

Massachusetts Department of Public Health Issues Guidance to Convert Registered Marijuana Dispensaries to For-Profit Entities

The Massachusetts Department of Public Health (DPH) recently issued guidance to allow licensed medical marijuana dispensaries to operate as Massachusetts business corporations.

Until July 2017, Massachusetts law required medical marijuana dispensaries to operate as non-profit corporations. However, the bill passed into law in July that allows the recreational use of marijuana, also contains a provision that permits the dispensaries to operate as for-profit business corporations.

The new [Guidance](#) document applies to entities that are licensed or that have pending license applications, as well as to new entities seeking licenses. Entities that are already licensed or with existing applications must complete and file conversion documents with the Massachusetts Secretary of State and the DPH for approval. The entity also must advise the DPH if any other documentation that the entity previously submitted to the DPH has been modified or will no longer be in effect because of the conversion.

Entities filing new applications for a medical marijuana dispensary license may organize as either a non-profit corporation or Massachusetts business corporation. If the applicant applies as a non-profit corporation, it must comply with existing regulations and guidance for non-profit applicants. These regulations include restrictions on management fees, compensation for employees, rental and other real estate fees, revenue sharing and conflicts of interest.

Dispensaries considering conversion also must consider various other issues not addressed by the Guidance, including tax, contract and employee benefit issues.

If you are interested in being kept up-to-date on the issues impacting this industry, [please email us with your contact information.](#)

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