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SENATE BILL 628 FOR REFERENCE FAVORABLE



Medical Cannabis Grower and Processor Stage One Preapproved Entities: Equity Interest Held by Disadvantaged and African American Owners

Note: Disadvantaged Equity Applicant is defined as a person who (1) is African American, American Indian/Native American, Asian, Hispanic and/or a Woman, and (2) has a personal net worth of \$1.713 million or less, or is an owner of an MDOT-certified MBE.

The following was prepared in response to a request for information from the Legislative Black Caucus of Maryland.

Majority African American Ownership:

- 2 out of 3 growers
- 7 out of 8 processors

Growers

Viola Maryland, Inc.

Disadvantaged Equity Applicant: 55.9% African American Ownership: 100%

Herbiculture Cultivation, Inc.

Disadvantaged Equity Applicant: 100% African American Ownership: 0%

MAS Alliance, LLC

Disadvantaged Equity Applicant: 54.12% African American Ownership: 70.02%

Processors

Herbiculture Manufacturing, Inc.

Disadvantaged Equity Applicant: 100% African American Ownership: 0%

P-2040 - Organic Remedies MD, LLC

Disadvantaged Equity Applicant: 54% African American Ownership: 54%

P-2076 - Bouquet Labs, LLC

Disadvantaged Equity Applicant: 77.75% African American Ownership: 57.75%

P-2025 - Element MD, LLC

Disadvantaged Equity Applicant: 51% African American Ownership: 95.25%

P-2029 - AHI Group, LLC

Disadvantaged Equity Applicant: 59% African American Ownership: 51%

P-2072 - Ceres Naturals, LLC

Disadvantaged Equity Applicant: 99% African American Ownership: 98.5%

P-2093 - Marileaves Extractions, LLC

Disadvantaged Equity Applicant: 88.5% African American Ownership: 99.25%

P-2028 - Greener Good, LLC

Disadvantaged Equity Applicant: 66.67% African American Ownership: 66.67%

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18 GROWERS CURRENTLY LICENSED

License Number	Business Name	Business dba	County
G-17-00002	GR Companies, Inc.	GR Companies	Carroll
G-17-00003	Truelieve MD Cultivation, LLC	Trulieve (eff 11/18/2021)	Washington
G-17-00004	Curio Cultivation, LLC	Curio Wellness	Baltimore
G-17-00005	Holistics Industries	Holistics Industries	Prince George's
G-17-00006	Freestate Wellness, LLC	Freestate Wellness	Howard
G-17-00007	Temescal Wellness of Maryland, LLC	The Evermore Cannabis Company	Baltimore City
G-17-00008	Green Leaf Medical, LLC	Green Leaf Medical	Frederick
G-17-00009	Grow West Md, LLC	Grow West MD	Allegany
G-17-00010	Sunmed Growers	Sunmed Growers	Cecil
G-17-00011	Shore Naturals Rx	Shore Naturals Rx	Worcester
G-17-00012	HMS Health, LLC	TerrAscend MD	Frederick
G-17-00013	Kind Therapeutics USA, LLC	Kind Therapeutics USA	Washington
G-17-00014	Culta, LLC	Culta	Dorchester
G-18-00001	Marymed, LLC	Marymed	Kent
G-19-00001	GTI Maryland, LLC	GTI Maryland	Queen Anne's
G-20-00001	MCP OPCO, LLC	District Cannabis	Washington
G-21-00004	PC Cultivator, LLC	PC Cultivator	Anne Arundel
6-21-00005	Seven Points Agro-Therapuetics, LLC	Prime Extracts (eff 10-14-2021)	St. Mary's



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19 LICENSED PROCESSORS



License Number	Business Name	Business dba	County
P-17-00001	Green Leaf Extracts, LLC	Green Leaf Extracts	Worcester
P-17-00002	Holistic Industries	Holistic Industries	Prince George's
P-17-00003	Curio Manufacturing, LLC	Curio Manufacturing, LLC	Baltimore
P-17-00004	GR Companies, Inc.	GR Companies	Carroll
P-17-00005	Chesapeake Alternatives, LLC	Chesapeake Alternatives	Queen Anne's
P-17-00006	Pro Green Medical, LLC	Pro Green Medical	Frederick
P-17-00007	Kind Therapeutics USA, LLC	Kind Therapeutics USA	Washington
P-17-00009	Rosebud Organics	Rosebud Organics	Montgomery
P-17-00010	AFS Maryland, LLC	Cresco Labs	Worcester
P-17-00011	Temescal Wellness of Maryland, LLC	The Evermore Cannabis Company	Baltimore City
P-17-00012	Culta, LLC	Culta	Dorchester
P-18-00001	Seven Points Agro-Therapuetics, LLC	Prime Extracts (eff 10-14-21)	Prince George's
P-18-00002	FGM Processing, LLC	FGM Processing	Howard
P-18-00003	HMS Processing, LLC	HMS Processing	Frederick
P-18-00004	Marymed, LLC	Marymed	Dorchester
P-19-00001	Harvest of Maryland Production, LLC	Trulieve (eff 11/18/21)	Washington
P-20-00001	Curaleaf Maryland, Inc.	PharmaCann Processing	Allegany
P-21-00002	Forward Extracts, LLC	Forward Extracts	Anne Arundel
P-21-00003	SunMed Growers, LLC	SunMed	Cecil

