

Carrington 2025 Testimony SB221 Wholesaler License

Uploaded by: Darrell Carrington

Position: FAV



CARRINGTON & ASSOCIATES, LLC

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Testimony in Support of Senate Bill 221 - Cannabis Wholesaler License

We are pleased to submit this testimony on behalf of our clients in support of Senate Bill 221, which aims to establish a wholesaler cannabis license within Maryland's regulated cannabis market. This legislation is essential for creating a sustainable and efficient cannabis industry in Maryland, ensuring that it operates in a safe, secure, and compliant manner.

Our clients, who represent various stakeholders within the cannabis industry, understand the significant role wholesalers will play in ensuring a smooth, transparent, and regulated cannabis supply chain. By introducing a wholesaler license, Senate Bill 221 ensures that cannabis products can be distributed securely and effectively between licensed producers and retailers, facilitating responsible access to the marketplace.

This bill addresses an important gap in the current framework by authorizing wholesalers to store, transport, and distribute cannabis products, while restricting their ability to engage in cultivation or direct consumer sales. This clear delineation of responsibilities helps to ensure that the wholesaler function remains focused on distribution, preventing any conflicts of interest that could arise from wholesalers becoming involved in cultivation or retail activities.

The proposed 15 wholesaler licenses included in this bill will maintain a balanced and competitive market, avoiding over-saturation that could disrupt the supply chain or negatively impact product quality. The bill also establishes a reasonable fee structure for licensing and renewal, promoting fair access for qualified entities seeking to participate in the market. Importantly, Senate Bill 221 incorporates provisions to support social equity applicants and micro-licenses by reducing licensing fees for these groups, ensuring that those most affected by past cannabis policies have an opportunity to participate in the industry.

In addition to promoting safe and secure distribution, the introduction of this wholesaler license category will enhance Maryland's reputation as a state committed to building an equitable and diverse cannabis market. By addressing both operational efficiency and equity considerations, Senate Bill 221 helps foster an industry that benefits all stakeholders, from producers to consumers.

On behalf of our clients, we respectfully urge the Committee to pass Senate Bill 221. This legislation represents a critical step toward establishing a well-regulated, transparent, and inclusive cannabis market in Maryland, and we are confident it will bring lasting benefits to both the industry and the public.

Thank you for your consideration of this important matter.

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MCA_SB 221 FAV Testimony_Written.docx.pdf

Uploaded by: Morgan Smith

Position: FAV



January 30, 2025

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

SB 221 – Cannabis – Wholesaler License – Establishment
FAVORABLE

Dear Chair Beidle, Vice Chair Hayes, and Members of the Senate Finance Committee:

I am writing on behalf of the Maryland Cannabis Administration (MCA) in SUPPORT of SB 221 – Cannabis – Wholesaler License – Establishment.

SB 221 is a departmental request from the MCA to establish and define a new “wholesale” cannabis license category. As introduced, SB0221:

- Establishes fees associated with application and licensure for this category;
- Authorizes the Administration to award up to 15 wholesale cannabis licenses; and,
- Requires the Administration to incorporate the new category in forthcoming licensing rounds.

This framework is largely forward-looking. The [MCA's 2023 predictive modeling report](#) to the General Assembly indicated that early adoption of wholesale licenses could position Maryland as a strategic hub for cannabis distribution in a national market, should federal rescheduling occur. Established wholesale distributors in Maryland would be crucial for managing out-of-state product flows and ensuring compliance with Maryland's testing, packaging, and labeling standards.

Relevant near-term use of wholesale licenses could be to support current micro-businesses - which are explicitly small, social equity businesses - by providing them with centralized, safe storage and inventory management. This would further facilitate partnerships that would reduce cost and increase operational efficiency for micro-businesses.

Ultimately, the creation of a wholesale license category through SB0221 positions the MCA and the State of Maryland to be better prepared for future interstate commerce, and early establishment will likely provide long-term advantages. If you have any questions or would like to discuss this further, please contact me at (410) 487-8051 or andrew.garrison@maryland.gov, or Selena Rawlley, Senior Policy Analyst, at selena.rawlley@maryland.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Garrison", with a stylized flourish at the end.

