)
- Rules: [18-691 C.M.R. ch. 1](#)
- Rules: [18-691 C.M.R. ch. 5](#)

OCP also regulates the Maine Medical Use of Cannabis Program, for which a separate annual report is submitted in accordance with 22 M.R.S. §2430-N.

¹ The data in this report reflect calendar year periods unless otherwise noted.

² This figure is subject to change as users can retroactively edit data in the State’s inventory tracking system.

2. Executive Summary

Through the Adult Use Cannabis Program (AUCP), Maine's Office of Cannabis Policy (OCP) licenses cultivators, manufacturers, retail stores, and testing facilities. This framework ensures that adult residents and visitors to Maine, who choose to consume cannabis, have access to Maine grown, Maine made, tested products with clear and accurate labeling on child resistant, tamper evident packaging. In 2023, the AUCP maintained its ability to meet the demand for legal, regulated cannabis while supporting the state's cannabis economy and its workers.

This report to the Maine Legislature provides an overview of the AUCP's performance during calendar year 2023, and it serves to fulfill OCP's reporting requirements under 28-B M.R.S. §113(2).³ It highlights several measurements that demonstrate robust consumer demand, effective regulations, increased revenue generation, and ongoing efforts to protect public health and public safety. Such information includes:

- Data about OCP's license application volume and processing
- The size of the industry, by cannabis establishment type
- Industry capacity and volume, by establishment type
- The value of cannabis produced, and the tax revenue generated
- The number and results of compliance inspections and the types of violations identified within the program
- Data providing insight into public health and safety and OCP's efforts to promote each
- OCP's revenue, staffing, and expenditures
- Legislative changes in 2023 and recommendations for the 131st Legislature

Flexible Standardized Batch Tracking (FSBT) for adult use cultivators and delivery sales by adult use stores were among the key legislative changes implemented in 2023. Additionally, OCP reorganized the rules into four separate chapters intended to address the administrative, licensing, compliance, and testing requirements of the AUCP. The Office also continued its stakeholder engagement efforts to engage with program participants, municipalities, and others through its Community Listening Tour in four different counties as well as its Cannabis Conversations panel series which covered sustainability, testing, and banking as they pertain to the cannabis industry.

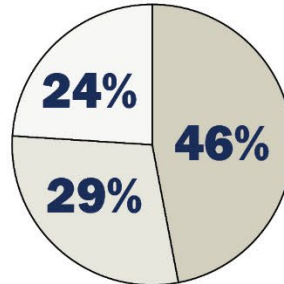
Ultimately, the success of the cannabis regulatory system depends on a basic construct: track it, test it, tax it. By combining inventory tracking technology with in-the-field compliance and mandatory testing, OCP ensures that product does not flow to the illicit market (diversion), that unregulated cannabis from outside the system does not enter the regulated market (inversion), and that the State has a growing and dependable stream of tax revenue. As the industry continues to expand and more consumers transition from illicit or non-regulated sources to the regulated market, yearly growth will continue for some time, and the work of OCP will grow with it.

³ A copy of the statutory requirements is attached to this report as Appendix A.

2023: AUCP Year in Review

300

active adult use cannabis establishments in 2023, increased from 258 in 2022



46% of new license applications received in 2023 were for retail stores; 29% were for cultivation; and 24% were for manufacturing

Adult use retail sales for 2023, a 36.5% increase from 2022:

\$216,906,065

Excise tax collected:

\$14,734,479

Sales tax collected:

\$18,838,741

6

more municipalities reimbursed for costs incurred from opting in to permit adult use cannabis establishments

92.3%

of compliance violations resolved with technical assistance

Key Policy Changes

- Business tax deductions and credits extended to adult use cannabis licensees (see P.L. 2023, ch. 444)
- Requirements clarified for off-premises sales by cannabis store licensees (see P.L. 2023, ch. 408)
- Updated delivery provisions (see P.L. 2023, ch. 396)
- “Cannabis paraphernalia” defined in statute (see P.L. 2023, ch. 6, Emergency)

2

public health and safety campaigns completed by OCP: the *Let's Talk Cannabis* campaign for young adults and the *Unclouded* campaign for teenagers

4

counties visited by OCP as part of a Community Listening Tour; 104 community members attended in total as well as 43 municipal officials

3. Licensing in the AUCP

3.1 Applications

All principals of a licensed cannabis establishment and individuals working in or for a licensed cannabis establishment who possess, cultivate, manufacture, package, test, dispense, transfer, serve, handle, or transport cannabis or cannabis products are required to have an OCP-issued Individual Identification Card (IIC).

IIC applications are available through the InforME online application portal with approximately 98.3% of applicants applying via the online portal in 2023.⁴ Nearly two-thirds of the IIC applications submitted were renewals.

Many of the applications submitted at the end of the year are reported below as pending, usually awaiting receipt of additional information or payment of the application fee. OCP only denied three (0.08%) IIC applications in 2023, included in the total applications submitted in Figure 1; however, many other applications are abandoned by the applicant for a variety of reasons. Individual identification card applications with outstanding requirements that are not completed within 90 days of submission are considered abandoned as well.

Figure 1: 2023 Individual Identification Cards (IIC) Applications

Application Type	Submitted	Approved	Abandoned⁵	Pending as of 12/31/23
New applications	1,479	1,327	477	149
Renewal applications	2,510	2,003	1,447	29
Total	3,989	3,330	1,924	178

OCP licenses four types of adult use cannabis establishments: cultivation facilities, products manufacturing facilities, cannabis stores, and testing facilities. Individuals or entities may obtain licenses in three of the four establishment types if they wish to cultivate, manufacture, and sell adult use cannabis and cannabis products. Under statute and rule, cannabis testing facilities are excluded as they must be owned and operated by individuals who, to avoid conflicts of interest and ensure public confidence in the validity of their results, are prohibited from having any direct or indirect financial interest in any other AUCP license type.

A total of 433 applications were received across all establishment license types in 2023. Of the applications submitted prior to the end of the year, 56.4% were renewals. However, it is important to note that the application process can, and often does, take over a year due to facility

⁴ Paper applications are made available for interested individuals applying for an IIC or an AUCP license.

⁵ This column represents applications that were void or abandoned by new applicants. It also represents renewal applications that were abandoned by existing IIC holders and all individuals who failed to renew their IIC. Some of those individuals later applied for a new IIC and thus are counted in each corresponding column.

build outs and local authorization; so, new applications submitted in 2022 may not have been issued that year and thus not reflected in the 2023 renewals.

Figure 2: AUCP License Applications Received in 2023

License Type	Submitted	New	Renewals
Cultivation – Nursery	6	5	1
Cultivation – Tier 1 (Canopy)	14	8	6
Cultivation – Tier 1 (Plant Count)	6	4	2
Cultivation – Tier 2	41	16	25
Cultivation – Tier 3	46	14	32
Cultivation – Tier 4	17	8	9
Products Manufacturing	100	46	54
Cannabis Retail Store	199	87	112
Testing Facility	4	1	3
Total	433	189	244

Like IIC applications, AUCP cultivation facility, products manufacturing facility, and cannabis store applications are available through the InforME online application portal. Cannabis testing facility applications are available via printable applications on the OCP website.

It is important to note that the licensing of testing facilities requires approval from two state regulatory agencies. Facilities must complete the required laboratory certification process with the Maine Center for Disease Control and Prevention (Maine CDC) as well as obtain a separate license to operate from OCP. As of December 31, 2023, five testing facilities are active in the AUCP.

3.2 Status of Establishment Licenses

At its highest level, the process for becoming licensed in the AUCP takes three steps: 1) Conditional Licensure, 2) Local Authorization, and 3) Active Licensure.