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March 3, 2022

The Honorable Delores Kelley Chair, Senate Finance Committee 3 East, Miller Senate Office Building Annapolis, MD 21401-1991

RE: Senate Bill 628 – Medical Cannabis – Grower License – Number and Licensed Processors – Letter of Information

Dear Chair Kelley and Committee Members:

The Maryland Medical Cannabis Commission (the Commission) is submitting this letter of information for Senate Bill (SB) 628 – Medical Cannabis – Grower License – Number and Licensed Processors. SB 628 increases the cap for medical cannabis grower licenses from 22 to 42. This bill also authorizes a licensed processor to apply for a grower license under separate specified criteria.

There are currently 18 licensed processors in Maryland, with an additional eight (8) pre-approved processors that are likely to become licensed during the next several months. Note that the bill specifies that any licensed processor who becomes a licensed grower under the bill is subject to the licensed grower requirements under Health-General Article §13-3306, which will include the one grower license limitation and will subject the processor's grower license to the 42-grower licensing cap. Three (3) out of 18 licensed processors do not own or control a grower license and seven (7) out of eight (8) pre-approved processors do not own or control a grower license. Therefore, there are 10 processors in Maryland that will potentially be eligible to apply for a grower license. While the Commission is unable to predict the number of processors that will apply for the grower license, the Commission anticipates that it is likely that all 10 eligible processors will apply for the new license. Applying for a grower license will be attractive to a processor because it will give them a more sizable share of the medical cannabis market and also enable them to obtain medical cannabis in a manner that is more cost effective and provides for more reliable access to the medical cannabis.

The Commission envisions two separate application and evaluation processes for the grower licenses available under this bill – one application process open to any interested applicant that will be competitively scored and the other available only to licensed processors based upon criteria specified in SB 628. The bill details the factors that the licensed processor must address in its grower

application. SB 628 strongly infers that the processor's grower application will not be competitively scored but rather that if specified factors are met - such as adequate capital, a security plan, and standard operating procedures for cultivation – the processor will qualify for a grower license. The absence of competitive scoring will likely spark further interest by licensed processors to obtain a grower license under the bill.

Multiple bill provisions encourage small, minority and women-owned businesses to apply for the grower licenses and require the Commission to conduct outreach to this demographic in order to facilitate increased diversity in the medical cannabis market. The bill language also encourages the creation of licensed growers that are small businesses by stating that any applicant who becomes licensed as a grower through the application process available to any applicant may operate in a facility that does not exceed 10,000 square feet, and the licensed processors who obtain a grower license may operate in a facility that does not exceed 25,000 square feet.

That being said, this bill may place the six licensed growers that do not own or control a processor license, and who are primarily small, independent businesses, at a significant competitive disadvantage. Pursuant to SB 628, each of their direct competitors will either currently possess or be able to secure a grower license. This could result in the independent growers who do not own or control a processor license facing substantial challenges in converting their cannabis biomass into processed medical cannabis finished products. In other words, the licensing framework created by SB 628, which seeks to facilitate the licensing of medical cannabis growers that are small and diverse, may make it more difficult for existing small-, minority-, and women-owned growers to succeed. Moreover, expanding licensing opportunities for growers, without likewise expanding licensing opportunities for processors and dispensaries, and assessing patient need, will result in uncertain impacts on product availability and pricing.

I hope this information is useful. If you would like to discuss this further, please contact me at (410) 487-8069 or william.tilburg@maryland.gov.

Sincerely,

William Tilburg, JD, MPH

William Till

Executive Director

Maryland Medical Cannabis Commission

cc: Members of the Senate Finance Committee

This position does not necessarily reflect the position of the Maryland Department of Health or the Office of the Governor.