Andrew C. Garrison
Chief of Policy & Government Affairs, Maryland Cannabis Administration

SB0221 – Favorable - Cannabis - Wholesaler Licens

Uploaded by: Thomas Akras

Position: FAV



ATCC

Alcohol, Tobacco, and Cannabis Commission

Wes Moore
Governor

Aruna K. Miller
Lt. Governor

Jeffrey A. Kelly
Executive Director

January 30, 2025

BILL: SB221 – Cannabis - Wholesaler License - Establishment

COMMITTEE: Finance

POSITION: Favorable

Hon. Pamela Beidle, Chair and Members of the Finance Committee:

I write on behalf of the Alcohol, Tobacco, and Cannabis Commission (ATCC) to request a **Favorable Report on SB221 – Cannabis - Wholesaler License-Establishment.**

SB221 establishes a Cannabis Wholesaler License that authorizes wholesalers, licensed by Maryland Cannabis Administration (“MCA”) to purchase, securely store, transport, and distribute cannabis or cannabis products to other MCA licensed cannabis businesses.

The proposed wholesaler license provisions under SB221 are generally comparable to wholesaler provisions under Maryland’s three-tiered alcohol beverage and tobacco products’ industries.¹ Within these industries that the ATCC regulates, the Maryland consumer has benefitted through the separation of the manufacturing, wholesaling, and retailer tiers. Such separation fosters fair competition by allowing manufacturers, wholesalers, and retailers to thrive in the commercial market. Consumers also benefit from a diverse selection of vetted high-quality alcoholic beverage and tobacco products.

By creating a cannabis wholesaler license, SB221 would ensure a well-regulated supply chain, promote industry accountability, and align with Maryland’s commitment to maintaining robust standards for cannabis storage, testing, and distribution. Adopting a wholesaler license for cannabis would facilitate a well-regulated and competitive marketplace while enhancing public health and safety. The ATCC stands ready to assist the MCA by addressing the unlicensed wholesaler market, as required under the law.²

Accordingly, the ATCC requests the Finance Committee to issue a Favorable Report on SB221 – Cannabis - Wholesaler License - Establishment.

Sincerely,

Jeffrey A. Kelly
Executive Director

¹ Alc. Bev. Can. 2-301 to 2-317 (Alcoholic Beverages) and Bus. Reg. Art. 16 201 to 16-223 (Cigarettes), 16.5-201 to 16.5-218 (Other Tobacco Products), and 16.7-201 to 16.7-214 (Electronic Smoking Devices).

² Alc. Bev. Can. 36-1102.

sb221_fwa.pdf

Uploaded by: Warren (Rusty) Carr

Position: FWA

SB221 Favorable with Amendments
Warren (Rusty) Carr
4391 Moletton Drive
Mount Airy, MD 21771

I support SB221 and request the committee to pass this bill as favorable.

The requirement “ENSURING AN EQUITABLE CANNABIS MARKET IN THE STATE” is very vague. There are ways for wholesalers to control the market through exclusive agreements and pricing that should be explicitly prohibited. We don’t want wholesalers effectively preventing dispensaries from doing business with cultivators or processors without necessarily requiring everyone to carry everything. Has this been thought through? There are specific tactics like shelf space deals that could be explicitly noted in the legislation to provide more guidance to MCA.

Is there any reason that we want wholesalers dealing with live plants? HB619 references a nursery license that does not exist. Why not add that license here in this bill?

Can a cannabis wholesaler also hold a liquor wholesale license?

What product testing should a wholesaler be doing? It should already be tested.

Thank you,
Rusty Carr

2025 MDDA SB 221 Wholesale Licenses Oppose.pdf

Uploaded by: Ashlie Bagwell

Position: UNF



Senate Bill 221: Cannabis-Wholesaler License--Establishment

On behalf of the Maryland Dispensary Association (MDDA)
Senate Finance Committee

Oppose

January 30, 2025

The Maryland Dispensary Association (MDDA), formerly the Maryland Medical Dispensary Association (MDMDA), was established in May, 2017 in order to promote the common interests and goals of the Medical Cannabis Dispensaries in Maryland. MDDA advocates for laws, regulations and public policies that foster a healthy, professional and secure medical cannabis industry in the State. MDDA works on the State and local level to advance the interest of licensed dispensaries as well as to provide a forum for the exchange of information in the Medical Cannabis Industry. We appreciate the opportunity to provide comments on Senate Bill 221.

Two years ago, the Maryland General Assembly passed legislation, setting up both a policy and taxing framework for cannabis for adult use. This bill focused on increasing diversity in the cannabis industry while at the same time setting up a taxing structure so as to greatly minimize the illicit market. We commend you for the work you did to create a successful cannabis program in Maryland, and we are proud to be your partners in that.

