North Carolina Advisory Council on Cannabis
Market and Regulatory Subcommittee
Co-Chairs:
Daniel Hirschman, General Counsel, NC Division of Environmental Quality
Missy Welch, Executive Director, Alcoholic Beverage Control Commission

Meeting Minutes

October 23, 2026, 10:00am-12:00pm
Virtual via Teams

Attendees

Council Members Present – Daniel Hirschman; Kris Gardner; Forrest G. Parker, Missy Welch; Pat Oglesby; Gary Sikes; Patrick Brown

Council Members Absent – Rep. John Bell; Sen. Bill Rabon

Staff Members Present – Renee Metz; Kaycee Deen; Charles Mitchell

Agenda

I. Welcome, Roll Call, and Ethics Statement
II. Presentation: Regulatory Agency Design
III. Member Discussion on Market Structure

Purpose

Purpose Statement: The Market Structure and Regulatory Agency Structure Subcommittee will review market structure and regulatory agency structure considerations related to cannabis regulation and develop recommendations on oversight agency structure, licensing and compliance standards, and manufacturing requirements to support a well-regulated, safe, and economically viable cannabis market in North Carolina

Key Outcomes

- Agreement on regulating the THC molecule in any form
- Present the leading sales models with pros and cons rather than force a single consensus; members currently interested in a state-controlled, ABC-style model.
- Bringing the current unregulated hemp market under control is a top priority.
- Low-dose THC beverages may warrant a separate sales channel.
- Broad agreement on tiered licensing for cultivation, processing and retail.
- Two options for the regulator: an independent commission or an existing agency.

1. What is Regulated

- Similar agreement to Phase I: Regulate the molecule, with no distinction between marijuana and hemp.
- Any product with intoxicating THC falls under the framework, regardless of form.

- Only industrial hemp would remain outside it; products over 0.3% delta-9 THC are regulated, whether gummy, beverage, pre-roll, flower or vape.

2. Who May Sell

State Control vs. Private Market

- Cultivation and supply would be private under any model, so the state must still decide who receives those licenses.
- Some members felt there is not yet enough information to recommend a state-run system outright.
- Keeping all existing businesses open should not be a goal; a limited market is preferred.
- If private sellers are established first, a later move to state control would be very difficult.
- Because the right model depends on federal action, the report should frame options two ways: cannabis remaining federally illegal, and possible federal legalization.
- A hybrid was floated: state-run warehousing with some privately owned dispensaries, roughly 400 statewide.
- Federal illegality is the main obstacle to state control, since state employees would be selling a federally illegal substance.
- Possible short-term step: enact robust regulations and statutes (labeling, packaging, age limits) before building any sales system.

Current Unregulated Hemp Market

- Roughly 23,000 retail locations, possibly 30,000 or more including about 7,000 storefront dispensaries, is far too many.
- Bringing this market under control was called the single most important recommendation, given untested and unsafe product.
- Sellers operating outside the law should not be rewarded with easy entry into a regulated market.
- The federal hemp provision is set to expire next month unless extended, which could sharply shrink the market by spring.

Out-of-State and Foreign Product

- While cannabis is federally illegal, sales must stay intrastate.
- If federally legalized, all out-of-state or foreign product should pass through a state entity or warehouse so regulators can oversee it.
- After legalization, limiting sales to North Carolina product would likely face constitutional challenges.
- Strong support for North Carolina product only, for as long as possible, to protect local producers from low-priced product from oversaturated markets.
- One option discussed: state-run retail with cultivation and manufacturing permits for North Carolina products only; its legal footing is uncertain.

Low-Dose THC Beverages

- Beverages are a distinct market and could be sold at licensed outlets such as bars, wine shops and grocery stores, not only dispensaries.
- One suggestion: include THC beverages in the definition of alcoholic beverages so they are regulated like alcohol.
- Typical "low-dose" beverages contain 5–10 mg THC, the same as a low-dose gummy; they still require permitting and testing but are shelf-stable.
- Concern raised about sales at gas stations; limiting sales to dispensaries and licensed bars was floated.
- General comfort with 5–10 mg maximum beverages at licensed outlets, with safeguards such as 21+ age limits and ID checks.

3. Licensing Structure

- Use a tiered licensing system for cultivation, processing and retail rather than vertical integration; earlier draft tiers are the starting point.
- Mississippi does not cap retail licenses but uses high fees: a $15,000 non-refundable retail application fee and a $25,000 annual renewal.
- Mississippi caps cultivation licenses, not retail stores; one retail license covers a store of any size.
- Very small cultivation tiers (for example, 1,000 sq ft of canopy) risk feeding black-market grows if enforcement is thin.
- Strong regulatory staffing, systems and enforcement are essential.
- Controls to limit market entry, instead of lotteries or merit contests:
    - High application and license fees
    - Seed-to-sale tracking
    - Security requirements: cameras, fencing, local zoning
    - Frequent inspections and high penalties
    - Caps on licenses held by related parties
    - No vertical integration
    - No felony convictions for license holders
    - Capital requirements
    - Background checks showing good character and legal compliance

4. Who Regulates

- Option A, independent commission: executive director, staff and appointed commissioners on staggered terms, with seats reserved for specific expertise (physician, chemist, agriculture, law enforcement). Gives its own mission and funding, free of a parent agency's lens, but needs new appropriations.
- Option B, existing agency such as the ABC Commission or DHHS: uses existing networks and enforcement expertise at lower cost and with a faster start but inherits the parent agency's focus.
- Some members favored Option B for the short term; an entity can later be spun off by legislation, as the Wildlife Resources Commission was.

- The Cherokee Cannabis Control Board (Chapter 17 of the Cherokee Code) was cited as a model for specified, diverse qualifications.
- Regulating medical practitioners was considered unnecessary, since providers only certify qualifying conditions.
- Either way, regulators must be adequately funded; link this to the tax subcommittee's work.
- Concern remains about state employees being asked to violate federal law.

Open Questions

- How state control can work while cannabis remains federally illegal
- What happens to existing hemp sellers during any transition
- Whether beverages and gummies must pass through a state warehouse, and whether beverages stay in grocery stores and gas stations
- How many retail outlets the state should allow
- Who the upstream suppliers would be under a North Carolina–only model, and how they are licensed
- How the outcome of the expiring federal hemp provision affects the market

Action Items / Next Steps

Report Approach and Timeline

- The report will not force consensus; it will set out leading models with benefits and drawbacks, and name approaches the subcommittee rejected
- Next week: Early draft recommendations circulated to the subcommittee
- Tuesday: Possible discussion of early drafts; dispensary-count research presented
- November 17: Council meeting to finalize recommendations
- December 1: Internal report draft complete and circulated for review
- December 15: Council vote on the final report

Action Items

- Circulate early draft recommendations next week
- Present dispensary-count research on Tuesday
- Review drafts in writing ahead of November 17
- Coordinate with the tax subcommittee on regulator funding
- Continue legal research on state employees selling a federally illegal product

Adjournment

Meeting concluded at 12:03