The Legislature designed this approach to ensure that OCP would vet prospective adult use licensees prior to receiving approval from a host community. It also ensures that municipalities have the benefit of reviewing the material that led to OCP’s conditional licensure before acting at the local level. Once local authorization is obtained, a prospective licensee returns to OCP to obtain an active license.

Figures 3 and 4 provide more information on the status of AUCP licenses in 2023.

Figure 3: AUCP Licenses as of December 31, 2023

License Type	Conditional ⁶	Conditional, Jurisdiction Approved	Active	Total
Cultivation – Nursery	1	0	1	2
Cultivation – Tier 1 (Canopy)	1	2	6	9
Cultivation – Tier 1 (Plant Count)	1	0	2	3
Cultivation – Tier 2	8	6	36	50
Cultivation – Tier 3	8	3	35	46
Cultivation – Tier 4	6	0	8	14
Products Manufacturing	22	12	68	102
Cannabis Retail Store	46	11	139	196
Testing Facility	0	0	5	5
Total	93	34	300	427

Figure 4: Percentage of Active AUCP Establishments by License Type

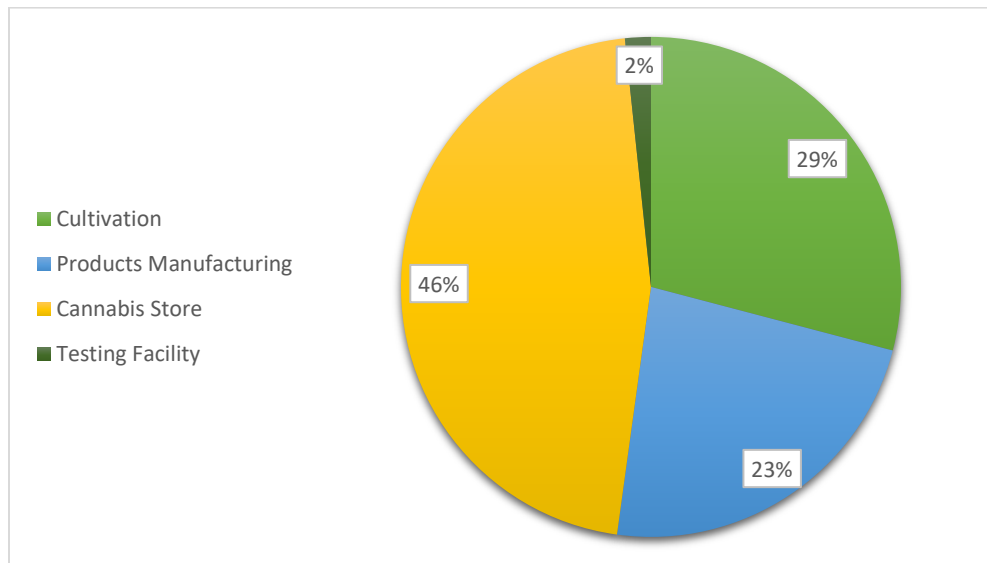
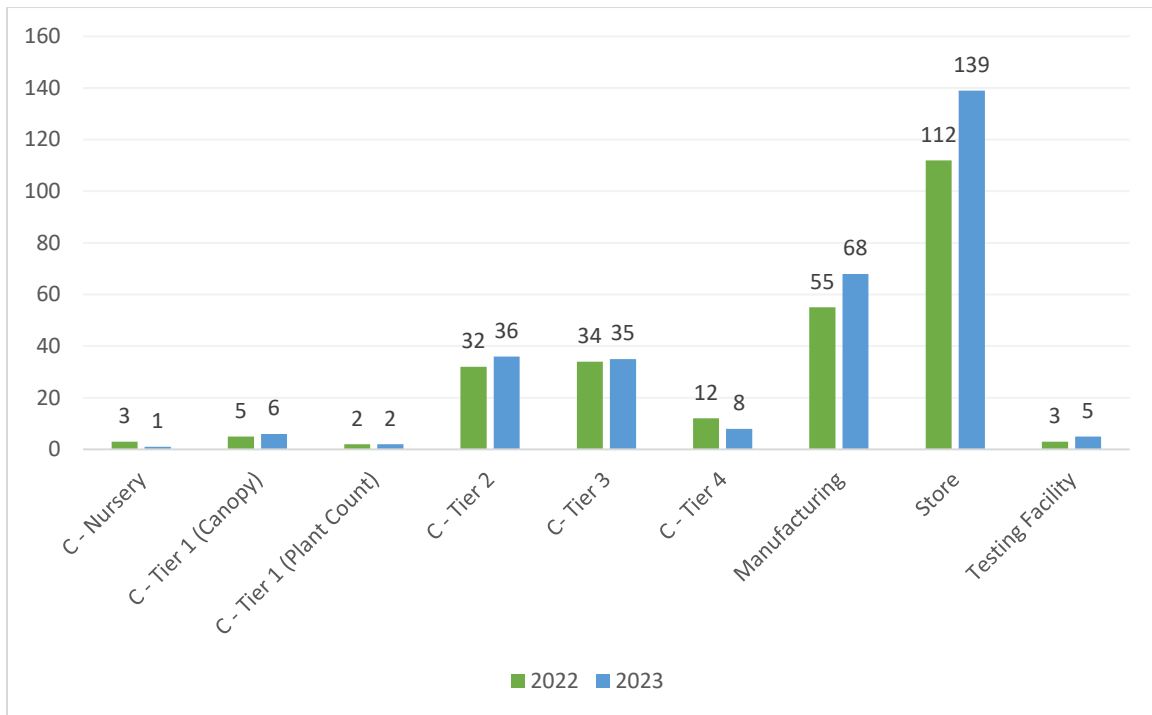


Figure 5 depicts the number of active establishments by license type in 2023 compared to the number of active establishments in 2022. Overall, there were 258 active licensees in 2022 and 300 in 2023—a 16.3% increase.

⁶ A licensee that has been issued a conditional license by the department may not engage in the cultivation, manufacturing, testing, or sale of adult use cannabis or adult use cannabis products until the licensee obtains an active license.

Figure 5: Active AUCP Establishments in 2022 vs. 2023



There were 20 adult use licensees who left the program in 2023 including 11 cultivation facilities, four manufacturing facilities, and five retail stores. Despite those industry exits, the AUCP had record-breaking cannabis production and transactions in 2023 and welcomed many new businesses into the program. There was no net loss of cultivation facilities, a net increase of 13 manufacturing facilities, and a net increase of 27 retail stores. Two additional certified testing facilities also received active licensure in 2023.

3.3 Administrative Violations

In 2023, 11 adult use licensees had administrative violations due to not receiving prior approval for transfer of ownership interests or control. All violations resulted in monetary fines.