Senate Bill 221 establishes an additional licensing category—a wholesaler license—that would transport cannabis products between licensees. We are concerned that adding another license type and, therefore, another layer into the current structure would add additional costs to cannabis products that, ultimately, would be passed along to the consumer. We are sensitive to anything that increases prices as we do not want to inadvertently push people to the illicit market, where products may be cheaper.

A recent report conducted by the Maryland Cannabis Administration assessing the need for wholesale licenses contemplates two scenarios: the current market scenario as well as the future interstate market scenario. While the report concludes that the immediate need for wholesale licenses is limited, it does recognize potential benefits. The discussion about wholesale licenses should not happen in a vacuum,

though, and should be contemplated along with other statutory and regulatory changes necessary to ensure the success of this license type.

We appreciate the opportunity to provide comments on Senate Bill 221. Thank you for your support of the cannabis industry. We urge a unfavorable report on Senate Bill 221.

Senate Bill 221 Letter 2.pdf

Uploaded by: Brandon Butler

Position: UNF

GROW WEST CANNABIS COMPANY

January 28, 2025

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

Dear Chair Beidle and Members of the Senate Finance Committee:

On behalf of Grow West MD, LLC, a Standard Licensed Grower, and The Apothecary, LLC, a Standard Licensed Dispensary, both located in Cumberland, Maryland, I wish to express my opposition to **Senate Bill 221: Cannabis - Wholesaler License - Establishment**.

Grow West MD has been licensed since 2017 and has weathered the many changes to the Medical and Adult-Use cannabis program in Maryland. We have acted in good faith and have complied with all regulations set forth by the MMCC, MCA, and Maryland legislators. While not all regulations may be popular, it is essential for all license holders that these regulations enable businesses to survive and prosper. Much relies on the narrow margins in small business. Adding another layer to the supply chain reduces margins for manufacturers (growers) and retailers (dispensaries), ultimately raising prices for the end consumer.

Together with other licensees, we have successfully expanded our network to provide quality products directly to dispensaries. This has allowed us to build relationships with those who understand and appreciate the variety of choices available from different manufacturers and processors in Maryland. These differences are important aspects of this "living product."

Raw materials that become finished products are crucial to a manufacturer's operation, but the sales process must align with the production schedule, which is planned months in advance. If the proposed ten wholesale distributors purchase products from the manufacturer, how does the manufacturer decide what to cultivate and in what quantities? Will our sales representatives continue visiting dispensaries to sell our product while the orders are sent to the distributor?

Currently, our sales representatives work closely with all dispensaries throughout Maryland, keeping a finger on the pulse of the market. This close connection ensures we can quickly adapt to market trends and consumer preferences, providing patients with the variety and quality they deserve. However, if the proposed wholesale distributor model is implemented, it will disrupt this dynamic. New licensees looking to enter the market will lose the ability to establish direct connections with dispensaries, which is critical for selling their unique products. Manufacturers would be left guessing market demands, risking overproduction or underproduction. Distributors,

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GROW WEST CANNABIS COMPANY

January 28, 2025

with no direct stake in cultivation, may misinterpret market demand, leading to unsold products, lost revenue, and wasted resources.

This model creates a "big box store" approach, where consumers have limited choices and are only offered products selected by the distributors. This will lead to the disappearance of small brands and specialized medicinal products, pushing out smaller growers while favoring high-volume, large-scale operations. Such a shift would destabilize the market, harm innovation, and fail to meet the needs of Maryland consumers.

Additionally, implementing this bill would have a direct and devastating impact on our business and the community we support. For instance, it would result in the elimination of **20 jobs** currently held — positions that are vital to the livelihoods of our employees and their families. These jobs are not just numbers; they represent the commitment, expertise, and passion of our team members who work tirelessly to ensure patients have access to the highest quality products.

The Maryland cannabis program was built by pioneering growers, processors, and dispensary owners/operators who invested vast amounts of resources, time, capital, expertise, and knowledge into the industry. Over the past eight years, we have risen to meet the challenges. However, this bill threatens to undo the progress we have collectively achieved.

Senate Bill 221 is a solution in search of a problem. We urge the legislature to consider the far-reaching consequences of Senate Bill 221. Let current and future licensees continue fostering a healthy and thriving market—one that delivers tax revenue to the state, creates sustainable jobs for the community, and ensures patients and consumers have access to fair market prices and a wide variety of quality products.

