

# HOUSE BILL 1364

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CF SB 894

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By: **Delegate Qi**

Introduced and read first time: February 7, 2025

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Office of Social Equity – Community Reinvestment and Repair Fund – Advisory**  
3 **Board and Modifications**

4 FOR the purpose of requiring the Office of Social Equity, rather than the Comptroller, to  
5 administer the Community Reinvestment and Repair Fund; repealing provisions of  
6 law requiring the Office to report on the Fund and to solicit public input on the uses  
7 of the Fund and publish a review of the input; requiring the Office to oversee the  
8 appropriation of funds from the Fund and to train fund recipients; establishing the  
9 Community Reinvestment and Repair Advisory Board; altering certain limitations  
10 on the use of the Fund; limiting certain administrative costs to administer the Fund  
11 to a certain amount; requiring counties to administer funds from the Fund in a  
12 certain manner; requiring the Office to require each county to develop a plan for the  
13 distribution of certain funds to community-based organizations and to report certain  
14 information to the Office by a certain date each year; and generally relating to the  
15 Community Reinvestment and Repair Fund and the Office of Social Equity.

16 BY repealing and reenacting, with amendments,  
17 Article – Alcoholic Beverages and Cannabis  
18 Section 1–309.1 and 1–322  
19 Annotated Code of Maryland  
20 (2024 Replacement Volume)

21 BY adding to  
22 Article – Alcoholic Beverages and Cannabis  
23 Section 1–3A–01 through 1–3A–03 to be under the new subtitle “Subtitle 3A.  
24 Community Reinvestment and Repair Advisory Board and Fund”  
25 Annotated Code of Maryland  
26 (2024 Replacement Volume)

27 BY renumbering  
28 Article – Alcoholic Beverages and Cannabis

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 1–323  
2 to be Section 1–322  
3 Annotated Code of Maryland  
4 (2024 Replacement Volume)

5 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
6 That the Laws of Maryland read as follows:

7 **Article – Alcoholic Beverages and Cannabis**

8 1–309.1.

9 (a) (1) There is an Office of Social Equity.

10 (2) The Office is an independent office that functions within the Maryland  
11 Cannabis Administration.

12 (b) (1) The Governor shall appoint an Executive Director of the Office of Social  
13 Equity.

14 (2) The Executive Director of the Office of Social Equity shall have at least  
15 5 years of experience in civil rights advocacy, civil rights litigation, or another area of social  
16 justice.

17 (c) The Office of Social Equity may employ staff and retain contractors as may be  
18 required to carry out the functions of the Office.

19 (d) The Office of Social Equity shall:

20 (1) promote and encourage full participation in the regulated cannabis  
21 industry by people from communities that have previously been disproportionately  
22 impacted by the war on drugs in order to positively impact those communities;

23 (2) [consult with and assist the Comptroller in the administration of the]  
24 **WITH THE ASSISTANCE OF THE COMPTROLLER, ADMINISTER THE** Community  
25 Reinvestment and Repair Fund under [§ 1–322] **§ 1–3A–04** of this [subtitle] **TITLE**;

26 (3) consult with and assist the Department of Commerce in the  
27 administration of the Cannabis Business Assistance Fund under § 5–1901 of the Economic  
28 Development Article;

29 (4) identify and oppose regulations that unnecessarily burden or  
30 undermine the legislative intent of the Office, including regulations that impose undue  
31 restrictions or financial requirements;

1           (5)    **OVERSEE THE APPROPRIATION OF FUNDS AND THE TRAINING OF**  
2 **RECIPIENTS OF FUNDS FROM THE COMMUNITY REINVESTMENT AND REPAIR FUND**  
3 **UNDER § 1-3A-04 OF THIS TITLE;**

4           (6)    provide recommendations to the Maryland Cannabis Administration on  
5 regulations related to:

6                   (i)    diversity; and

7                   (ii)   social equity applications;

8           ~~[(6)]~~ (7)    work with the Maryland Cannabis Administration to implement  
9 free technical assistance for social equity and minority cannabis business applicants;

10          ~~[(7)]~~ (8)    produce reports and recommendations on diversity and equity in  
11 ownership, management, and employment in the legal cannabis economy; and

12          ~~[(8)]~~ (9)    assist businesses with obtaining financing through the Capital  
13 Access Program under Title 36, Subtitle 14 of this article.

14          ~~[(e)]~~ (1)    On or before March 1 each year, the Office of Social Equity shall produce  
15 and make publicly available a report on how the funds in the Community Reinvestment  
16 and Repair Fund under § 1-322 of this subtitle were allocated during the immediately  
17 preceding calendar year.