- Seven licensees paid fines totaling \$15,000 each
- Two licensees paid fines totaling \$11,250 each
- One licensee paid fines totaling \$9,000
- One licensee paid fines totaling \$4,000

4. Industry Capacity, Volume, and Value

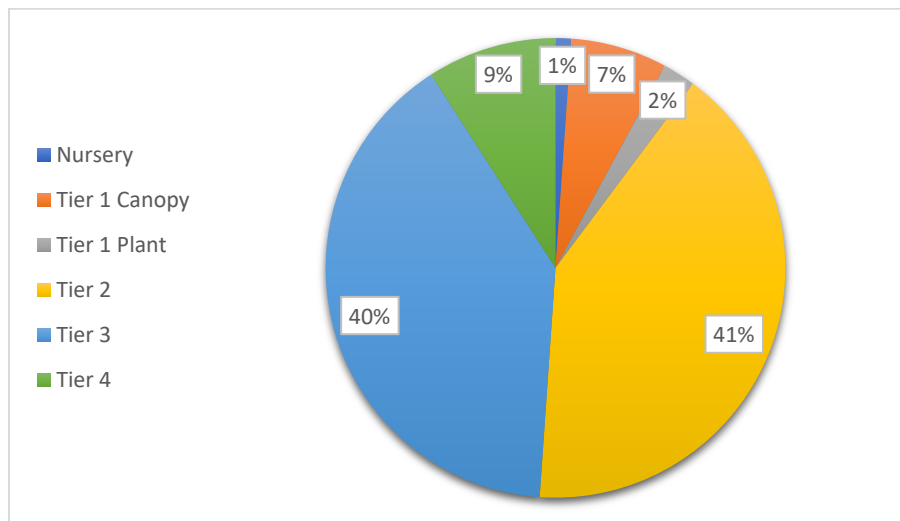
4.1 Existing Capacity

As of December 31, 2023, there were 88 adult use cultivation establishments with active licenses representing a total of 358,798 square feet of plant canopy. This is a decrease from the 396,734 square feet of plant canopy across 88 cultivators in 2022. The square footage totals are based on each active establishment’s approved square footage as specified through the application process.

Figure 6: Active AUCP Cultivation Establishments and Capacity

Cultivation Type	Maximum Square Feet Allowed	Active Establishments	Total
Nursery ⁷	1,000	1	n/a
Tier 1 (Plant Count) ⁸	n/a	2	n/a
Tier 1 (Canopy)	500	6	2,268
Tier 2	2,000	36	49,623
Tier 3	7,000	35	154,003
Tier 4	20,000	8	152,904
Total	n/a	88	358,798

Figure 7: Distribution of Active Cultivation License Types



Cultivation licensees were operating at 74.5% capacity in 2023 compared to 72.8% capacity in 2022. If all active establishments were operating at full capacity, the maximum plant canopy in the AUCP would be cultivating 480,000 square feet.

⁷ Nurseries are included in the number of active establishments but excluded from the total plant canopy calculation as they cannot sell mature cannabis plants, flower, or trim.

⁸ Tier 1 licensees are allotted 30 mature plants, unlimited immature plants, and seedlings. They are not assigned an approved square footage amount.

An additional 36 cultivators obtained either a conditional license from OCP or local authorization from a host municipality in 2023, meaning there is the potential to add up to 226,500 more square feet of plant canopy to the AUCP. This assumes all establishments with these license statuses at the conclusion of 2023 obtain an active license during 2024. The potential square footage estimate is based on the maximum square feet allowed by cultivation tier. If each of those potential cultivation facilities produce at the current average capacity rate—74.5%—it would still add more than 168,000 square feet of cultivation space.

Figure 8: Conditional AUCP Cultivation Establishments and Capacity

Cultivation Type	Maximum Square Feet Allowed	Conditional Licenses	Total
Nursery ⁹	1,000	1	n/a
Tier 1 (Plant Count) ¹⁰	n/a	1	n/a
Tier 1 (Canopy)	500	3	1,500
Tier 2	2,000	14	28,000
Tier 3	7,000	11	77,000
Tier 4	20,000	6	120,000
Total	n/a	36	226,500

If the conditional licensees listed above all obtained active licenses and operated at maximum capacity, and if the current active licensees all operated at maximum capacity, there would be a total of 706,500 square feet of canopy in the AUCP. If all conditional licensees obtained active licenses and followed the current trend of operating at approximately 74.5% capacity, there would be 526,343 square feet of canopy in the AUCP. OCP is monitoring these numbers closely, as system capacity continues to exceed consumer demand for regulated cannabis and the extent to which that excess production grows. As overproduction increases, OCP will continue to inform the Legislature as to the extent of the problem as well as its market effects and continue to make related policy recommendations.

In accordance with 28-B M.R.S. § 303, cultivation facility licensees are permitted to request a change in their license tier upon renewal and can ask for either an increase or decrease in tier. In 2023, nine licensees reduced their cultivation capacity. Two reduced their cultivation capacity from tier 4 to tier 3, decreasing their maximum approved canopy size from 20,000 to 7,000 square feet. Four reduced their cultivation capacity from tier 3 to tier 2, decreasing their maximum approved canopy size from 7,000 to 2,000 square feet. Three reduced their cultivation capacity from tier 2 to tier 1, decreasing their maximum approved canopy size from 2,000 to 500 square feet.

Additionally, cultivation tier 4 licensees are allowed, in accordance with 28-B M.R.S. § 304, to request an increase in their plant canopy capacity during the renewal process, not more than once

⁹ Nurseries are included in the number of conditional licenses but excluded from the total plant canopy calculation as they cannot sell mature cannabis plants, flower or trim.

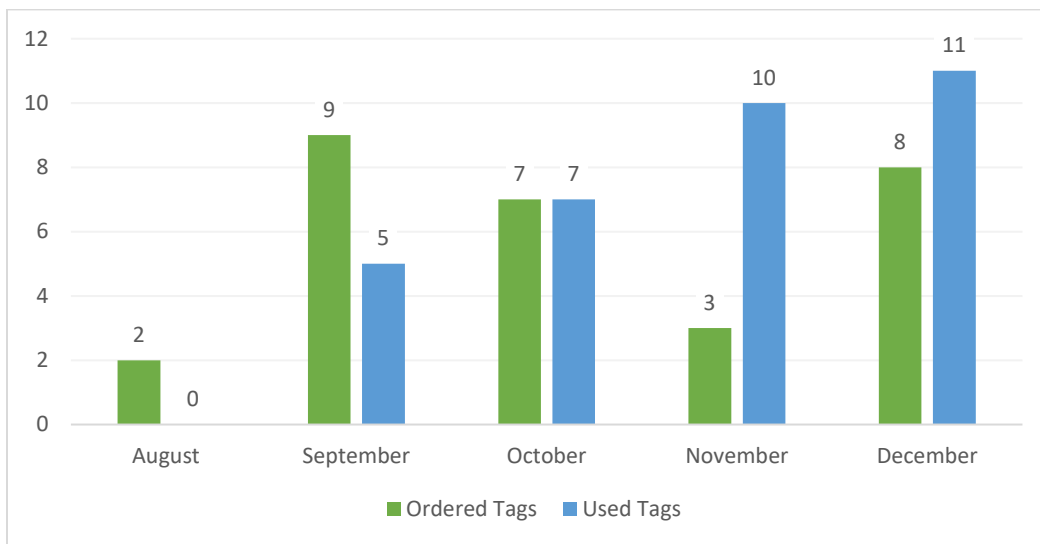
¹⁰ Tier 1 licensees are allotted 30 mature plants, unlimited immature plants, and seedlings. They are not assigned an approved square footage amount.

every two years. In 2023, no cultivation tier 4 licensees requested an increase in their plant canopy during the renewal application process.

The decreases in cultivation capacity among nine licensees, paired with no tier 4 licensees requesting an increase in their canopy capacity, showing a maturation in the market in the face of overproduction. It reflects businesses’ realization that overproduction of cannabis is a reality and is contributing to continued price decreases that have had destabilizing effects within the market.

Starting in 2023 and following the 130th Legislature’s passage of P.L. 2021, ch. 628, *An Act To Allow the State's Adult Use Cannabis Tracking System To Track Plants and Products by Group*, adult use cultivators can engage in the batch tagging of plants rather than individual plant tagging. The implementation of batch tracking for cultivators required a contract amendment between OCP and the AUCP’s inventory tracking vendor, Metrc, with “Flexible Standardized Batch Tracking” (FSBT) serving as the final product of extensive contract amendment negotiations. Licensees could start ordering batch tags on August 21, 2023 and using them on September 5, 2023. As of December 2023, 23 cultivation facilities had ordered batch tags, while only 15 of those cultivators have started using those tags. Thus, four months into the FSBT program, 17% of all cultivators are using batch tags.

