

HB 253_Commerce_Cannabis Reform_Support_Senate.pdf

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Position: FAV



Wes Moore | Governor
Aruna Miller | Lt. Governor
Kevin A. Anderson | Secretary of Commerce
Signe Pringle | Deputy Secretary of Commerce

DATE: March 20, 2024
BILL NO: House Bill 253
BILL TITLE: Cannabis Reform - Alterations
COMMITTEE: Senate Finance
POSITION: Support

The Maryland Department of Commerce (Commerce) supports House Bill 253 - Cannabis Reform – Alterations.

Bill Summary:

House Bill 253 makes a variety of alterations to existing law relating to cannabis. Specifically related to Commerce, House Bill 253 alters the eligible uses of the Cannabis Business Assistance Fund (CBAF) to allow the funds to also be used to pay the administrative expenses of administering the program.

Background:

The CBAF was established through legislation in 2022 and is intended to assist small, minority and women-owned businesses entering the adult-use cannabis industry, including funding to assist with license application and operating or capital expenses; as well as grants Historically Black Colleges and Universities (HBCUs) for cannabis-related programs, and to business development organizations, including incubators, to train and assist small businesses, including minority and women business owners and entrepreneurs, seeking to become licensed to participate in the adult-use cannabis industry. The CBAF has been appropriated \$80 million to date, and will for fiscal years 2024 through 2028 receive 5% of the tax revenue collected from the sale of cannabis.

Rationale:

Commerce began awarding grants and loans through the CBAF in June 2023 and has to date distributed \$45,551,146 in two rounds of funding. A third round of funding launched this week and is available to all qualified applicants for new licenses. The Department expects to award over \$50 million in funding this fiscal year, making CBAF the Department’s largest and most labor-intensive program by far. Commerce has already hired one new employee to assist in administering the program and will be hiring three additional employees to administer as well. Having authorization to utilize CBAF funds to assist in covering the expenses associated with administering the program is crucial as program activity increases with the award of new licenses. Commerce staff will be working closely with new licensees on their financial needs as they open their businesses, not simply awarding funding, thus requiring more staff time and resources than Commerce’s other incentive programs. This level of assistance is necessary to ensure Maryland can continue to lead in a successful and equitable expansion into the adult-use cannabis industry.

Commerce respectfully requests a favorable report on House Bill 253.

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Uploaded by: Maryland State of

Position: FAV



Wes Moore, Governor · Aruna Miller, Lt. Governor · Laura Herrera Scott, M.D., M.P.H., Secretary

March 20, 2024

The Honorable Pamela Beidle
Chair, Senate Finance Committee
3 East Miller Senate Building
Annapolis, MD 21401-1991

RE: House Bill 253 – Cannabis Reform - Alterations – Letter of Support

Dear Chair Beidle and Committee members:

The Maryland Department of Health (Department) respectfully submits this letter of support for House Bill (HB) 253 – Cannabis Reform - Alterations. This bill updates and amends various sections of statute pertaining to adult-use cannabis legalization, including restrictions on cannabis advertising and marketing.

HB 253 updates critical provisions that the Maryland General Assembly passed to prevent youth cannabis use and protect public health. Cannabis advertising restrictions are key pillars of the Cannabis Reform Act passed in 2023. Under current Maryland law, cannabis businesses cannot advertise in certain print and social media channels unless at least 85 percent of the audience is over the age of 21 years old. However, event sponsorships were excluded from the disallowed forms of media, a loophole allowing cannabis businesses to sponsor events that include the presence of minors and those under 21 years of age.

The Department supports this important legislation to close the event sponsorship loophole. Youth exposed to cannabis advertising are more likely to use cannabis, which is a trend also readily apparent with youth alcohol and tobacco use.^{1,2,3} Cannabis businesses sponsoring events is cause for a public health concern, because comprehensive public health frameworks for adult-use cannabis should prioritize strategies that prevent youth cannabis initiation and use. These public health strategies include restrictions on event sponsorships and promotional events⁴ At least nine other states also restrict cannabis businesses from sponsoring or promoting certain events.⁵

¹ https://www.cdc.gov/pcd/issues/2017/17_0253.htm

² <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6980270/>

³ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8864622/>

⁴ <https://journals.plos.org/plosmedicine/article?id=10.1371/journal.pmed.1002131>

⁵ <https://www.networkforphl.org/wp-content/uploads/2022/11/State-Regulation-of-Adult-Use-Cannabis-Advertising.pdf>

If you would like to discuss this further, please do not hesitate to contact Sarah Case-Herron, Director of Governmental Affairs at sarah.case-herron@maryland.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "LH Scott", is enclosed within a faint, light-blue outline of the state of Maryland.