18                   (2)    The report shall also be submitted to the General Assembly in  
19 accordance with § 2-1257 of the State Government Article.

20                   (3)    The Office may request information from political subdivisions and  
21 entities receiving distributions from the Fund to assist with the completion of the report.

22          ~~[(f)]~~ (1)    On or before November 1 every 2 years, beginning in 2024, the Office of  
23 Social Equity shall solicit public input on the uses of the funds in the Community  
24 Reinvestment and Repair Fund under § 1-322 of this subtitle.

25                   (2)    On or before December 15 every 2 years, beginning in 2024, the Office  
26 of Social Equity shall publish a review of the input received under paragraph (1) of this  
27 subsection on a publicly accessible part of the Office's website.

28                   (3)    The Office shall include in the review information on how the funds  
29 received from the Fund were spent during the immediately preceding 2 calendar years.]

30    **SUBTITLE 3A. COMMUNITY REINVESTMENT AND REPAIR ADVISORY BOARD AND**  
31                                   **FUND.**

32    **1-3A-01.**

1 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
2 INDICATED.

3 (B) "EXECUTIVE DIRECTOR" MEANS THE EXECUTIVE DIRECTOR OF THE  
4 OFFICE OF SOCIAL EQUITY.

5 (C) "FUND" MEANS THE COMMUNITY REINVESTMENT AND REPAIR FUND.

6 (D) "OFFICE" MEANS THE OFFICE OF SOCIAL EQUITY.

7 1-3A-02.

8 (A) THE GENERAL ASSEMBLY FINDS THAT:

9 (1) THE GOAL OF REGULATION AND TAXATION OF CANNABIS IN THE  
10 STATE IS TO CREATE A SAFE AND REGULATED INDUSTRY THAT BENEFITS THE  
11 PUBLIC INTEREST;

12 (2) THE USE OF INCARCERATION IN ENFORCING PROHIBITIONS ON  
13 THE IMPORTATION, MANUFACTURE, USE, SALE, AND DISTRIBUTION OF CANNABIS  
14 VARIED WITHIN THE STATE BY JURISDICTION AND RACIAL CLASSIFICATION;

15 (3) ANALYSIS OF GEOGRAPHIC AND DEMOGRAPHIC  
16 CHARACTERISTICS REVEALED DISPARITIES IN ARRESTS, PROSECUTION, AND  
17 IMPRISONMENT FOR CANNABIS USE, WITH A NEGATIVE AND DISPROPORTIONATE  
18 IMPACT ON SOME COMMUNITIES AND NEIGHBORHOODS WITHIN THE STATE; AND

19 (4) CONSEQUENCES OF THE DISPROPORTIONATE ENFORCEMENT OF  
20 CANNABIS-RELATED OFFENSES HAVE CONTRIBUTED TO THE ECONOMIC, PUBLIC  
21 HEALTH, AND SOCIAL CONDITIONS OF SPECIFIC COMMUNITIES AND HAVE HAD  
22 SIGNIFICANT AND MEASURABLE EFFECTS ON THE SOCIAL AND FINANCIAL  
23 RESOURCES AVAILABLE TO THE CHILDREN, FAMILIES, AND LOCAL  
24 INFRASTRUCTURE OF THESE COMMUNITIES.

25 (B) THE GENERAL ASSEMBLY THEREFORE FINDS THAT THE PUBLIC  
26 INTEREST IS SERVED BY:

27 (1) ACKNOWLEDGING AND REPAIRING THE CAUSES AND  
28 CONSEQUENCES OF DISPARITIES IN ARRESTS AND IMPRISONMENT IN  
29 PROSECUTIONS OF CANNABIS-RELATED OFFENSES AMONG SPECIFIC POPULATIONS  
30 AND GEOGRAPHIC REGIONS;



1 (II) CRIMINAL JUSTICE REFORM OR REENTRY SERVICES;

2 (III) PUBLIC HEALTH, PARTICULARLY IN UNDERSERVED  
3 COMMUNITIES; OR

4 (IV) BEHAVIORAL HEALTH, SOCIAL SERVICES, OR  
5 TRAUMA-INFORMED CARE, PARTICULARLY IN UNDERSERVED COMMUNITIES;

6 (2) TWO MEMBERS FROM COMMUNITY-BASED ORGANIZATIONS THAT  
7 FOCUS ON VIOLENCE PREVENTION, YOUTH DEVELOPMENT, OR ECONOMIC  
8 EMPOWERMENT;

