

HOUSE BILL 1156

J1, Q3

9lr0901

By: **Delegate Mosby**

Introduced and read first time: February 8, 2019

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Medical Cannabis – Medical Cannabis Business Development Fund –**
3 **Establishment**

4 FOR the purpose of repealing a requirement that the Natalie M. LaPrade Medical Cannabis
5 Commission make certain grants to certain educational and business development
6 organizations; establishing the Medical Cannabis Business Development Fund;
7 providing that the Fund is a special, nonlapsing fund that is not subject to a certain
8 provision of law; requiring the Department of Housing and Community Development
9 to administer the Fund; requiring the State Treasurer to hold the Fund and the
10 Comptroller to account for the Fund; subjecting the Fund to audit by the Office of
11 Legislative Audits; specifying the contents of the Fund; specifying the purpose for
12 which the Fund may be used; providing for the investment of money in and
13 expenditures from the Fund; requiring interest earnings of the Fund to be credited
14 to the Fund; exempting the Fund from a certain provision of law requiring interest
15 earnings on State money to accrue to the General Fund of the State; requiring the
16 Department, subject to a certain limitation, to make grants to certain educational
17 and business organizations and provide financial assistance to certain minority and
18 women business owners and entrepreneurs from the Fund; requiring the
19 Department, on or before a certain date each year, to report to the Commission and
20 the General Assembly on certain matters; requiring the Department to adopt certain
21 regulations; requiring the Comptroller, on or before a certain date each year, to
22 determine the State income tax paid by each owner of certain medical cannabis
23 growers, processors, and dispensaries that is attributable to income derived from the
24 medical cannabis industry for the immediately preceding taxable year; requiring the
25 Comptroller to distribute a certain percentage of a certain amount to the Fund;
26 requiring the Commission to provide to the Comptroller certain information for a
27 certain purpose; making a conforming change; defining certain terms; and generally
28 relating to the Medical Cannabis Business Development Fund.

29 BY repealing and reenacting, without amendments,
30 Article – Health – General

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 Section 13–3302(a)
2 Annotated Code of Maryland
3 (2015 Replacement Volume and 2018 Supplement)
- 4 BY repealing and reenacting, with amendments,
5 Article – Health – General
6 Section 13–3302(f)(1)
7 Annotated Code of Maryland
8 (2015 Replacement Volume and 2018 Supplement)
- 9 BY adding to
10 Article – Health – General
11 Section 13–3303.2
12 Annotated Code of Maryland
13 (2015 Replacement Volume and 2018 Supplement)
- 14 BY repealing and reenacting, without amendments,
15 Article – State Finance and Procurement
16 Section 6–226(a)(2)(i)
17 Annotated Code of Maryland
18 (2015 Replacement Volume and 2018 Supplement)
- 19 BY repealing and reenacting, with amendments,
20 Article – State Finance and Procurement
21 Section 6–226(a)(2)(ii)112. and 113.
22 Annotated Code of Maryland
23 (2015 Replacement Volume and 2018 Supplement)
- 24 BY adding to
25 Article – State Finance and Procurement
26 Section 6–226(a)(2)(ii)114.
27 Annotated Code of Maryland
28 (2015 Replacement Volume and 2018 Supplement)
- 29 BY adding to
30 Article – Tax – General
31 Section 2–608.2
32 Annotated Code of Maryland
33 (2016 Replacement Volume and 2018 Supplement)
- 34 BY repealing and reenacting, with amendments,
35 Article – Tax – General
36 Section 2–609
37 Annotated Code of Maryland
38 (2016 Replacement Volume and 2018 Supplement)
- 39 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

1 That the Laws of Maryland read as follows:

2 **Article – Health – General**

3 13–3302.

4 (a) There is a Natalie M. LaPrade Medical Cannabis Commission.

5 (f) (1) The Commission shall[:

6 (i) Conduct] **CONDUCT** ongoing, thorough, and comprehensive
7 outreach to small, minority, and women business owners and entrepreneurs who may have
8 an interest in applying for medical cannabis grower, processor, or dispensary licenses [; and

9 (ii) Make grants to appropriate educational and business
10 development organizations to train and assist small, minority, and women business owners
11 and entrepreneurs seeking to become licensed as medical cannabis growers, processors, or
12 dispensaries].

