

HOUSE BILL 253

A3

EMERGENCY BILL
(PRE-FILED)

4lr4578
CF 4lr4579

By: **Chair, Economic Matters Committee (By Request – Maryland Cannabis Administration)**

Requested: October 19, 2023

Introduced and read first time: January 10, 2024

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: February 29, 2024

CHAPTER _____

1 AN ACT concerning

2 **Cannabis Reform – Alterations**

3 FOR the purpose of altering the best practices that the Alcohol, Tobacco, and Cannabis
4 Commission is required to develop; altering the membership of the Commission;
5 making alterations and clarifications related to the duties of the Commission, the
6 Office of Social Equity, the Advisory Board on Medical and Adult-Use Cannabis, and
7 the Maryland Cannabis Administration; altering the composition of the Advisory
8 Board; requiring the ~~Governor to appoint the chair of the~~ Advisory Board to elect a
9 chair and removing the Director of the Administration as chair; authorizing
10 processors to provide cannabis to cannabis licensees; requiring the Administration
11 to register and regulate cannabis nurseries; authorizing the Administration to
12 impose certain penalties on a cannabis license or registration for the violation of
13 certain laws and regulations; requiring the Administration rather than the
14 Comptroller to administer the Cannabis Regulation and Enforcement Fund; altering
15 the amount of cannabis that a qualifying patient may possess; altering the amount
16 of cannabis that processors may process; altering certain provisions of law related to
17 the registration of cannabis agents; providing for the temporary registration of
18 cannabis agents; altering certain provisions of law related to advertising and
19 cannabis; providing that certain violations may be charged by a citation; authorizing
20 the use of the Cannabis Business Assistance Fund for the administrative costs of the
21 Fund; authorizing the sharing of certain tax information with the Administration;
22 extending the period of time that the Administration is exempt from procurement

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 requirements under certain circumstances; and generally relating to medical and
2 adult-use cannabis.

3 BY repealing and reenacting, without amendments,
4 Article – Alcoholic Beverages and Cannabis
5 Section 1-101(a), 1-322(a)(1) and (8), 36-101(a) and (h), and 36-206(b)
6 Annotated Code of Maryland
7 (2016 Volume and 2023 Supplement)

8 BY repealing and reenacting, with amendments,
9 Article – Alcoholic Beverages and Cannabis
10 Section 1-101(d), 1-202, 1-303(a)(1) and (3), 1-308(8) and (9), 1-309.1(d)(5) ~~and~~
11 ~~(f)(2)~~, (e), and (f), 1-309.2, 1-322(a)(7) and (b)(2), 36-101(j), (aa), and (dd),
12 36-202, 36-206(d) and (j)(1), 36-302(g), 36-401(c)(1) and (2), (e), and (g),
13 ~~36-402(d)(1)(vi)~~ 36-402(b)(2)(i) and (d)(1)(vi), 36-404(i)(3), 36-407(a)(3) and
14 (b), 36-409(a), 36-501(a) and (d), 36-505, ~~and~~ 36-903(a), and 36-1102(e) and
15 (f)
16 Annotated Code of Maryland
17 (2016 Volume and 2023 Supplement)

18 BY repealing
19 Article – Alcoholic Beverages and Cannabis
20 Section 1-308(10) and (11)
21 Annotated Code of Maryland
22 (2016 Volume and 2023 Supplement)

23 BY adding to
24 Article – Alcoholic Beverages and Cannabis
25 Section 36-101(h-1)
26 Annotated Code of Maryland
27 (2016 Volume and 2023 Supplement)

28 BY repealing and reenacting, without amendments,
29 Article – Economic Development
30 Section 5-1901(b)
31 Annotated Code of Maryland
32 (2018 Replacement Volume and 2023 Supplement)

33 BY repealing and reenacting, with amendments,
34 Article – Economic Development
35 Section 5-1901(g)(1)
36 Annotated Code of Maryland
37 (2018 Replacement Volume and 2023 Supplement)