Figure 9: Number of Cultivators Ordering and Using Flexible Standardized Batch Tags¹¹



4.2. Industry Volume and Value by Cultivation Facilities

For calendar year 2023, a total of 235,050.2 kilograms (wet weight prior to drying process) of cannabis was harvested by cannabis cultivation facilities. This is a 1.7% increase from the amount harvested in 2022.

¹¹ In this chart, licensees are accounted for in each individual month that they ordered and/or used batch tags. A licensee is only counted once per month in each category, regardless of how many batch tag orders they placed or batch tags they used in a single month.

It is important to note that the wet weight recorded at the point of harvest gets reduced by a number of factors including moisture loss, waste, failed mandatory testing, and stockpiled inventory. As a result, cultivation facilities distributed a total of 20,568 kilograms of usable cannabis¹² to other licensees and a total of \$14,734,479 was collected from the state’s excise tax on adult use cannabis.

Figure 10: Wet and Distributed Cannabis Weight Comparison

Weight Type & Unit		2021	2022	2023
Wet Weight	Kilograms	97,813.2	231,146.8	235,050.2
Distributed Weight	Kilograms	19,912.7	13,245.7	20,568

As of December 31, 2023, cannabis cultivation inventory consisted of 14,429.7 kilograms of packaged usable cannabis and 84,516 plants available for future harvests, sales, and subsequent wholesale transactions.

4.3. Industry Volume and Value by Manufacturing Facilities

AUCP product manufacturing facilities process and wholesale usable cannabis (buds/flower, shake/trim, and raw pre-rolls), concentrate (concentrate, infused pre-rolls, kief, and vape products), and infused cannabis products (drinks, edibles, capsules, suppositories, and topicals). The total product distributed in 2023 for each of these categories is reflected below.

Figure 11: Product Distributed by AUCP Manufacturing Facilities

Product Category & Unit		2021	2022	2023
Usable Cannabis	Kilograms	1,897.9	1,314.8	3,366
Concentrate ¹³	Kilograms	276.8	434	858
	Units	572,936	675,993	985,554
Infused Cannabis Products	Units	1,439,169	1,257,553	1,579,181

A snapshot of the manufacturing facility inventory available for future wholesale transactions can be seen in Figure 12.

¹² This only includes usable cannabis that has passed testing, been packaged, been transferred to another licensee, and, with the exception of fresh frozen plant material, been dried.

¹³ When concentrate is in a batch, it is recorded by weight. When it is distributed as part of another product for retail sales, it is recorded as a unit.

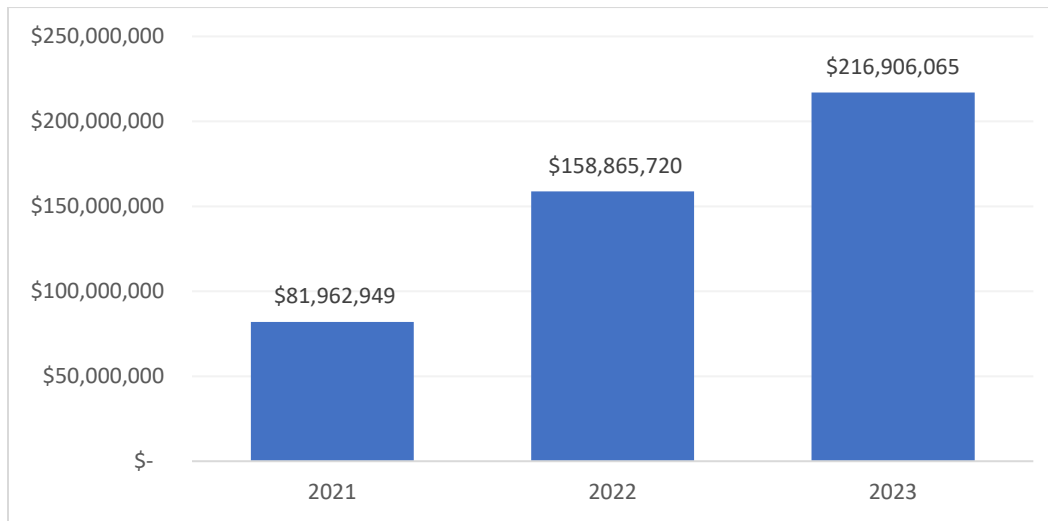
Figure 12: AUCP Manufacturing Facility Inventory as of December 31 of Each Year

Product Category & Unit		2021	2022	2023
Usable Cannabis	Kilograms	1,646.5	5,160.4	3,807.7
Concentrate ¹⁴	Kilograms	134.6	896.4	2,731
	Units	119,177	299,865	188,339
Infused Cannabis Products	Units	808,370	1,229,034	1,394,346

4.4. Industry Volume and Value by Cannabis Retail Stores

Gross annual sales by adult use cannabis retail stores reached \$216,906,065 in 2023 through a total of 3,773,788 sales transactions. The chart below demonstrates the year over year growth of adult use sales, which increased by 93.8% from 2021 to 2022 and 36.5% from 2022 to 2023.

Figure 13: AUCP Retail Sales – Annual Trend



Year over year as the market matures and more consumers turn to adult use cannabis, Maine’s adult use sales numbers have continued to grow, increasing greatly from the initial \$4,278,391 in sales conducted from October to December 2020. The rising total sales trend has persisted despite the average price per gram decreasing each year, from \$12.75 in 2021 and \$9.23 in 2022 down to \$7.77 in 2023.

The following visuals offer a breakdown of sales by product category throughout 2023. Usable cannabis includes buds/flower, shake/trim, and pre-rolls; plants include seeds and seedlings; concentrate includes concentrate, infused pre-rolls, kief, and vape products; and infused products include drinks, edibles, capsules, suppositories, and topicals.

¹⁴ When concentrate is in a batch, it is recorded by weight. When it is distributed as part of another product for retail sales, it is recorded as a unit.

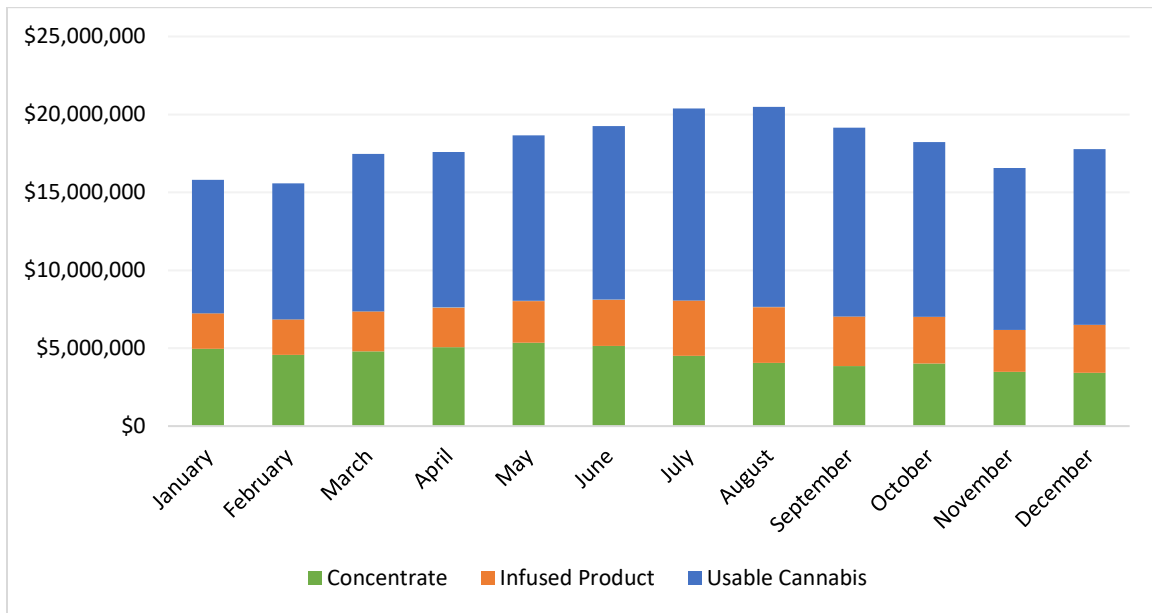
Figure 14: AUCP Product Sold by Product Category

