



January 28, 2022

The Honorable Guy Guzzone
Chairman, Budget & Taxation Committee
3 West
Miller Senate Office Building
Annapolis, MD 21401

RE: Support for Senate Bill 333

Dear Chairman Guzzone:

The Maryland Wholesale Medical Cannabis Trade Association (CANMD) supports Senate Bill 333 - *Income Tax - Subtraction Modification - Expenses of Medical Cannabis Grower, Processor, Dispensary or Independent Testing Laboratory*. CANMD thanks Senator Young for putting this important issue in front of the General Assembly.

CANMD represents the majority of the companies licensed to grow and/or process medical cannabis in Maryland. The majority of our members also operate a dispensary. Senate Bill 333 highlights an important issue that treats these law-abiding Maryland companies differently than other lawful businesses and - more importantly - artificially increases the price of medical cannabis for patients.

It is important to note what Senate Bill 333 does not do. Senate Bill 333 does not provide medical cannabis companies with a tax break that other Maryland businesses do not have. To the contrary, it rights a wrong in the federal tax code that prevents these lawful businesses from claiming the legitimate ordinary and necessary business expense deductions that every other Maryland business can claim. A federal law aimed at drug kingpins has the effect of increasing the cost of doing business - and in turn the cost to patients - for this lawful activity.

The net effect is that these medical cannabis businesses end up paying taxes on money that other businesses do not pay taxes on. This expense gets built into the cost of producing medicine and inevitably will increase the ultimate cost to consumers. Maryland appropriately considers the end product produced by these companies as medicine, and consistent with State policy does not tax this medicine. If Senate Bill 333 is not passed, the end result is a backdoor tax on medicine for patients in our State. Please help keep the cost of medical cannabis reasonable for Maryland patients by correcting this anomaly in federal law by passing Senate Bill 333.

Sincerely,

Mackie Barch
President, CANMD

cc: The Honorable Ronald N. Young