



February 20, 2024

Honorable Chair C.T. Wilson
Chair, House Economic Committee
Lowe House Office Building, Room 231
6 Bladen St., Annapolis, MD 21401

Dear Chair Wilson, Vice Chair Crosby, and Members of the House Economic Matters Committee:

The Office of Social Equity (OSE) is submitting this letter of support for House Bill 253 – Cannabis Reform - Alterations. Under *The Cannabis Reform Act of 2023* (CRA), which established the adult-use cannabis market and created OSE, the state made unprecedented resources to promote and encourage equitable access and participation in the adult-use cannabis market. This departmental bill makes technical changes to the CRA and will help our agency fulfill our ultimate goal to create a Maryland cannabis industry that serves as a model of excellence in social equity programming characterized by equity, opportunity, and inclusivity, a model other states will emulate.

OSE proposes to further strengthen HB253 with the following two amendments.

1. Streamline CRRF reporting requirements.

Established by the Cannabis Reform Act of 2023, the Community Reinvestment and Repair Fund (CRRF), allocates a portion of tax revenue generated from adult-use cannabis sales directly to communities disproportionately affected by prior cannabis prohibition and enforcement. The fund consists of sales and use tax revenue at 35% for fiscal years 2024 through 2033 and conversion fees paid by medical cannabis businesses that chose to participate in the adult use market.

This amendment would make improvements to section §1-322(b)(iii), which currently requires political subdivisions to submit a report to the Governor's Office on how CRRF funds were spent during the immediately preceding two fiscal years. Recognizing the need for a more efficient and comprehensive reporting process, this amendment proposes transferring the reporting responsibility to OSE. The OSE, with its capacity for consistent data collection, will now request information from political subdivisions and entities to support biennial reports. The first report, due on or before December 15, 2025, aims to



provide legislators with a clearer and more digestible snapshot of CRRF fund investments across all counties and Baltimore city.

Additionally, this amendment alters OSE's mandate, changing the frequency of soliciting public input on CRRF fund uses from yearly to every two years. The first [report](#), published in December 2023, and subsequent reports every two years thereafter, will allow counties to thoroughly consider survey insights when making CRRF distributions. This change is designed to enhance transparency, accountability, and the overall effectiveness of tracking CRRF funds in support of equitable cannabis-related initiatives.

2. 280E Tax Subtraction

This amendment would remove the reference to "medical" in TG § 10-208(bb)(1). The plain language of the statute extends 280E relief beyond just medical cannabis providers and to adult-use cannabis businesses, i.e., standard licensees. This corrective bill would simply remove the reference to "medical" and could remove any unintended ambiguity. It will retain the requirement that the entity be a cannabis business licensed by the state.

OSE would appreciate a favorable report on HB 253, with the proposed amendments.

I hope this information is useful. If you would like to discuss this further, please contact me at (443) 610-1666 or audrey.johnson1@maryland.gov or Courtney Davis, Deputy Director at (443) 610-1730 or courtney.davis@maryland.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Audrey Johnson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Audrey Johnson
Executive Director, Office of Social Equity