9 (3) TWO MEMBERS FROM COMMUNITIES DISPROPORTIONATELY  
10 IMPACTED BY THE ENFORCEMENT OF CANNABIS LAWS, WITH AT LEAST ONE MEMBER  
11 HAVING DIRECT LIVED EXPERIENCE;

12 (4) ONE MEMBER WHO IS A PROFESSIONAL IN ACCOUNTING, FINANCE,  
13 OR AUDITING;

14 (5) ONE MEMBER WHO IS AN EXPERT IN NONPROFIT OR PUBLIC  
15 SECTOR GRANT ADMINISTRATION AND EVALUATION; AND

16 (6) SIX MEMBERS DEEMED APPROPRIATE BY THE GOVERNOR TO  
17 MEET THE GOALS OF THE BOARD.

18 (E) THE BOARD SHALL ELECT A CHAIR FROM AMONG ITS MEMBERS.

19 (F) (1) THE TERM OF A MEMBER IS 2 YEARS.

20 (2) A MEMBER CONTINUES TO SERVE ON THE BOARD UNTIL A  
21 SUCCESSOR IS APPOINTED.

22 (3) A MEMBER MUST BE A RESIDENT OF THE STATE.

23 (4) THE MEMBERSHIP OF THE BOARD SHALL REFLECT THE  
24 DIVERSITY OF THE STATE TO THE EXTENT PRACTICABLE.

25 (G) A MEMBER OF THE BOARD:

26 (1) MAY NOT RECEIVE COMPENSATION AS A MEMBER OF THE BOARD;  
27 BUT

1           **(2) IS ENTITLED TO REIMBURSEMENT FOR EXPENSES UNDER THE**  
2 **STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE STATE BUDGET.**

3 **[1-322.] 1-3A-04.**

4           (a) (1) There is a Community Reinvestment and Repair Fund.

5           (2) The purpose of the Fund is to provide funds to community-based  
6 organizations that serve communities determined by the Office [of Social Equity], in  
7 consultation with the Office of the Attorney General, to have been the most impacted by  
8 disproportionate enforcement of the cannabis prohibition before July 1, 2022.

9           (3) The [Comptroller] **EXECUTIVE DIRECTOR** shall administer the Fund.

10           (4) (i) The Fund is a special, nonlapsing fund that is not subject to §  
11 7-302 of the State Finance and Procurement Article.

12           (ii) The State Treasurer shall hold the Fund separately, and the  
13 Comptroller shall account for the Fund.

14           (5) The Fund consists of:

15           (i) sales and use tax revenue distributed to the Fund under §  
16 2-1302.2 of the Tax – General Article;

17           (ii) conversion fees paid by businesses under § 36-403 of this article;  
18 and

19           (iii) any other money from any other source accepted for the benefit  
20 of the Fund, in accordance with any conditions adopted by the [Comptroller] **EXECUTIVE**  
21 **DIRECTOR** for the acceptance of donations or gifts to the Fund.

22           (6) (i) The Fund may be used only for:

23                   1. funding community-based initiatives intended to benefit  
24 low-income communities, **INCLUDING:**

25                   **A. BEHAVIORAL HEALTH CRISIS RESPONSE SERVICES;**

26                   **B. EDUCATION AND AFTER-SCHOOL PROGRAMS;**

27                   **C. TRUANCY AND ABSENTEEISM INTERVENTION**  
28 **PROGRAMS;**

1                                   **D. HOUSING AND HOMELESSNESS PREVENTION**  
2 **INITIATIVES;**

3                                   **E. TRANSPORTATION IMPROVEMENTS IN HIGH-DENSITY**  
4 **AREAS THAT HAVE PUBLIC TRANSPORTATION;**

5                                   **F. JOB TRAINING AND WORKFORCE DEVELOPMENT**  
6 **PROGRAMS;**

7                                   **G. COMMUNITY CHILD CARE AND RECREATIONAL**  
8 **SERVICES; AND**

9                                   **H. PROGRAMS THAT BENEFIT INDIVIDUALS AND**  
10 **FAMILIES IMPACTED BY INCARCERATION;**

11                                   2. funding community-based initiatives that serve  
12 disproportionately impacted areas, as defined in § 36-101 of this article; and

13                                   3. any related administrative expenses **THAT DO NOT**  
14 **EXCEED 5% OF THE FUNDS RECEIVED IN THE FISCAL YEAR.**

15                                   (ii) Money may not be expended from the Fund for law enforcement  
16 agencies or activities.