38 BY repealing and reenacting, with amendments,
39 Article – Tax – General
40 Section 10-208(bb)(1), 10-308(b)(6), and 13-203(c)(10), (14), and (15)

1 Annotated Code of Maryland
2 (2022 Replacement Volume and 2023 Supplement)

3 BY adding to
4 Article – Tax – General
5 Section 13–203(c)(16)
6 Annotated Code of Maryland
7 (2022 Replacement Volume and 2023 Supplement)

8 BY repealing and reenacting, with amendments,
9 Chapter 254 of the Acts of the General Assembly of 2023
10 Section 10

11 BY repealing and reenacting, with amendments,
12 Chapter 255 of the Acts of the General Assembly of 2023
13 Section 10

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
15 That the Laws of Maryland read as follows:

16 **Article – Alcoholic Beverages and Cannabis**

17 1–101.

18 (a) In this article the following words have the meanings indicated.

19 (d) (1) “Cannabis” means the plant Cannabis sativa L. and any part of the
20 plant, including all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of
21 isomers, whether growing or not, with a delta–9–tetrahydrocannabinol concentration
22 greater than 0.3% on a dry weight basis.

23 (2) “Cannabis” includes cannabis products, **SEEDS, SEEDLINGS,**
24 **IMMATURE PLANTS, AND CLONES.**

25 (3) “Cannabis” does not include hemp or hemp products, as defined in §
26 14–101 of the Agriculture Article.

27 1–202.

28 (a) To the extent that a statement of a general rule of law conflicts or is
29 inconsistent with an exception or a qualification applicable to a special area, particular
30 person, or set of circumstances, the exception or qualification prevails.

31 (b) A provision in Division II of this article prevails over a conflicting or
32 inconsistent provision in Division I of this article or a provision in the Tax – General Article
33 relating to alcoholic beverages.

1 (c) A provision in Division III of this article prevails over a conflicting or
2 inconsistent provision in Division I OR DIVISION II of this article or a provision in the Tax
3 – General Article relating to cannabis.

4 1–303.

5 (a) (1) The Commission consists of [seven] FIVE members to be appointed by
6 the Governor with the advice and consent of the Senate.

7 (3) Of the Commission members:

8 (i) one shall be knowledgeable and experienced in public health
9 matters;

10 (ii) one shall be knowledgeable and experienced in law enforcement
11 matters;

12 (iii) one shall be knowledgeable and experienced in the alcoholic
13 beverages industry; AND

14 (iv) [one shall have expertise in cannabis research and policy;

15 (v) one shall have expertise in alcohol and tobacco policy; and

16 (vi) two shall be members of the public who are knowledgeable and
17 experienced in fiscal matters and shall have substantial experience:

18 1. as an executive with fiduciary responsibilities in charge of
19 a large organization or foundation;

20 2. in an academic field relating to finance or economics; or

21 3. as an accountant, an economist, or a financial analyst.

22 1–308.

23 The Commission shall develop best practices for:

24 (8) the development of a public health impact statement for all changes to
25 the State alcoholic beverages laws; AND

26 (9) ensuring that:

27 (i) all license holders, managers, and servers receive certification
28 from an approved alcohol awareness program; and

1 (ii) at least one employee who is certified in an alcohol awareness
2 program be on the licensed premises at all times when alcoholic beverages are served[;

3 (10) regulating the cannabis industry and implementing public health
4 measures relating to cannabis; and

5 (11) regulating, to the extent possible, medical and adult-use cannabis in a
6 similar manner].

7 1-309.1.

8 (d) The Office of Social Equity shall:

9 (5) provide recommendations to the [Commission] MARYLAND
10 CANNABIS ADMINISTRATION on regulations related to:

11 (i) diversity; and

12 (ii) social equity applications;

13 (e) (1) On or before March 1 each year, the Office of Social Equity shall produce
14 and make publicly available a report on how the funds in the Community Reinvestment
15 and Repair Fund under § 1-322 of this subtitle were allocated during the immediately
16 preceding calendar year.