13 **13–3303.2.**

14 (A) (1) **IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
15 **INDICATED.**

16 (2) **“BUSINESS DEVELOPMENT FUND” MEANS THE MEDICAL**
17 **CANNABIS BUSINESS DEVELOPMENT FUND.**

18 (3) (I) **“FINANCIAL ASSISTANCE” MEANS MONEY USED FOR**
19 **FINANCING COSTS INCURRED FOR:**

20 1. **THE CONSTRUCTION, PURCHASE, OR RENOVATION OF**
21 **REAL PROPERTY, FIXTURES, OR EQUIPMENT; OR**

22 2. **WORKING CAPITAL.**

23 (II) **“FINANCIAL ASSISTANCE” DOES NOT INCLUDE MONEY TO**
24 **BE USED TO REFINANCE EXISTING DEBT.**

25 (4) (I) **“WORKING CAPITAL” MEANS MONEY TO BE USED FOR**
26 **CURRENT OPERATIONS OF A BUSINESS.**

27 (II) **“WORKING CAPITAL” DOES NOT INCLUDE ACCOUNTS**
28 **RECEIVABLE, INVENTORY, OR ANY INVESTMENTS.**

29 (B) **THERE IS A MEDICAL CANNABIS BUSINESS DEVELOPMENT FUND.**

1 **(C) THE PURPOSE OF THE BUSINESS DEVELOPMENT FUND IS TO FUND**
2 **GRANTS AWARDED AND FINANCIAL ASSISTANCE PROVIDED IN ACCORDANCE WITH**
3 **SUBSECTION (I) OF THIS SECTION.**

4 **(D) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**
5 **SHALL ADMINISTER THE BUSINESS DEVELOPMENT FUND.**

6 **(E) (1) THE BUSINESS DEVELOPMENT FUND IS A SPECIAL, NONLAPSING**
7 **FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND**
8 **PROCUREMENT ARTICLE.**

9 **(2) THE STATE TREASURER SHALL HOLD THE BUSINESS**
10 **DEVELOPMENT FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR**
11 **THE BUSINESS DEVELOPMENT FUND.**

12 **(3) THE BUSINESS DEVELOPMENT FUND SHALL BE INVESTED AND**
13 **REINVESTED IN THE SAME MANNER AS OTHER STATE FUNDS, AND ANY INVESTMENT**
14 **EARNINGS SHALL BE RETAINED TO THE CREDIT OF THE BUSINESS DEVELOPMENT**
15 **FUND.**

16 **(4) THE BUSINESS DEVELOPMENT FUND IS SUBJECT TO AUDIT BY**
17 **THE OFFICE OF LEGISLATIVE AUDITS AS PROVIDED FOR IN § 2-1220 OF THE STATE**
18 **GOVERNMENT ARTICLE.**

19 **(5) THE COMPTROLLER SHALL PAY OUT MONEY FROM THE BUSINESS**
20 **DEVELOPMENT FUND AS DIRECTED BY THE DEPARTMENT OF HOUSING AND**
21 **COMMUNITY DEVELOPMENT.**

22 **(F) THE BUSINESS DEVELOPMENT FUND CONSISTS OF:**

23 **(1) REVENUE DISTRIBUTED TO THE BUSINESS DEVELOPMENT FUND**
24 **UNDER § 2-608.2 OF THE TAX - GENERAL ARTICLE;**

25 **(2) MONEY APPROPRIATED IN THE STATE BUDGET FOR THE**
26 **BUSINESS DEVELOPMENT FUND;**

27 **(3) INTEREST EARNINGS OF THE BUSINESS DEVELOPMENT FUND;**
28 **AND**

29 **(4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR**
30 **THE BENEFIT OF THE BUSINESS DEVELOPMENT FUND.**

31 **(G) NO PART OF THE BUSINESS DEVELOPMENT FUND MAY REVERT OR BE**

1 CREDITED TO:

2 (1) THE GENERAL FUND OF THE STATE; OR

3 (2) ANY OTHER SPECIAL FUND OF THE STATE.

4 (H) EXPENDITURES FROM THE BUSINESS DEVELOPMENT FUND MAY BE
5 MADE ONLY IN ACCORDANCE WITH THE STATE BUDGET.

6 (I) SUBJECT TO SUBSECTION (J) OF THIS SECTION, THE DEPARTMENT OF
7 HOUSING AND COMMUNITY DEVELOPMENT SHALL:

8 (1) MAKE GRANTS FROM THE BUSINESS DEVELOPMENT FUND TO
9 EDUCATIONAL AND BUSINESS DEVELOPMENT ORGANIZATIONS TO TRAIN AND
10 ASSIST MINORITY AND WOMEN OWNERS AND ENTREPRENEURS OF SMALL
11 BUSINESSES WHO ARE SEEKING TO:

12 (I) OBTAIN LICENSURE AS MEDICAL CANNABIS GROWERS,
13 PROCESSORS, OR DISPENSARIES; OR

14 (II) ESTABLISH NEW BUSINESSES TO PROVIDE NECESSARY
15 SERVICES SOLELY TO MEDICAL CANNABIS GROWERS, PROCESSORS, OR
16 DISPENSARIES; AND