Respectfully,

Susan Valois, President

Grow West MD, LLC

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SB 221_CANMD_oppose_Finance.pdf

Uploaded by: Joe Bryce

Position: UNF



Senate Bill 221 - Cannabis – Wholesaler License – Establishment
Senate Finance Committee
January 30, 2025

Thank you for the opportunity to present the concerns of the Maryland Wholesale Cannabis Trade Association (CANMD) regarding Senate Bill 221 – Cannabis – Wholesaler License – Establishment. CANMD represents the majority of cannabis processors and growers licensed in Maryland and has consistently worked with the General Assembly to ensure the development of a well-regulated, equitable, and sustainable cannabis market.

Section 12 of the Cannabis Reform Act of 2023 (Chapter 255 of the Acts of 2023) directed the Maryland Cannabis Administration to complete a study on wholesale cannabis licenses. In June 2024 the Administration released the “*Maryland Cannabis Wholesale Licensing Assessment*” (“Report”); that report contemplated the pros and cons of creating the category of licenses. On balance, CANMD believes that the license would be redundant and add costs to the system. We respectfully oppose Senate Bill 221 for the following four reasons:

Lack of Clear Rationale for a New License Category and Additional Costs

Maryland has debated the structure of a cannabis industry for at least the past eight years. The Cannabis Reform Act of 2023 established a comprehensive framework for the cannabis market, including sufficient license categories to support market operations. This new category would introduce unnecessary complexity, disrupt current systems, and ultimately increase costs for consumers.

Adding a wholesaler license into an established market is unnecessary. This is particularly true when existing licensees of various types already have established procedures to carry out the functions outlined for a wholesaler. As the Report acknowledges (pages 7-8), Maryland currently allows micro-dispensaries to maintain a storage facility; incubators are permitted to secure and store products; secure transportation companies can be registered with MCA and transport product between licensees; and current operators efficiently transfer their own products to other licensees.

Throughout the Report, it is acknowledged that introducing a wholesaler license will likely increase the cost of cannabis products. Wholesale businesses are “cost-intensive” and adding another party to the distribution process logically leads to a higher price as entities at all levels seek to profit. The Report also discussed the possibility of eventually setting a tax on wholesale sales. As the Report notes (page 7) imposing such a tax (or adding cost to product in any manner) leads to the cost being “often passed down to retailers which then pass them to consumers, eliminating the cost elasticity of demand that is crucial [to] not push consumers out of the legal, regulated market and into other substitution markets.” Placing additional costs in the system is directly contrary to the General Assembly’s 2023 conscious efforts to set a reasonable tax that would draw consumers from the illicit market and towards safe, regulated products.

Federal Legalization and Premature State Action

The Report discusses an alternative action to passing Senate Bill 221 this year. In a couple of instances, the Report states that there is currently “no market **necessity**” or a “**need** for the [wholesaler license] to alleviate supply and demand”. The Report notes a “second pathway” may be “waiting until a national market emerges” (page 9). It makes sense to evaluate Maryland’s licensing structure – and many other aspects of the law – if federal law and policy changes.

If this license category is a necessary response to federal action, it would be prudent to include a “sunrise” provision—ensuring it only takes effect when federal legalization or rescheduling occurs. Enacting the license prematurely would impose unnecessary costs on consumers and create confusion and logistical inefficiencies without providing tangible benefits.

Contradictions Within the Bill

If the intent is to prepare for a federal market, provisions in the bill seem to conflict with its stated purpose. Specifically, on page 6, lines 21-22, the bill prohibits wholesalers from importing or exporting cannabis across state lines. This restriction renders the license ineffective in addressing the challenges of federal legalization, where interstate commerce would be a key consideration as noted in the Report.

Exclusion of Existing Licensees and Redundant Functions

Senate Bill 221 not only proposes the creation of 15 wholesaler licenses (it is worth noting that the Report assumes 8-13 licenses would be appropriate for Maryland’s market (page 3)) and explicitly prohibits existing cannabis licensees from holding these licenses. This exclusion creates an artificial barrier that disadvantages existing stakeholders without any clear benefit to the broader market or consumers.

Finally, we are still awaiting the arrival of many applicants that were granted a license through the process established in the Cannabis Reform Act. Maryland’s record of adding licenses on top of licenses instead of waiting to see the impact of earlier changes is not very good. We should not repeatedly make the same mistakes.

CANMD is committed to working collaboratively with the Maryland Cannabis Administration and this committee to enhance and strengthen Maryland’s cannabis industry. However, we view Senate Bill 221 as premature and unnecessary. Creating a new license category for functions already being effectively managed introduces unwarranted complexity, increases costs for consumers, and fails to meaningfully prepare for federal legalization.