17 (2) The report shall also be submitted to the General Assembly in
18 accordance with § 2-1257 of the State Government Article.

19 (3) THE OFFICE MAY REQUEST INFORMATION FROM POLITICAL
20 SUBDIVISIONS AND ENTITIES RECEIVING DISTRIBUTIONS FROM THE FUND TO
21 ASSIST WITH THE COMPLETION OF THE REPORT.

22 (f) (1) On or before November 1 [each year] EVERY 2 YEARS, BEGINNING IN
23 2024, the Office of Social Equity shall solicit public input on the uses of the funds in the
24 Community Reinvestment and Repair Fund under § 1-322 of this subtitle.

25 ~~(f)~~ (2) On or before December 15 ~~each year~~ EVERY 2 YEARS, BEGINNING IN
26 2024, the Office of Social Equity shall publish a review of the input received under
27 paragraph (1) of this subsection on a publicly accessible part of the [Commission's]
28 OFFICE'S website.

29 (3) THE OFFICE SHALL INCLUDE IN THE REVIEW INFORMATION ON
30 HOW THE FUNDS RECEIVED FROM THE FUND WERE SPENT DURING THE
31 IMMEDIATELY PRECEDING 2 CALENDAR YEARS.

32 1-309.2.

1 (a) In this section, “Advisory Board” means the Advisory Board on Medical and
2 Adult–Use Cannabis.

3 (b) There is an Advisory Board on Medical and Adult–Use Cannabis.

4 (c) The Advisory Board shall:

5 (1) consider all matters submitted to it by the [Commission] **OFFICE OF**
6 **SOCIAL EQUITY**, the Governor, the Maryland Cannabis Administration, or the General
7 Assembly; and

8 (2) ~~on its own initiative, provide recommendations to the [Commission]~~
9 ~~**OFFICE OF SOCIAL EQUITY** or the Maryland Cannabis Administration established under~~
10 ~~§ 36-201 of this article regarding guidelines, rules, and regulations that the Advisory Board~~
11 ~~considers important or necessary for review and consideration by the [Commission]~~
12 ~~**OFFICE OF SOCIAL EQUITY** or the Maryland Cannabis Administration. **STUDY AND**~~
13 ~~**MAKE RECOMMENDATIONS ON:**~~

14 (i) **THE IMPACT ON THE LEGAL MEDICAL AND ADULT–USE**
15 **CANNABIS INDUSTRY IN THE STATE IF THE FEDERAL GOVERNMENT:**

16 1. **RESCHEDULES CANNABIS FROM SCHEDULE I TO**
17 **SCHEDULE III UNDER THE FEDERAL CONTROLLED SUBSTANCES ACT; OR**

18 2. **REMOVES CANNABIS FROM THE LIST OF CONTROLLED**
19 **SUBSTANCES UNDER THE FEDERAL CONTROLLED SUBSTANCES ACT;**

20 (ii) **MEASURES TO PROTECT AND PROMOTE THE LEGAL**
21 **MEDICAL AND ADULT–USE CANNABIS INDUSTRY IN THE STATE IF CANNABIS IS:**

22 1. **RESCHEDULED FROM SCHEDULE I TO SCHEDULE III;**
23 **OR**

24 2. **REMOVED FROM THE FEDERAL CONTROLLED**
25 **SUBSTANCES ACT;**

26 (iii) **MEASURES TO ENABLE STANDARD AND MICRO CANNABIS**
27 **LICENSEES AND SMALL BUSINESSES TO COMPETE IN INTERSTATE COMMERCE**
28 **RELATED TO THE CULTIVATION, MANUFACTURE, DISTRIBUTION, AND TESTING OF**
29 **CANNABIS AND CANNABIS PRODUCTS;**

30 (iv) **METHODS TO ENSURE THAT THERE IS AN ADEQUATE**
31 **SUPPLY OF AFFORDABLE CANNABIS AND CANNABIS PRODUCTS FOR QUALIFYING**