Product Category & Unit		2021	2022	2023
Usable Cannabis	Kilograms	3,664.9	9,711.3	15,872.9
Plants	Units	13	2,031	3,998
Concentrate	Kilograms	6.1	10.51	168
	Units	391,142	874,314	1,309,828
Infused Products	Units	732,522	1,411,228	1,897,230

Figure 15: AUCP Gross Sales by Product Category

Product Category	2021	2022	2023
Usable Cannabis	\$48,173,302	\$94,339,038.2	\$129,206,710.5
Plants	\$654	\$79,020.1	\$104,151.1
Concentrate	\$18,518,578	\$37,007,944	\$53,211,634.6
Infused Products	\$15,122,376	\$27,439,717.3	\$34,367,661.6

Figure 16: Monthly AUCP Retail Sales by Product Category¹⁵



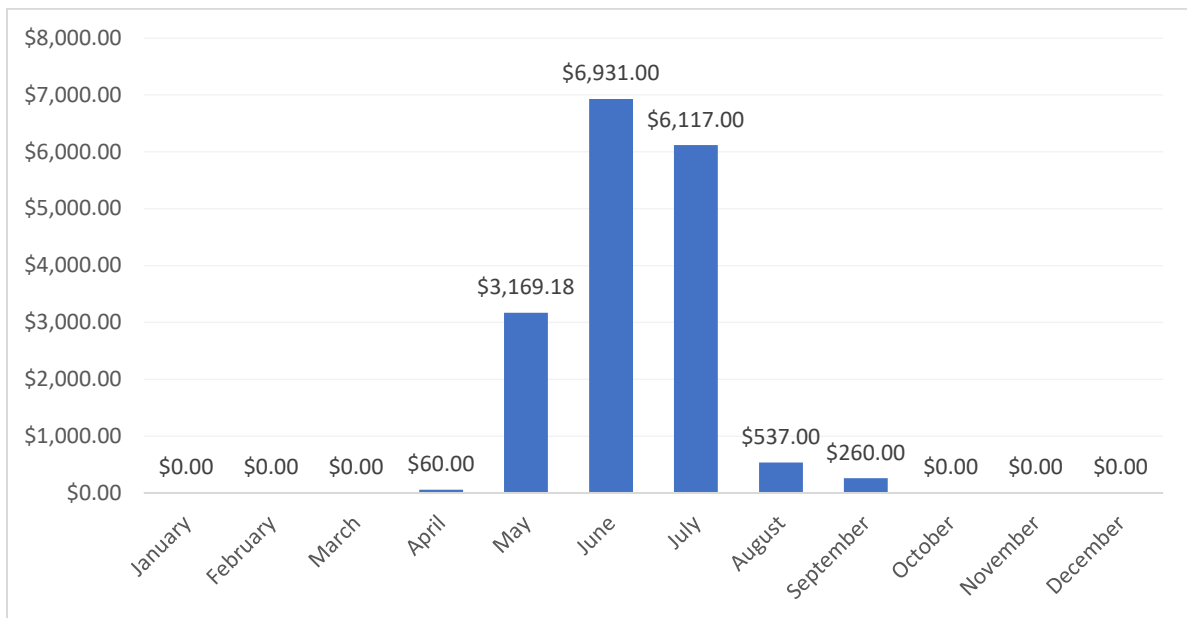
As of December 31, 2023, the inventory of cannabis retail stores consisted of 1,355.1 kilograms of usable cannabis, 740 units of plants, 23.5 kilograms of concentrate, 205,237 units of concentrate, and 247,750 units of infused products for future sales.

¹⁵ Plants are not reflected in this chart due to their limited amount in comparison to the other item categories.

Following the enactment of P.L. 2021, ch. 667, *An Act To Permit Curbside Pickup and Limited Delivery of Adult Use Cannabis*, delivery became a new authorized activity for cannabis store licensees in 2023. Delivery of cannabis and cannabis products to customers over the age of 21 may happen regardless of whether a town has opted in to permit the operation of adult use cannabis businesses within its borders. Licensees could begin applying for the authorization to conduct deliveries starting August 31, 2022. As of December 31, 2023, eight retail stores have been authorized for curbside pickup and six retail stores have been authorized to deliver, while only two stores have started implementing delivery. At this time, only 4.3% of all adult use stores are authorized to conduct deliveries with only 1.4% of all stores having conducted any deliveries.

A total of \$17,074 was generated through delivery sales in 2023 with the chart below demonstrating the monthly delivery sales. OCP will continue to monitor whether deliveries are an activity driven by the summer months, perhaps tied to tourism, or whether there are other reasons why licensees are conducting such few deliveries.

Figure 17: AUCP Delivery Sales by Month

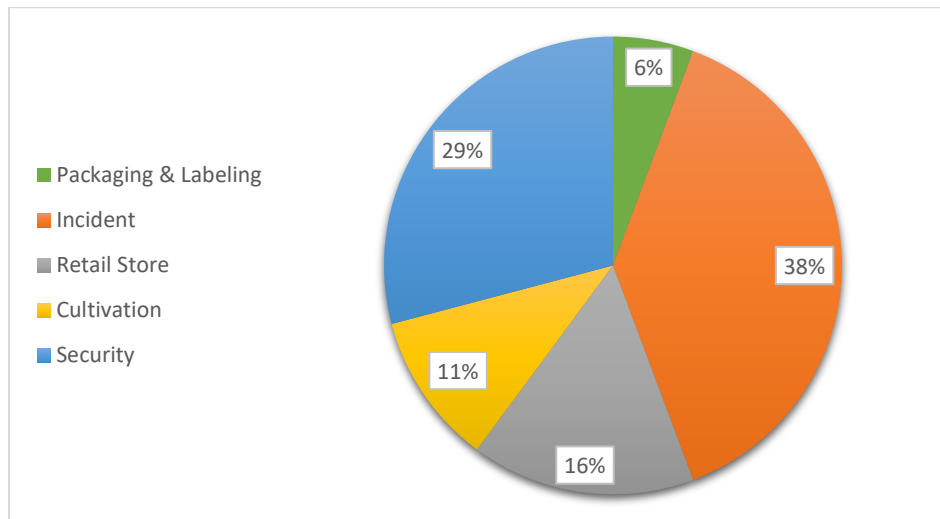


5. Compliance in the AUCP

5.1 Compliance Inspections

OCP completed 345 compliance inspections in 2023 with 83.7% of all active licensees being inspected within the calendar year, including 100% of all new licensees. These inspections include but are not limited to 92 security inspections, 50 retail store inspections, 34 cultivation inspections, and 18 packaging and labeling inspections. An additional 122 incident reports were inspected.

Figure 18: 2023 AUCP Compliance Inspections



Security inspections are always conducted prior to active licensure and are also completed as necessary as part of change to a plan of record. The security inspections completed in 2023 revealed that the three most common areas needing improvement were video surveillance, limited access areas, and alarm systems. In 26.7% of inspections, it was found that video surveillance systems did not meet the required standards. Limited access areas were found not to not be posted properly or secured in 20% of inspections, and 21.8% of inspections revealed official facility plans required updates prior to active licensure. The vast majority of these deficiencies were identified and resolved prior to the issuance of an active AUCP license.

