

Licensing Director Message

A quarterly update from Jason Hanson, Director of Licensing



Marijuana Licensing Streamlining Update

January 8, 2021

A Phased Approach

Early in 2020 because interest to enter Oregon’s expanding recreational marijuana market continued to grow, it became clear that we needed a new approach for processing marijuana license applications. In response, my staff and I conducted a program evaluation in March 2020, to identify opportunities for improvement throughout the licensing program. Aside from the need for our staffing resources to grow to match the industry’s requirements (which we will continue to address with our legislative partners) we developed a formal year-long improvement strategy outlined below in three phases.

- ✓ **Phase 1: Streamlined license renewal process** (Complete)
 - This included reducing the complexity of renewal applications, making licensing system updates and updating internal processes regarding renewals. Improvements to our renewal system went live August 4, 2020.
 - **Outcome:** Marijuana license renewals process times have been reduced from an average of **347 days** from submission in **Q4 2019**, to **156 days** from submission in **Q4 2020**. Current licensees should realize these improvements at their next renewal period occurring after August 4, 2020.

- ✓ **Phase 2: Removal of Pre-licensing Inspections and streamlining workflows** (Complete)
 - In April 2020, the Commission eliminated the requirement to conduct pre-licensing onsite inspections before issuing a license, and during last summer we made improvements to licensing workflows by reducing redundant routine reviews of work and providing more empowerment to staff. Our evaluation showed this was taking as much as 40-50% of the processing time for new applications; these improvements removed that constraint.
 - **Outcome:** Marijuana license application process times from assignment have been reduced from an average of **168 days** in **Q4 2019** to the average of **61 days** in **Q4 2020**.

- ✓ **Phase 3: Entrusting the Industry** (Complete)
 - The overall philosophy of this change was rethinking how we address marijuana licensing. Specifically, phase 3 changes reduced the level of scrutiny for applicants who have already been vetted and previously licensed. Further, the agency reassigned personnel and added contract workers to solely focus on licensing activity. The Commission also approved “streamlining licensing,” rule changes at our October 15, 2020 Commission meeting.
 - **Outcome:** License application processing times approved during the month of December 2020, averaged **54 days from the date of assignment**. These tangible changes have reduced the back and forth between applicants and the Commission.

The Readiness Checklist: Who's ready? Who's not?

In addition, we've implemented a new process to provide us more insight into applicants within our applicant pool by utilizing a request for assignment form (aka "The Readiness Checklist"). This process helps identify a marijuana license applicant's desire to be assigned and enables them to self-determine their readiness to complete the license process within the required 60 day period.

As of November 16, 2020, my staff has reached out to all 881 "pre-pause" applicants, to determine their desire and readiness to be assigned. Pre-pause applicants include applications submitted prior to the June 15, 2018, pause on processing licenses. As of January 5, 2021, we have:

- 319 or approximately 36% of the 881 applications are ready to be assigned
- 360 or approximately 40% of applicants have said they are not ready
 - *These applicants have delayed assignment by an average of 5 months.*
- 139 applicants not respond at all.
- 49 application withdrawals.
- The remaining 14 are in process.

As of January 6, 2021, we have assigned all applicants who've requested to be assigned as of that date. Additionally, as we receive requests for assignments, now we are consistently able to assign applications within two to four weeks of receiving the request for assignment form.

In addition to this progress on new marijuana license applications, we have been able to reduce the time it takes to assign change requests (e.g. location, ownership, etc.) from **four to six months** in **Q3 2019**, to **approximately two months** in **Q3 2020**. Moving forward, while we further refine our processes, our standard is to be able to assign these requests within 60 days of receiving them.

Regarding the non-responsive applicants, we've reached out to each one and subsequently followed up with those applicants prior to December 12, 2020 in order to provide a final opportunity for them to respond before inactivating their application.

Industry members and applicants should ensure they are monitoring any communications from the Commission and double check that the contact information affiliated with the license application is up to date.

The New Year: What's next?

Earlier this year, OLCC Executive Director Steve Marks committed to reducing the backlog of license applications by one third by February 1, 2021; at the time he made that pledge that meant reducing our application pool by a total of 350 applications. The progress we have demonstrated leads me to believe we will meet, or come close to, accomplishing that goal. Should we not be able to, this will be in large part due to the number of applicants who've indicated they're not ready to be assigned. As mentioned above, we are assigning applications within two to four weeks of receiving a request for assignment form. The average time to process a license application once it's assigned was 61 days in Q4 2020; that's a significant reduction and close to the new standard we've set.

With the changes we've made this year and at the current pace that we receive license applications, this should not be difficult to maintain going forward. These accomplishments truly deliver what the industry asked us to address, both in timeliness and predictability. We hope this serves as an example of how we will continue to work with the industry and to strive to improve and make Oregon a leader in the cannabis industry and a model for cannabis regulation.

As always, please don't hesitate to reach out with feedback and guidance that will help us collectively make constructive improvements to the OLCC Recreational Marijuana Program.

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