1 PATIENTS, INCLUDING CANNABIS AND CANNABIS PRODUCTS CONTAINING VARYING
2 LEVELS OF POTENCY; AND

3 (V) METHODS TO ASSIST SOCIAL EQUITY APPLICANTS, SOCIAL
4 EQUITY LICENSEES, AND SMALL, MINORITY, AND WOMEN-OWNED BUSINESSES TO:

5 1. ACCESS FUNDS FOR OPERATING OR CAPITAL
6 EXPENSES ASSOCIATED WITH A BUSINESS PARTICIPATING IN THE MEDICAL AND
7 ADULT-USE CANNABIS INDUSTRY;

8 2. OBTAIN FINANCING FROM A LENDER, AS DEFINED IN §
9 36-1401 OF THIS ARTICLE; AND

10 3. PARTNER WITH OPERATIONAL CANNABIS LICENSEES
11 IN WAYS THAT THE SOCIAL EQUITY APPLICANTS OR LICENSEES OR SMALL,
12 MINORITY, OR WOMEN-OWNED BUSINESSES RETAIN OWNERSHIP AND CONTROL OF
13 THE LICENSES AND BUSINESSES.

14 (d) (1) The Advisory Board consists of[:

15 (1) the Director of the Maryland Cannabis Administration, who shall serve
16 as Chair of the Advisory Board; and

17 (2)] the following members, appointed by the Governor with the advice and
18 consent of the Senate:

19 (i) three members that have substantial experience in one or more
20 of the following:

21 1. cannabis law, science, or policy;

22 2. public health or health care;

23 3. agriculture;

24 4. finance; or

25 5. addiction treatment;

26 (ii) one academic researcher with at least 5 years of experience in
27 social or health equity;

28 (iii) one representative of an independent testing laboratory
29 registered under § 36-408 of this article;

- 1 (iv) two representatives who hold a standard grower license under §
2 36–401 of this article;
- 3 (v) two representatives who hold a standard processor license under
4 § 36–401 of this article;
- 5 (vi) two representatives who hold a standard dispensary license
6 under § 36–401 of this article;
- 7 (vii) two representatives who hold a micro grower license under §
8 36–401 of this article;
- 9 (viii) two representatives who hold a micro processor license under §
10 36–401 of this article;
- 11 (ix) two representatives who hold a micro dispensary license under §
12 36–401 of this article;
- 13 (x) one representative who holds an incubator space license under §
14 36–401 of this article;
- 15 (xi) one representative who holds an on–site consumption license
16 under § 36–401 of this article;
- 17 (xii) one representative of an organization that advocates on behalf of
18 patients who engage in the medical use of cannabis;
- 19 (xiii) one representative of an organization that advocates on behalf of
20 consumers who engage in the adult use of cannabis; and
- 21 (xiv) one health care provider who is registered to certify patients to
22 obtain medical cannabis under § 36–301 of this article.

23 **(2) ~~FROM AMONG THE MEMBERS OF THE~~ THE ADVISORY BOARD, THE**
24 **~~GOVERNOR SHALL APPOINT~~ ELECT A CHAIR FROM AMONG ITS MEMBERS.**

25 (e) The President of the Senate and the Speaker of the House may recommend to
26 the Governor a list of individuals for appointment to the Advisory Board.

27 (f) (1) The term of a member of the Advisory Board is 4 years.

28 (2) At the end of a term, a member continues to serve until a successor is
29 appointed and qualifies.

30 (3) An appointed member may not serve more than two full terms.

1 (4) The positions for members appointed under subsection [(d)(2)(vii)
2 through (xi)] **(D)(1)(VII) THROUGH (XI)** of this section become effective when the first
3 licenses are issued under those respective license types.

4 (g) An appointed member of the Advisory Board must be:

5 (1) at least 25 years old;

6 (2) a resident of the State who has resided in the State for at least the
7 immediately preceding 5 years before the appointment; and

8 (3) a registered voter of the State.

9 (h) The Advisory Board shall establish at least two subcommittees to focus on
10 medical and adult-use cannabis.