Thank you for your time and consideration. CANMD stands ready to assist in developing thoughtful policies that support a thriving and equitable cannabis market in Maryland.

We respectfully urge the committee to oppose Senate Bill 221 as currently drafted.

Christina B. Johnson
Chair, Maryland Wholesale Cannabis Trade Association

Senate SB221 - INF.pdf

Uploaded by: Obie Chinemere

Position: INFO



Curio Wellness Written Comments
SB0221 Hearing – Thursday, January 30, 2025

Founded and based in Maryland, [Curio Wellness](https://www.curio-wellness.com) is a family-owned and operated cGMP certified cannabis company and trusted wellness partner. We're dedicated to increasing the accessibility of high-quality cannabis to the growing population of citizens who seek safe, effective, and reliable products. Available in over 90 dispensaries across Maryland, our focus on innovative and high-quality products and services has made Curio a market leader in Maryland. Moreover, as an organization, Curio knows that a diverse and inclusive workforce creates an optimum workplace that attracts and retains talented employees and loyal customers. In fact, this commitment to diversity has been present since inception with Curio's inaugural leadership team comprising a multi-racial group of men and women. As the company has grown, so has its focus on a diverse team of workers and leaders. Overall, 40% of the Curio Wellness workforce is female and 44% identifies as Black, Hispanic, Asian, American Indian or Alaska Native, or multi-racial. Among management, 39% are female and 27% identify as Black, Hispanic, or multi-racial.

We appreciate the efforts of the Maryland Senate and House over the last several years, crafting legislation of this nature is undoubtedly challenging, and we recognize the nuance and balance needed to address the plethora of industry-related stakeholders. Therefore, we'd like to share some concerns around the introduction of Wholesale license. While we fully support the growth and responsible regulation of our cannabis market, we believe that this proposal is premature and could potentially create more challenges than benefits, given the current state of the industry.

First and foremost, the cannabis market in our state is still in its early stages, and many of the businesses involved have made significant investments in infrastructure to support B2B distribution at a local level. These businesses have taken on considerable financial risk, developing supply chains, storage, and distribution networks that are tailored to a market that is still evolving. Additionally, internal distribution teams represent a strategic arm of the business and integral element of both customer relations and reputation management. Said plainly, these internal distribution teams are the public face of licensees at the B2B level.

Additionally, the absence of interstate commerce in cannabis means that our market is limited in scale. Without the ability to move products across state lines, many of the larger operational advantages that come with wholesale licenses are not as relevant or viable at this time. As an organization heavily

invested in federal policy, the State is acting far ahead of a need and existing law protects shelf space for our newest licensees, so any external threat remains to be seen. Thus, this further calls into question the necessity of expanding the scope of the market with wholesale licenses before addressing the immediate needs of existing businesses.

In our view, the focus of the regulatory body should remain on supporting and fully operationalizing the 100 conditional licenses that are currently in place. These businesses are still in the process of developing their operations, and many face obstacles that could be alleviated with more resources and attention from the regulatory side. By shifting the focus away from these businesses to pursue the introduction of wholesale licenses, we risk overextending the regulatory framework and failing to provide adequate support to those who are already working hard to make this industry a success in our state.

In conclusion, we strongly urge the committee to reconsider the introduction of wholesale licenses at this time. Let us first support the businesses already invested in this market, ensuring that they have the tools and resources necessary to succeed, before expanding the scope of the industry with additional licenses. This will help to create a more stable, sustainable market that can truly thrive in the long term.

To that end, in second half of 2024, we heard word of the Administration proposing a Wholesaler license to help ensure shelf space for Maryland operators in the event of federal reform, i.e. interstate commerce. As an organization heavily invested (time and resources) in federal policy, the State is ahead of a need and the Administration would be better served optimizing the existing program and the start-up of the more than 100 conditional social equity licenses that are currently navigating the process before adding more license types. Additionally, operators

For nearly nine years, Curio has done exactly what we said we would do in our application to obtain a cannabis license, here in Maryland. Not only have we remained steadfast in our promise to deliver high quality, safe and innovative cannabis products to Maryland's certified patient and adult use populations through constant research and development, but we have also maintained a constant drive to reinvest in our people, processes, and products. As Maryland advances its program, Curio Wellness would like to lend its experience as industry leader to help develop diverse, successful, and economically viable adult use and medical programs.

For more information, please contact:

Wendy Bronfein

Co-Founder, Chief Brand Officer & Director of Public Policy

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