Laura Herrera Scott, M.D., M.P.H.
Secretary

FWA - HB253 - MCA.docx.pdf

Uploaded by: Andrew Garrison

Position: FWA



Wednesday, March 20, 2024

The Honorable Pamela Beidle
Chair, Senate Finance Committee
3 East, Miller Senate Office Building
Annapolis, MD 21401

RE: House Bill 253 – Cannabis Reform - Alterations - FWA

Dear Chair Beidle -

The Maryland Cannabis Administration (MCA) supports House Bill 253 (HB 253) – Cannabis Reform – Alterations, and respectfully requests a favorable report on the bill with the proposed amendments outlined below. HB 253 is departmental legislation requested by the MCA that seeks to make certain technical and corrective amendments to the Cannabis Reform Act (Chapters 254/255 of the Acts of 2023), which established a commercial market and regulatory structure for the cultivation, manufacture, and distribution of adult-use cannabis, beginning July 1, 2023. These corrections and clarifications will assist the MCA in streamlining its operations and fulfilling the legislative mandate to establish and maintain a safe, accessible and equitable cannabis industry in Maryland.

The bill’s provisions that directly impact the MCA and the licensed cannabis industry include: (1) clarifying that the definition of “cannabis” in 36-101 expressly includes cannabis seeds, seedlings, immature plants, and clones; (2) establishing a “cannabis nursery” registration category that is authorized to distribute seeds, seedlings, immature plants, and clones to adult consumers and patients; (3) replacing certain references to the “Commission” with the “Office of Social Equity” or the “Administration,” as appropriate; (4) clarifying that the hearing and enforcement authority granted under the Act allows MCA to fine or sanction a cannabis licensee for violating the Act or MCA regulations; (5) authorizing the MCA to issue a temporary agent registration based on a third-party criminal records check if an individual has submitted an application to the FBI’s Criminal Justice Information System (CJIS) and is awaiting the results; and (6) allowing cannabis licensees to sponsor events if a certain percentage of the audience will be 21 years of age or older.

The House of Delegates added amendments to the bill as introduced that were identified by the MCA in collaboration with state agency partners at the Office of Social Equity (OSE), Alcohol, Tobacco, and Cannabis Commission (ATCC), and the Office of the Comptroller, to correct or clarify within the Cannabis Reform Act:

1. Replace “county and, if applicable, the municipality” in 36-407(a) with “political subdivision” to make it consistent with the rest of the Act.
2. Clarify that MCA will provide staff support to the Advisory Board on Medical and Adult-use Cannabis and specify certain responsibilities of the Board..
3. Clarify the ownership restrictions for individuals who hold an ownership interest in, or control of, an incubator license or on-site consumption establishment license.
4. Align the deadlines of certain reports prepared by OSE related to the Community Reinvestment and Repair Fund.
5. Eliminate “medical” from the subtraction modification authorized for cannabis licensees under the Tax-General Article.

In addition, the MCA respectfully requests that the Finance Committee consider one clarifying amendment that was presented by industry stakeholders. The bill as introduced references the approval of an alternative method of background check by the Director of the Central Repository and the Director of the Federal Bureau of Investigation. Upon further consideration, the MCA believes this approval is only granted regarding fingerprint channeling services, rather than the background checks themselves. The MCA is additionally interested in granting more time for the temporary agent registration to be valid to consider delays that have been experienced in fingerprint processing. Therefore - the MCA requests that the committee consider the following amendment to the third reader of HB253:

- On page 17, strike beginning with “AN” in line 1 down through “;” in line 3 and substitute “**A PRE-EMPLOYMENT BACKGROUND CHECK COMPLETED BY A THIRD PARTY VENDOR, IS SUBMITTED TO AND APPROVED BY THE ADMINISTRATION;**”
- On page 17, line 8, strike “60” and substitute “**90**”.

I hope this information is useful. If you have any questions or would like to discuss this further, please contact me at (410) 487-8069 or william.tilburg@maryland.gov or Andrew Garrison, Chief of the Office of Policy and Government Affairs at (443) 844-6114 or andrew.garrison@maryland.gov.