Additionally, the Compliance Team participated in a series of trainings on pesticides application and labeling in order to add this as an inspection point.

5.2 Compliance Violations

In 2023, OCP investigated 177 complaints against adult use licensees. After investigation, 47 complaints were deemed not a compliance violation. Of the remaining 130 complaints, 120 were resolved with technical assistance while 10 resulted in monetary penalties. In other words, 92.3% of compliance violations were resolved with technical assistance while 7.7% of compliance violations resulted in monetary penalties.

The 10 complaints resulting in monetary penalties involved 10 separate licensees. Five cases were settled as of March 2024 while five were still pending.

Settled:

- One adult use cultivation facility faced a \$105,000 fine for significant differences between their inventory tracking system records and physical inventory.
- One adult use cultivation facility faced a \$2,000 fine for not following their approved official plan of records.
- One adult use retail store faced a \$7,500 fine for employee sampling and inventory tracking violations.
- One adult use retail store faced a \$5,000 fine for covering up their video surveillance on multiple occasions.
- One adult use retail store faced a \$500 fine for having an unregistered employee working within their facility.

Pending:

- One adult use products manufacturing facility is facing fines for inventory tracking violations.
- One adult use products manufacturing facility is facing fines for packaging and labeling violations.
- One adult use products manufacturing facility is facing fines for mandatory testing violations.
- One adult use retail store is facing fines for advertising in a publication that reached individuals under the age of 21 years old.
- One adult use retail store is facing fines for packaging and labeling violations.

6. Public Health and Safety

6.1 Mandatory Testing

Testing is a hallmark of a well-regulated cannabis program, and it is important for consumer health and safety that only tested adult use cannabis products make it to retail. As of 2023, the eight required analyte categories for mandatory testing in the AUCP are:

1. Filth and foreign materials
2. Dangerous molds and mildews
3. Harmful microbes
4. THC potency, homogeneity, and cannabinoid profiles
5. Water activity and moisture content
6. Other harmful chemicals (metals, including cadmium, lead, arsenic, and mercury)
7. Residual solvents
8. Pesticides

Mandatory testing in the AUCP for these eight analyte categories is critical for protecting the integrity of the supply chain and ensuring all adult use cannabis and cannabis products sold to consumers are free from harmful contaminants. Pesticides were the final analyte category to be added to the mandatory testing requirements for adult use cannabis and cannabis products, with the final phase of implementation occurring in June 2023.

Mandatory testing occurs at various, yet standardized, stages of the production process and prior to cannabis and cannabis products being made available to consumers at retail. For calendar year 2023, there were 14,228 adult use samples submitted for testing, with an overall initial fail rate for all cannabis and cannabis products of 8.1% (1,154 fails). Figure 19 summarizes the analytes that failed most often in selected matrices.¹⁶

Figure 19: Mandatory Testing Fails by Analyte Category and Matrix

Analyte Category	Matrix	Fail Rate	Total Fails	Total Samples
Total Yeast & Mold	Usable Cannabis	14.9%	772	5,188
Harmful Microbes	Usable Cannabis	2.5%	132	5,188
Potency & Homogeneity	Edibles	2.4%	88	3,621
Pesticides	Usable Cannabis <i>and</i> Concentrates	1.8%	155	8,406
Residual Solvents	Concentrates	0.7%	18	2,682

OCP continually analyzes testing data to identify potential irregularities as an additional safeguard. The Office also works closely with licensees to ensure that their sampling and handling processes are safe, consistent, and accurate.

¹⁶ The methodology for determining an analyte category's fail rate has changed from previous years based on the selection of different matrix groupings.

6.2 Public Health Collaborations

OCP has taken significant steps to interact with and involve the public health community in its work. The Office participates in multiple taskforces including both the cannabis workgroup and tobacco laws workgroup hosted by Maine CDC, the Pregnancy Risk Assessment Monitoring System (PRAMS) Steering Committee, the State Epidemiological Outcomes Workgroup, and the Maine Impaired Driving Taskforce. The groups are comprised of public health and public safety officials from both state government and nonprofits throughout Maine.

Through the aforementioned public health collaborations, data exchanges have been initiated with the Maine CDC’s Maine Integrated Youth Health Survey program (MIYHS), Maine Emergency Medical Services (EMS), Maine CDC’s Behavioral Risk Factor Surveillance System (BRFSS), Northern New England Poison Center, and Maine Department of Education. In support of the BRFSS, OCP has provided funding to support a new module which offers public health experts a deeper dive into the use of cannabis products in Maine. The data collected will become the foundational measurements and indicators for OCP to monitor.

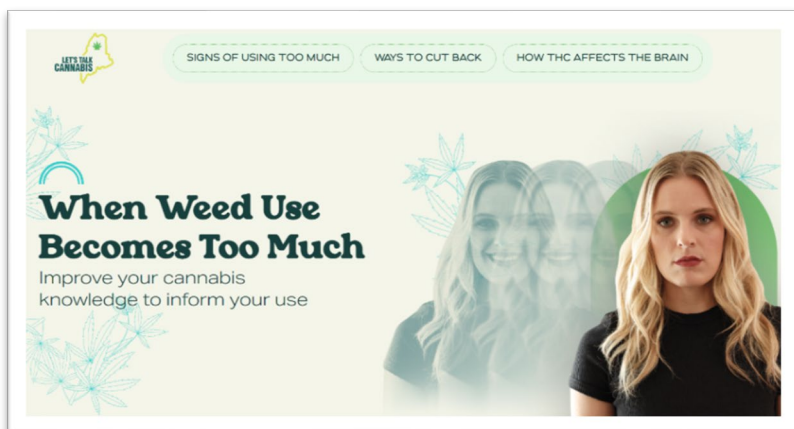
Figure 20: OCP’s Data Partnerships

Program/Agency	Key Indicators
Administrative Office of the Courts	<ul style="list-style-type: none"> • Number of cannabis-related charges
District Attorney: All Prosecutorial Districts	<ul style="list-style-type: none"> • Number of convictions/dismissals related to cannabis
Maine CDC: Behavioral Risk Factor Surveillance System Program	<ul style="list-style-type: none"> • Percentage of adults using cannabis or cannabis products
Maine CDC: Maine Integrated Youth Health Survey Program	<ul style="list-style-type: none"> • Percentage of youth using cannabis and cannabis products • Perception of use, perception of harm, and perception of parental view on use of cannabis captured
Maine CDC: Pregnancy Risk Assessment Monitoring Program	<ul style="list-style-type: none"> • Percentage of women using cannabis and cannabis products prior, during, and post pregnancy
Maine Department of Education	<ul style="list-style-type: none"> • Number of students receiving disciplinary action relating to cannabis
Maine Emergency Management Services	<ul style="list-style-type: none"> • Number of ambulance services needed related to the use of or exposure to cannabis and cannabis products
Maine Health Data Organization	<ul style="list-style-type: none"> • Number of emergency room encounters that at least one cannabis related diagnosis
National Survey on Drug Use and Health	<ul style="list-style-type: none"> • Estimate number of individuals with cannabis use • Perception of risk in consuming combustible forms of cannabis
Northern New England Poison Control	<ul style="list-style-type: none"> • Number of calls related to the use of or exposure to cannabis and cannabis products • Types of cannabis products that are the cause of poison center calls

Public health and safety data will continue to play an important role in OCP’s decision-making processes in 2024. It is the hope that with these efforts, and the corresponding data generated through OCP’s licensing system, inventory tracking system, and surveys, data will be available to assist OCP and legislators in making informed policy decisions.

