



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:

Testimony in support of HB 805 – Cannabis - Licensee Locations - Restrictions.

This bill seeks to clarify local authority to establish zoning laws that would unduly burden cannabis licensees. The Office of Social Equity (OSE) commends Chair Wilson for drafting a bill that builds on the framework and legislative goals set forth by the Maryland General Assembly through the establishment of the *Cannabis Reform Act of 2023* (CRA). Specifically, this legislation reinforces the commitment to fostering social equity within the cannabis industry by addressing zoning restrictions that could impede the growth of social equity licensees and aligning with the broader goal of creating an inclusive and thriving cannabis market in Maryland.

The location of a cannabis facility is becoming one of the most important questions to individuals that decide to participate in the burgeoning licensed cannabis industry. This will especially be true for the 179 social equity applicants that the Maryland Cannabis Administration will soon award with conditional licenses through a lottery as well as the HB2 operators from disadvantaged communities currently navigating the process to become operational. OSE is charged with working diligently to ensure that social equity licensees have the resources and support needed to thrive in this industry. Central to our mission is the identification and removal of barriers to entry and success. Presently, one significant impediment lies in zoning disparities compared to other established industries.

While we respect the will of localities to craft zoning laws based on the unique needs of their communities, regulatory hurdles and contradictory regulations between different levels of government can be especially burdensome for small and minority owned businesses. Restrictive zoning laws will lead to further scarcity in real estate, often priced at rates that only well-to-do financed companies can afford. This not only hinders their potential for growth but also forces social equity licensees into potentially unfavorable partnerships with investors. These



partnerships may involve short-term agreements with high-interest rates, approaching predatory levels, a concern thoroughly discussed during our extensive joint listening sessions with MCA and other state agency stakeholders. This bill serves as a crucial step towards addressing these challenges, offering a pathway to equitable and sustainable participation in the cannabis industry for all businesses, irrespective of size or background.

This bill is necessary to continue to strengthen the bold vision of economic opportunity and equity established by the CRA. We look forward to working with the localities and the state to create a cannabis industry that is aligned with the legislative intent of ensuring that individuals and communities harmed by cannabis prohibition and enforcement are able to access the economic opportunities associated with cannabis legalization.

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