



The Honorable Luke Clippinger
Chair, House Judiciary Committee
Room 101 House Office Building
Annapolis, MD 21401

The Maryland Wholesale Medical Cannabis Trade Association (CANMD) and the Maryland Medical Dispensary Association (MDMDA) appreciate the opportunity to comment on **House Bill 837 – Cannabis Reform**. We appreciate the sponsor’s hard work on this issue over the interim, particularly while serving as Chair of the Speaker’s House Cannabis Referendum and Legalization Workgroup.

CANMD and MDMDA support the issues addressed in the bill – criminal justice and expungement reform; public health concerns; assistance for small-, minority- and women-owned businesses and; conducting a disparity study to help further diversify the cannabis industry.

Social justice must be at the heart of any consideration of adopting an adult-use program in Maryland. It is indisputable that people of color have been disproportionately impacted by the enforcement of marijuana laws, in Maryland and nationally. The arrest and incarceration of people of color for minor marijuana possession crimes must stop – and prior wrongs must be remedied through the expungement process.

CANMD and MDMDA also support efforts to further diversify the cannabis industry. Our Associations supported House Bill 2 of 2018, which added grower and processor licenses to the medical cannabis program to provide economic opportunities for people of color. While the license awards that resulted from that process have significantly improved the diversity of license-holders, more remains to be done as the State moves towards an adult-use market. The disparity study required by House Bill 837 will help inform the legislature’s decisions on remedial measures that should be taken before awarding adult-use licenses.

We also support the creation of the Cannabis Business Assistance Fund, which we believe should be used to assist the entrance of Maryland-owned small, minority-owned and women-owned businesses into the adult-use cannabis industry. As other States have recognized, these new businesses often need assistance navigating the license application process. More importantly, access to capital is likely the main barrier to small, minority-owned and women-owned businesses entering this or any other market. The Fund can help in both areas. We also believe that existing medical cannabis license holders can play a role in assisting new businesses entering the adult-use market as part of a comprehensive social equity focus. This approach has been used in every recently adopting State that has transitioned from a medical-only market to an adult-use market. We pledge to work with the General Assembly and all interested parties to identify ways that current licensees can help new entrants start in, and thrive in, the new market.

Below we suggest some changes or clarifications that we believe strengthen House Bill 837. However, there is a step the General Assembly can take right away to prepare for adult use and assist new applicants and medical cannabis licensees - particularly the new House Bill 2 licensees that are coming online. Current federal tax law prohibits cannabis-related businesses from deducting basic business expenses, like wages and salaries, repair and maintenance, overhead, promotions and equipment costs (commonly referred to as the “280E problem”). Maryland can decouple from this provision and put licensees on equal footing with every other Maryland business. We recognize this is the subject of legislation in the Ways & Means Committee (House Bill 351); however, as the adult use issue crosses committee jurisdictional lines, we wanted to raise the importance of this issue with the Committee.

Suggested changes

On page 17, line 25, there may be a need to clarify that the prohibited activities do not apply to licensees and agents in the medical cannabis program. After “TITLE” insert “AND IN TITLE 13, SUBTITLE 33 OF THE HEALTH-GENERAL ARTICLE.”

Second, the Cannabis Public Health Advisory Council is charged with studying various issues. On page 27, lines 27-28, the Advisory Council is required to study and make recommendations regarding “advertising, labeling, product testing, and quality control requirements.” It is important to note ~~that~~ the General Assembly ~~has~~ passed legislation regulating advertising in the medical cannabis program (Chapter 456 of the Acts of 2019, codified as Section 33-1313.1 of the Health-General Article), ~~and~~. In addition, the Commission ~~has~~ adopted regulations on ~~the issue~~. ~~There are also regulations in place regarding~~ labeling, product testing, and quality control. The Advisory Council should be charged with considering the existing regulations, and the sufficiency of those regulations, ~~rather than starting over on those issu~~

Finally, we support conducting a disparity study to enable Maryland to further diversify the industry and understand that, if necessary, medical licensees should provide useful information to the certification agency. However, the information requested from licensees in Section 7 (pages 33-35) is extremely broad and, given the time frames established in that section, may never be effectively analyzed. If House Bill 837 passed today, over 150 licensees would have less than 5 months to detail every expenditure for the past 6 years. Even if ~~that was providing the voluminous materials requested were~~ feasible, ~~won't the data would be unnecessary be a need for the data~~ if the certification agency determines by July 1, 2022 that ~~the data and the~~ analysis from prior studies ~~is was~~ sufficient to inform ~~this the new~~ study. Even if the certification agency concludes those studies are ~~not insufficient~~ sufficient, the ~~agency y will would~~ have only ~~3-three~~ and a half months to consider the data from licensees.

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