6.3 Public Health and Safety Campaigns

In 2021, OCP developed and conducted a competitive procurement seeking a partner to assist the Office with the implementation of a cannabis public health and safety campaign to be funded by the Adult Use Cannabis Public Health and Safety and Municipal Opt-in Fund. Rescue, a health behavior change agency, was awarded the contract, and helped OCP implement and evaluate two statewide campaigns targeting young adults and teens throughout 2023. The *Let’s Talk Cannabis* campaign worked to inform young adults about the signs of a dependence on cannabis, and the *Unclouded* campaign worked to educate teenagers about the risks of using cannabis while the brain is still developing.¹⁷



The website homepage for the Let’s Talk Cannabis campaign, OCP’s public health and safety campaign for young adults.



An Instagram photo from the Unclouded campaign, OCP’s public health and safety campaign for teenagers.

Both campaigns featured active and static creative content distributed across various social media platforms, including TikTok, Meta, and Snapchat along with YouTube, gaming apps, audio streaming platforms like Pandora and Spotify, streaming TV services, and movie theaters. These ads generated millions of impressions and engagements across the target audiences while also driving traffic to the respective campaign websites.

The *Let’s Talk Cannabis* campaign for young adults, called *Stress Loop*, generated 17 million impressions, 4.4 million exploratory engagements, and 45,000 clicks. *Stress Loop* also won the [2023 Silver Muse Award](#) in the category of Public Service & Activism. The *Unclouded* campaigns for teens, called *Frozen* and *Your Amazing Brain*, generated over 35 million impressions, 6.8 million video completions, and over 93,000 clicks.

¹⁷ The *Let’s Talk Cannabis* campaign can be viewed at www.letstalkcannabismaine.com, and more information on the *Unclouded* campaign is available at www.uncloudedmaine.com.

7. Revenue, Staffing, and Expenditures

7.1 Revenue

Below is a summary of adult use cannabis revenue received by the State for calendar year 2023. Excise tax and sales tax figures include actual amounts remitted to Maine Revenue Services for transactions occurring in calendar year 2023.

Figure 21: Adult Use Cannabis Revenue for Calendar Year 2023

Category	Revenue
IIC Application Fees	\$ 178,534.00
Establishment Application Fees	\$ 66,050.00
License Fees	\$ 1,182,470.00
Fines	\$ 184,500.00
Excise Tax	\$ 14,734,479
Sales Tax	\$ 18,838,741
Total	\$ 35,184,774

Source: OCP's Agency Licensing Management System and Maine Revenue Services' Office of Tax Policy.

7.2 Staffing and Expenses

OCP staff share responsibilities for both the AUCP and the Maine Medical Use of Cannabis Program (MMCP). While a majority of OCP's authorized positions and associated responsibilities are tied to the adult use program, the Office has focused on cross-training staff to minimize the likelihood of similar tasks and responsibilities being siloed by program type. This approach has proven effective, allowing office staff to serve the needs and answer the questions of program participants in both the medical and adult use cannabis programs.

OCP staff have focused on the measured growth of the Office since its founding in 2019, bringing staff on when appropriate to meet operational needs rather than filling positions simply because vacancies exist. As of December 2023, OCP has 48 full-time employees and five vacant positions.

Figure 22: Full-Time OCP Employees by Department

Department	Full-Time Employees	Vacant Positions
Administration	5	1
Policy Division	1	0
Media and Stakeholder Engagement	1	0
Compliance Division	21	2
Data Analytics Division	2	2
Licensing Division	13	0

Note: The positions listed in the above table are inclusive of both cannabis programs.

The State of Maine operates on a fiscal year which runs from July 1 through June 30. Accordingly, revenue and expense information from fiscal year 2023 covers the period from July 1, 2022, through June 30, 2023. OCP's FY 2023 expenses and FY 2024 cost projections are detailed below.

Figure 23: OCP Adult Use Cannabis Program Expenses for Fiscal Year 2023

Category	Expense
Personnel	\$2,457,091
All Other	\$684,447
Total	\$3,141,538

Note: These figures do not include costs incurred by the medical cannabis program during this same reporting period.

Figure 24: OCP Estimated Adult Use Cannabis Program Administrative Cost Projections for Fiscal Year 2024

Category	Projected Expense
Personnel	\$2,830,534
All Other	\$930,401
Total	\$3,760,936

Note: These figures do not include costs associated with the administration of the medical cannabis program.

8. Legislative Changes, Rulemaking, and Recommendations

8.1 Legislative Changes

The Maine Legislature considered several pieces of legislation related to the AUCP in 2023. The following is a summary of changes enacted by the Legislature which affected Maine's adult use program to varying degrees.

An Act to Clarify State Policy Regarding Cannabis Paraphernalia in the Maine Medical Use of Cannabis Act and the Cannabis Legalization Act

PL 2023, ch. 6, Emergency (Signed March 15, 2023)

- Creates a definition for “cannabis paraphernalia” in the Cannabis Legalization Act and the Maine Medical Use of Cannabis Act.
- Differentiates cannabis paraphernalia from tobacco products under the laws governing tobacco.

An Act to Amend the Adult Use Cannabis Laws

PL 2023, ch. 396

- Permits tier 1, tier 2, and nursery cultivation facilities and products manufacturing facilities to conduct sales of cannabis and cannabis products to consumers by delivery (except that nursery cultivation facilities may sell only immature cannabis plants, seedlings, cannabis seeds and agricultural or gardening supplies relating to the cultivation of cannabis).
- Permits the delivery of cannabis and cannabis products by authorized licensees to consumers at hotels or other private businesses, provided that the delivering licensee has obtained written consent from the owner or other authorized agent of the business to conduct such deliveries.
- Permits the return of cannabis or cannabis products from a licensee to the licensee that transferred the cannabis or cannabis products to the returning licensee and provides for the testing of such returned cannabis or cannabis products.
- Requires the department to specify in rule limitations on signs, advertising and marketing necessary to limit the appeal of such materials to individuals under 21 years of age.
- Permits the use of vehicle wraps by licensees.
- Increases the per package limit for edible cannabis products from 100 mg per package to 200 mg per package and increases the possession limit for cannabis concentrates from 5 grams to 10 grams.

An Act to Clarify the Requirements for Off-Premises Sales by Cannabis Store Licensees

PL 2023, ch. 408

- Creates new definitions for the terms “permitted premises for a specified event,” “specified event,” and “specified event permit”.
- Amends the application requirements for the issuance of a permit for cannabis stores to conduct sales at specified events.
- Amends the limitations and conditions for cannabis stores to conduct sales at events – including repealing the prohibition on the sale of “smokable” cannabis or cannabis products at specified events.
- Establishes criteria for suspension/revocation of permits to conduct sales at an event.

- Provides criteria for DAFS’ approval or denial of a permit application for cannabis stores to conduct sales at a specified event to allow denial of such applications for “good cause”.
- Amends the requirements that the Department issue guidance to cannabis stores.

An Act to Provide Equitable Tax Treatment to State-licensed Cannabis Businesses

PL 2023, ch. 444

- Extends business tax deductions and credits, already available to medical program participants, to adult use cannabis licensees.

8.2 Rulemaking

Following enactment of the above-referenced laws, the Office engaged in rulemaking to implement those new provisions. The Office divided the existing *Adult Use Cannabis Program Rule*, 18-691 CMR, ch. 1, into four new, separate rules intended to address the administrative, licensing, compliance, and testing requirements of the program. The rules were also revised to incorporate guidance previously issued by OCP into the rules and to reduce compliance and administrative costs for program participants and the Office alike.