Sincerely,



Will Tilburg, JD, MPH
Director, Maryland Cannabis Administration

cc: Members of the Senate Finance Committee

Evans & Associates_FWA_HB 253.pdf

Uploaded by: Gerard Evans

Position: FWA



EVANS & ASSOCIATES

March 19th, 2024

Senator Pamela Beidle, Chair
Senate Finance Committee
3 East, Miller Senate Office Building
Annapolis, Maryland 21401

RE: House Bill 253 – Cannabis Reform – Alterations – FAVORABLE WITH AMENDMENTS

Dear Madam Chair and Members of the Senate Finance Committee:

Please accept this letter on behalf of Holistic Industries as our support with suggested amendments to **House Bill 253 – Cannabis Reform – Alterations**. By way of background, Holistic Industries operates one cultivation, one processor, and three dispensary licenses in Maryland, in Prince George’s County, Baltimore County, and Montgomery County. As you are aware, last year’s cannabis legalization bill included a prohibition that all licenses, including those converted licenses (who had been operating as medical licensees), could not transfer ownership or control for 5 years from new licensure. We strongly believe this is unduly burdensome, particularly to the licensees who have been operating for years, like Holistic. They already went through a waiting period when they received initial licensure, which was three (3) years. Holistic’s cultivation and processing licenses were issued in August 2017 and their dispensary license in January 2018. The other two dispensaries they currently own were purchased from previous licensees in 2021, after the three year moratorium period.

While we understand that the moratorium from selling is to prevent larger nationwide companies from coming in and buying up all of the minority licenses, this moratorium has real consequences on businesses seeking out investments. Cannabis investments have slowed tremendously, and as a private company, Holistic, along with many other cannabis businesses, are always looking for capital investment. Other companies, including those new minority licenses who will be entering the market soon, will need access to capital almost immediately and barring them from transferring any ownership prevents them growing and being successful in Maryland.

For your consideration, we would like to offer the following amendment options below. Option 1 applies to all licensees, both new and converted. Option 2 applies only to converted licenses.

www.LobbyMD.com

191 Main Street, Suite 210, Annapolis, MD 21401
Phone: 410-990-1521 Email: info@lobbymd.com



EVANS & ASSOCIATES

OPTION 1

Page 72 of HB 556 from 2023: Remove the word “not” and add new language below in caps.

36-503 (C) (1) A cannabis licensee, including a cannabis licensee whose license was converted in accordance with Section 36-401 of this title, may ~~not~~ transfer ownership or control of the license **ONE YEAR FOLLOWING LICENSURE OR CONVERSION.**

OPTION 2:

Page 72 of HB 556 from 2023

Add the word “new” after cannabis and remove: “including a cannabis licensee whose license was converted in accordance with Section 36-401 of this title”

36-503 (C) (1) A **NEW** cannabis licensee, ~~including a cannabis licensee whose license was converted in accordance with Section 36-401 of this title,~~ may not transfer ownership or control of the license for a period of 5 years following licensure.

We appreciate your consideration of our amendment suggestions and we look forward to working together to come to a resolution that makes the cannabis business owners in Maryland fruitful and long-lasting for many years to come. I am available anytime to discuss further at (410) 703-6262 or gevans@lobbymd.com.

Sincerely,

Gerard E. Evans
Evans & Associates

www.LobbyMD.com

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Phone: 410-990-1521 Email: info@lobbymd.com

Carrington 2024 HB253 Cannabis Alterations.pdf

Uploaded by: Darrell Carrington

Position: INFO



House Bill 253 – Cannabis Reform – Alterations

Letter of Information

Carrington & Associates, LLC is writing to provide information and express concerns on behalf of our cannabis clients regarding House Bill 253, which aims to reform and expand opportunities within the cannabis industry in Maryland.

First, we appreciate the comprehensive approach taken by the Chair Wilson and the committee to address various aspects of the cannabis industry. The proposed alterations to best practices, duties of entities, and authorization for processors indicate a positive intent to foster growth and development.

However, we would like to bring to your attention the concerns within the industry regarding the proposed restrictions on outdoor advertising as outlined in the bill. While we acknowledge the need for responsible regulations, there is apprehension about the potential impact of stringent advertising limitations on the industry's ability to exercise its rights to free speech and compete fairly with other legal businesses.

The cannabis industry is still in its early stages, and many entrepreneurs are working diligently to establish compliant businesses. We respectfully request the committee to consider the implications of imposing additional advertising burdens on an emerging industry. Such restrictions may hinder the industry's ability to reach its target audience and participate in promotional activities essential for growth.

We sincerely hope that the committee will carefully weigh these concerns and consider a balanced approach that ensures responsible advertising practices without unduly impeding the industry's development.

Thank you for your attention to this matter. We look forward to further discussions and collaboration on this important issue.

Please do not hesitate to contact Darrell Carrington, Founding Board Member and former Executive Director of the Maryland Cannabis Industry Association (MDCIA), at 732-763-7398 or darrell.carrington@verizon.net.