



**Letter of Support**  
**House Bill 619 – Sales and Use Tax – Sales Between Cannabis Businesses and Cannabis Nurseries – Exemption**  
*Budget & Taxation Committee*  
*March 27, 2025*

**What this bill does**

HB619 adds sales between licensed cannabis businesses and registered cannabis nurseries to the existing sales and use tax exemptions for business-to-business cannabis sales.

**Why this bill is important**

Pursuant to Tax General Article § 11-245, Maryland Annotated Code, sales and use tax does not apply to sales between two cannabis businesses licensed under Title 36 of the Alcoholic Beverages and Cannabis (ABC) Article, and instead only applies at the point of sale to the customer. This business-to-business exemption prevents tax pyramiding and eases audit requirements for our compliance division.

In 2024, alterations to the Cannabis Reform Act added nurseries to the list of cannabis businesses regulated under Title 36 of the ABC Article. However, cannabis nurseries were required to register with the Maryland Cannabis Administration rather than obtain a license. Since the business-to-business exemption only applies to licensed cannabis businesses, sales between a registered nursery and a licensed business do not qualify for this tax exemption.

This omission was inadvertent. HB619 corrects this oversight by adding sales between a registered cannabis nursery and a licensed cannabis business to the list of sales and use tax exemptions.

**I urge a favorable report on HB619.** If you have any questions, please do not hesitate to reach out to Matthew Dudzic, Director of State Affairs, at [MDudzic@marylandtaxes.gov](mailto:MDudzic@marylandtaxes.gov).

Brooke E. Lierman  
Comptroller of Maryland