17                                   (iii) Money expended from the Fund is supplemental to and may not  
18 supplant funding that otherwise would be appropriated for preexisting local government  
19 programs.

20                                   (7) (i) The State Treasurer shall invest the money of the Fund in the  
21 same manner as other State money may be invested.

22                                   (ii) Any interest earnings of the Fund shall be credited to the  
23 General Fund of the State.

24                                   (8) No part of the Fund may revert or be credited to:

25                                   (i) the General Fund of the State; or

26                                   (ii) any other special fund of the State.

27                                   (9) The [Comptroller] **EXECUTIVE DIRECTOR** shall pay out money from  
28 the Fund.

29                                   (10) The Fund is subject to audit by the Office of Legislative Audits as  
30 provided for in § 2-1220 of the State Government Article.



1 (b) (1) Based on the percentage allocable to each county determined by the  
2 Office [of Social Equity and reported by the Office to the Comptroller on or before July 31  
3 each year], the [Comptroller] **EXECUTIVE DIRECTOR** shall distribute funds from the  
4 Fund to each county in an amount that, for the period from July 1, 2002, to January 1,  
5 2023, both inclusive, is proportionate to the total number of cannabis possession charges in  
6 the county compared to the total number of cannabis possession charges in the State.

7 (2) **FOR ANY DISTRIBUTION OF FUNDS TO A COUNTY UNDER  
8 PARAGRAPH (1) OF THIS SUBSECTION, THE COUNTY SHALL:**

9 (I) **TREAT THE FUNDS AS SPECIAL FUNDS RESTRICTED TO THE  
10 USES SPECIFIED IN SUBSECTION (A)(6) OF THIS SECTION; AND**

11 (II) **HOLD THE FUNDS SEPARATELY FROM OTHER REVENUE AND  
12 GENERAL FUNDS.**

13 (3) Subject to the limitations under subsection (a)(6) of this section, each  
14 county shall adopt a law establishing the purpose for which money received from the Fund  
15 may be used.

16 (c) (1) **THE OFFICE SHALL REQUIRE EACH COUNTY TO DEVELOP A PLAN  
17 FOR THE DISTRIBUTION OF FUNDS TO COMMUNITY-BASED ORGANIZATIONS FOR USE  
18 IN ACCORDANCE WITH THIS SECTION.**

19 (2) **THE PLAN DEVELOPED BY A COUNTY SHALL BE:**

20 (I) **ESTABLISHED BEFORE DISTRIBUTING FUNDS UNDER THIS  
21 SECTION;**

22 (II) **DEVELOPED IN CONSULTATION WITH STAKEHOLDERS; AND**

23 (III) **THE SUBJECT OF A PUBLIC HEARING BEFORE FINALIZING  
24 THE PLAN.**

25 (3) **THE COUNTY'S ADMINISTRATION AND DISTRIBUTION OF FUNDS IN  
26 ACCORDANCE WITH THIS SECTION IS SOLELY THE RESPONSIBILITY OF THE COUNTY  
27 AND MAY NOT BE DELEGATED TO AN OUTSIDE ORGANIZATION.**

28 (4) **THE OFFICE SHALL ADOPT REGULATIONS TO CARRY OUT THIS  
29 SECTION.**

30 (d) **ON OR BEFORE OCTOBER 1, 2026, AND EACH OCTOBER 1 THEREAFTER,  
31 EACH COUNTY SHALL SUBMIT A REPORT TO THE OFFICE ON:**

1           **(1) THE AMOUNT OF FUNDS RECEIVED FROM THE FUND UNDER**  
2 **SUBSECTION (B)(1) OF THIS SECTION;**

3           **(2) THE ORGANIZATIONS THAT RECEIVED FUNDING FROM THE**  
4 **COUNTY UNDER THIS SECTION;**

5           **(3) THE METHODS USED BY THE COUNTY TO SOLICIT, REVIEW, AND**  
6 **SELECT ORGANIZATIONS THAT MAY BE ELIGIBLE FOR FUNDING UNDER THIS**  
7 **SECTION; AND**

8           **(4) ADMINISTRATIVE EXPENSES RELATED TO THE COUNTY'S**  
9 **ADMINISTRATION AND DISTRIBUTION OF THE FUNDS RECEIVED UNDER**  
10 **SUBSECTION (B)(1) OF THIS SECTION.**

11           SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 1–323 of Article –  
12 Alcoholic Beverages and Cannabis of the Annotated Code of Maryland be renumbered to be  
13 Section(s) 1–322.

14           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
15 October 1, 2025.