11 (i) To the extent practicable and consistent with federal and State law, the
12 membership of the Advisory Board shall reflect the racial, ethnic, and gender diversity of
13 the State.

14 **(J) THE MARYLAND CANNABIS ADMINISTRATION SHALL PROVIDE STAFF**
15 **FOR THE ADVISORY BOARD.**

16 1-322.

17 (a) (1) There is a Community Reinvestment and Repair Fund.

18 (7) **(I)** The State Treasurer shall invest the money of the Fund in the
19 same manner as other State money may be invested.

20 **(II) ANY INTEREST EARNINGS OF THE FUND SHALL BE**
21 **CREDITED TO THE GENERAL FUND OF THE STATE.**

22 (8) No part of the Fund may revert or be credited to:

23 (i) the General Fund of the State; or

24 (ii) any other special fund of the State.

25 (b) (2) **[(i)]** Subject to the limitations under subsection (a)(6) of this section,
26 each county shall adopt a law establishing the purpose for which money received from the
27 Fund may be used.

28 **[(ii)]** On or before December 1 every 2 years, beginning in 2024, each
29 political subdivision that receives funds from the Fund under paragraph (1) of this
30 subsection shall submit a report to the Governor and, in accordance with § 2-1257 of the

1 State Government Article, the Senate Budget and Taxation Committee and the House
2 Appropriations Committee on how funds received from the Fund were spent during the
3 immediately preceding 2 fiscal years.]

4 36–101.

5 (a) In this title the following words have the meanings indicated.

6 (h) “Cannabis licensee” means a business licensed by the Administration to
7 operate in the cannabis industry.

8 **(H–1) “CANNABIS NURSERY” MEANS A BUSINESS THAT PROVIDES CANNABIS**
9 **SEEDS, SEEDLINGS, IMMATURE PLANTS, OR CLONES TO A CANNABIS BUSINESS.**

10 (j) “Cannabis registrant” means an independent testing laboratory, a
11 transporter, a security guard company, a waste disposal company, **A CANNABIS NURSERY,**
12 and any other type of cannabis business registered under this title and authorized by the
13 Administration.

14 (aa) “Ownership interest” means a direct or indirect equity interest in a cannabis
15 licensee, including in its **PROFITS, REVENUES,** shares, or stock.

16 (dd) “Processor” means an entity licensed under this title that:

17 (1) transforms cannabis into another product or an extract and packages
18 and labels the cannabis product; and

19 (2) is authorized by the Administration to provide cannabis to [licensed
20 dispensaries] **CANNABIS LICENSEES** and registered independent testing laboratories.

21 36–202.

22 (a) The Administration shall:

23 (1) develop and maintain a seed–to–sale tracking system that tracks
24 cannabis from either the seed or immature plant stage until the cannabis is sold to a
25 patient, caregiver, or consumer;

26 (2) conduct financial and criminal background investigations of any person
27 who submits an application for a cannabis license or a cannabis licensee, as required under
28 this title;

29 (3) develop a process for consumers and qualifying patients to purchase
30 clones and seeds, seedlings, stalks, roots, and stems of the cannabis plant for cultivation in
31 accordance with § 5–601.2 of the Criminal Law Article;

1 (4) solicit, evaluate, and issue or deny applications for cannabis licenses
2 and cannabis registrations, including:

3 (i) licenses to operate a cannabis business in accordance with this
4 title; and

5 (ii) registration for independent testing laboratories, transporters,
6 security guard companies, [and] waste disposal companies, **AND CANNABIS NURSERIES**;

7 (5) award or deny:

8 (i) a license to operate a cannabis business in accordance with this
9 title; and

10 (ii) registration to independent testing laboratories, transporters,
11 security guard companies, waste disposal companies, **CANNABIS NURSERIES**, and any
12 other type of cannabis business authorized by the Administration;

13 (6) conduct announced and unannounced inspections of any business
14 licensed or registered under this title to ensure compliance with this title;