Following the conclusion of the first special session of the 131st Legislature in late July 2023, OCP immediately began drafting the following rules: *Rules for the Administration of the Adult Use Cannabis Program*, 18-691 CMR, ch. 10; *Rules for the Licensure of Adult Use Cannabis Establishments*, 18-691 CMR, ch. 20; *Compliance Rules for Adult Use Cannabis Establishments*, 18-691 CMR, ch. 30; and *Rules for the Testing of Adult Use Cannabis*, 18-691 CMR, ch. 40. (Chapter 40 is a routine technical rule not subject to legislative review pursuant to Title 5, ch. 375.)

Throughout the late summer and early fall, OCP took written public comment and held a public hearing to take oral public comment and respond to questions regarding the rules. After revising the proposed rules based upon those comments, the Office provisionally adopted 18-691 CMR, chapters 10, 20 and 30 and finally adopted chapter 40. Those provisionally adopted rules were submitted for legislative review during the legislative acceptance period for the second regular session of the 131st Legislature.

8.3 Legislative Recommendations

First and foremost, the Office strongly recommends the Legislature permit the Office to adopt the major substantive rules affecting the Adult Use Cannabis Program (AUCP): *Rules for the Administration of the Adult Use Cannabis Program*, 18-691 CMR, ch. 10; *Rules for the Licensure of Adult Use Cannabis Establishments*, 18-691 CMR, ch. 20; and *Compliance Rules for Adult Use Cannabis Establishments*, 18-691 CMR, ch. 30.

Many of the challenges that the Office identified in its 2022 annual report persist in the AUCP today, and OCP continues to urge the Legislature to act to work with the Office and stakeholders to develop comprehensive solutions to those challenges. Specifically, while the price per gram of adult use cannabis appears to be plateauing after years of natural decline, the adult use program is still harboring significant over-production and stockpiling of cannabis—well in excess of

market demand over the past three years. Despite this overproduction, reported wholesale and retail price declines, and continued limitations in access to both capital and banking, there remain disagreements among stakeholders regarding the solution to addressing problems faced by cultivators remitting cannabis excise taxes. These disagreements have made it difficult for the Office and the Legislature to develop sensible reforms that are responsive to the economic and tax implications of declining wholesale prices without negatively impacting the General Fund. In addition, federal inaction regarding the regulation of the manufacture and sale of hemp-derived synthetic cannabinoids continues to threaten the health and safety of individuals who consume these unregulated products, while also posing a direct competitive disadvantage to Maine's regulated adult use (and medical) cannabis businesses.

Finally, the Office, along with many other cannabis regulators across the country, was notified by the Federal Bureau of Investigation (FBI) that the statutory basis for the criminal history record checks conducted by the FBI required clarification in order for the FBI to continue to conduct such checks for the Adult Use Cannabis Program. Specifically, the FBI required the State to define the terms "officer", "director", "manager", and "general partner" for the purposes of conducting criminal history record checks for those individuals pursuant to the licensing and renewal processes. To correct these deficiencies and preserve the State's ability to continue these record checks, the Office submitted a bill that does away with those terms for the purposes of record checks and replaces those terms with the term "principal". This term has been used informally in the program for a number of years to clarify which individuals with management or decision-making authority for a licensee are subject to criminal history record checks. OCP strongly urges the Legislature to enact this department bill.

9. Conclusion

This report demonstrates that in 2023, Maine's Adult Use Cannabis Program (AUCP) saw continued growth as an industry and took significant strides toward market maturity. More Mainers have started businesses and chosen to work in the industry, and more consumers are opting to purchase cannabis legally from the regulated market. Program participants remain in high compliance with state regulations, and public health and safety measures continue to be effective. Moving forward, the Office of Cannabis Policy (OCP) expects to see continued growth for the AUCP in relation to both commerce and regulation.

Specifically, some of the accomplishments of the AUCP in 2023 were:

- The number of active adult use cannabis establishments increased by 16%, from 258 in 2022 to 300 in 2023.
- Adult use retail sales increased by 37%, from \$158,865,720 in 2022 to \$216,906,065 in 2023.
- AUCP participants remained in high compliance with the program rules and regulations.
- OCP completed two public health and safety campaigns, the *Let's Talk Cannabis* campaign for young adults and the *Unclouded* campaign for teenagers and began preparing for a new public health and safety campaign aimed to educate parents and adult mentors.
- Through the Adult Use Cannabis Public Health and Safety and Municipal Opt-in Fund, six more municipalities were reimbursed in 2023 for costs incurred as a result of opting in to permit adult use cannabis establishments in their city or town. As of December 2023, a total of \$194,603 has been reimbursed to 23 towns with an average reimbursement of \$8,461 per town.

For 2024, OCP has a set of achievable, actionable goals that will strengthen the AUCP, allow industry to thrive, and advance the Legislature's policy goals. Work will be done to allow for off-premises sales in accordance with PL 2023, ch. 408 and to implement any additional statutory changes. OCP will also continue engaging in stakeholder outreach and regulatory lookback to identify potentially duplicative, redundant, or overly burdensome regulations to maintain safeguards while decreasing licensee operating costs.

To plan for the future, OCP will develop a strategy to examine how federal legalization could and will affect Maine's legal cannabis programs. Next, due to the Office's concerns both about the potential for overproduction in the adult use program and how the affiliated price decreases can destabilize industry, it will examine the risks of this issue in Maine's system and work with partners in states that have experienced this policy challenge to understand what legislative and regulatory recommendations are necessary. Finally, OCP will continue to monitor any unregulated, synthetic cannabinoids in Maine's regulated cannabis supply chains. These cannabinoids present potentially toxic public health impacts, so working collaboratively with the Legislature, public health experts, agency partners, and program participants to guard against potential problems will be critical.

In closing, it is important to note that cannabis is not for everyone. Not every Mainer or visitor to the state chooses to consume cannabis, and OCP works diligently to reduce youth use and close off youth access to legal product in the adult use system. However, for adults over the age of 21 who do choose to use cannabis, Maine's legal and regulated adult use program meets their needs while encouraging responsible use. OCP thanks all the program participants and stakeholders who make this possible.

Appendix A – Report Requirements

In accordance with 28-B M.R.S. § 113(1), the Department shall submit to the joint standing committee of the Legislature having jurisdiction over adult use cannabis matters, an annual report that contains, at a minimum:

- The number of applications for each type of license submitted to the department including, if applicable, the number of applications for license renewals, and the number of each type of license conditionally approved by the department;
- The total number of each type of active license issued by the department following local authorization of a conditionally approved licensee;
- The total square footage of plant canopy approved by the department for active cultivation facilities, the percentage of active cultivation facility licenses by cultivation tier and, if applicable, the number of approved increases in the maximum plant canopy allowed under a tier 4 cultivation facility;
- The total amount of application fees and license fees collected, and the total amount of the excise and sales tax revenue collected on the sale of adult use cannabis and adult use cannabis products;
- An overview of current adult use cannabis-related staffing at the department and the cost to the department to regulate the adult use cannabis industry in the State during the prior fiscal year and cost projections for the upcoming fiscal year;
- The total reported volume and value of adult use cannabis cultivated and sold by all cultivation facilities, when available;
- The total reported volume and value of adult use cannabis and adult use cannabis products sold by all cannabis stores, when available;
- The number of inspections of the licensed premises of licensees performed by the department and the results of those inspections, including, but not limited to, the number of inspections resulting in license violations and the percentage of all licensees inspected;
- The number of license violations committed by licensees and a breakdown of those violations into specific categories based on the type of violation and the outcome of the violation, including, but not limited to, the total amount of monetary penalties imposed and collected by the department and the percentage of total license violations resulting in the imposition of a monetary penalty, license suspension or license revocation;
- Public health and safety data collected, received, or analyzed by the department; and
- Recommendations, including any suggested legislation, to address any issues with the regulation of the adult use cannabis industry in the State encountered by the department.