17 (2) PROVIDE FINANCIAL ASSISTANCE FROM THE BUSINESS
18 DEVELOPMENT FUND TO MINORITY AND WOMEN OWNERS AND ENTREPRENEURS OF
19 SMALL BUSINESSES WHO ARE SEEKING TO:

20 (I) OBTAIN LICENSURE AS MEDICAL CANNABIS GROWERS,
21 PROCESSORS, OR DISPENSARIES; OR

22 (II) ESTABLISH NEW BUSINESSES TO PROVIDE NECESSARY
23 SERVICES SOLELY TO MEDICAL CANNABIS GROWERS, PROCESSORS, OR
24 DISPENSARIES.

25 (J) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT MAY
26 NOT USE MORE THAN 15% OF THE MONEY IN THE BUSINESS DEVELOPMENT FUND
27 IN EACH FISCAL YEAR TO MAKE GRANTS IN ACCORDANCE WITH SUBSECTION (I)(1)
28 OF THIS SECTION.

29 (K) ON OR BEFORE JANUARY 15 EACH YEAR, THE DEPARTMENT OF
30 HOUSING AND COMMUNITY DEVELOPMENT SHALL REPORT TO THE COMMISSION
31 AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE
32 GENERAL ASSEMBLY ON ANY GRANTS AWARDED OR FINANCIAL ASSISTANCE

1 PROVIDED UNDER SUBSECTION (I) OF THIS SECTION DURING THE IMMEDIATELY
2 PRECEDING YEAR.

3 (L) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
4 SHALL ADOPT REGULATIONS TO IMPLEMENT THIS SECTION.

5 **Article – State Finance and Procurement**

6 6–226.

7 (a) (2) (i) Notwithstanding any other provision of law, and unless
8 inconsistent with a federal law, grant agreement, or other federal requirement or with the
9 terms of a gift or settlement agreement, net interest on all State money allocated by the
10 State Treasurer under this section to special funds or accounts, and otherwise entitled to
11 receive interest earnings, as accounted for by the Comptroller, shall accrue to the General
12 Fund of the State.

13 (ii) The provisions of subparagraph (i) of this paragraph do not apply
14 to the following funds:

15 112. the Pretrial Services Program Grant Fund; [and]

16 113. the Veteran Employment and Transition Success Fund;

17 AND

18 114. THE MEDICAL CANNABIS BUSINESS DEVELOPMENT
19 FUND.

20 **Article – Tax – General**

21 2–608.2.

22 (A) ON OR BEFORE DECEMBER 1 EACH YEAR, THE COMPTROLLER SHALL
23 DETERMINE THE STATE INCOME TAX PAID BY EACH OWNER OF A MEDICAL CANNABIS
24 GROWER, PROCESSOR, OR DISPENSARY LICENSED UNDER TITLE 13, SUBTITLE 33
25 OF THE HEALTH – GENERAL ARTICLE THAT IS ATTRIBUTABLE TO INCOME DERIVED
26 FROM THE MEDICAL CANNABIS INDUSTRY FOR THE IMMEDIATELY PRECEDING
27 TAXABLE YEAR.

28 (B) AFTER MAKING THE DISTRIBUTIONS REQUIRED UNDER §§ 2–604
29 THROUGH 2–608.1 OF THIS SUBTITLE FROM THE REMAINING STATE INCOME TAX
30 REVENUE FROM INDIVIDUALS, THE COMPTROLLER SHALL DISTRIBUTE 2% OF THE
31 AMOUNT DETERMINED UNDER SUBSECTION (A) OF THIS SECTION TO THE MEDICAL
32 CANNABIS BUSINESS DEVELOPMENT FUND ESTABLISHED UNDER § 13–3303.2 OF
33 THE HEALTH – GENERAL ARTICLE.

1 **(C) THE NATALIE M. LAPRADE MEDICAL CANNABIS COMMISSION SHALL**
2 **PROVIDE TO THE COMPTROLLER ANY INFORMATION THAT THE COMPTROLLER**
3 **REQUIRES TO MAKE THE DETERMINATION REQUIRED UNDER SUBSECTION (A) OF**
4 **THIS SECTION.**

5 2-609.

6 After making the distributions required under §§ 2-604 through [2-608.1] **2-608.2**
7 of this subtitle, and after making the distributions required under §§ 7-329 and 7-330 of
8 the State Finance and Procurement Article, the Comptroller shall distribute the remaining
9 income tax revenue from individuals to the General Fund of the State.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
11 1, 2019.