15 (7) after a determination that a violation of this title or a regulation
16 adopted under this title has occurred, suspend, fine, restrict, or revoke cannabis licenses
17 and cannabis registrations, whether active, expired, or surrendered, or impose any other
18 penalty authorized by this title or any regulation adopted under this title;

19 (8) (i) give notice and hold a hearing in accordance with Title 10,
20 Subtitle 2 of the State Government Article, for any:

21 1. contested cannabis license or registration denial; or

22 2. violation of this title or any regulation adopted under this
23 title;

24 (ii) administer oaths in a proceeding under this section; and

25 (iii) subject to subsection (b)(3) of this section, allow the person
26 against whom the action is contemplated to be represented at the hearing by counsel;

27 (9) adopt regulations necessary to carry out its duties under this title; and

28 (10) perform any other power authorized or duty required under this title or
29 any other provision of State law.

30 (b) The Administration may:

1 (1) issue a subpoena for the attendance of a witness to testify or the
2 production of evidence in connection with:

3 (i) any disciplinary action under this title; or

4 (ii) any investigation or proceeding initiated for an alleged violation
5 of this title;

6 (2) delegate the hearing authority authorized under subsection (a)(8) of
7 this section to an employee within the Administration; [and]

8 (3) if, after due notice, the person against whom a disciplinary action is
9 contemplated does not appear at a hearing, hear and determine the matter; **AND**

10 **(4) AFTER A HEARING UNDER THIS SUBSECTION, FINE A CANNABIS**
11 **LICENSEE OR SUSPEND, RESTRICT, OR REVOKE A CANNABIS LICENSE OR A**
12 **CANNABIS REGISTRATION FOR A VIOLATION OF:**

13 **(I) THIS TITLE OR A REGULATION ADOPTED UNDER THIS TITLE;**
14 **OR**

15 **(II) ANY OTHER STATE LAW OR REGULATION RELATED TO**
16 **CANNABIS OR THE OPERATIONS OF A CANNABIS BUSINESS OR REGISTRANT.**

17 36–206.

18 (b) There is a Cannabis Regulation and Enforcement Fund.

19 (d) The [Comptroller] **ADMINISTRATION** shall administer the Fund [at the
20 direction of the Administration].

21 (j) (1) On or before March 15 each year, the [Comptroller] **ADMINISTRATION**
22 shall publish on its website a detailed report on revenue distributed to and expenditures
23 from the Fund.

24 36–302.

25 (g) A qualifying patient may **NOT** possess [up to:

26 (1) 120 grams of usable cannabis; or

27 (2) 36 grams of delta–9–tetrahydrocannabinol (THC) in the case of a
28 cannabis–infused product] **MORE THAN THE AMOUNT OF CANNABIS OR**
29 **CANNABIS–INFUSED PRODUCT THAT IS AUTHORIZED IN THE WRITTEN**
30 **CERTIFICATION OF THE PATIENT.**

1 36–401.

2 (c) (1) A standard license authorizes the holder of the license:

3 (i) for growers, to operate more than 10,000 square feet, but not
4 more than 300,000 square feet, of indoor canopy or its equivalent, as calculated by the
5 Administration;

6 (ii) for processors, to process more than [1,000] **2,000** pounds of
7 cannabis per year, as calculated by the Administration; and

8 (iii) for dispensaries, to operate a store at a physical location that
9 sells cannabis or cannabis products.

10 (2) A micro license authorizes the holder of the license:

11 (i) for growers, to operate not more than 10,000 square feet of indoor
12 canopy or its equivalent, as calculated by the Administration;

13 (ii) for processors, to process not more than [1,000] **2,000** pounds of
14 cannabis per year, as calculated by the Administration; and

15 (iii) for dispensaries, to operate a delivery service that sells cannabis
16 or cannabis products without a physical storefront, provided that the licensee employs not
17 more than 10 employees.

18 (e) (1) This subsection applies to all licenses, including licenses converted
19 under subsection (b)(1)(ii) of this section.

20 (2) Subject to paragraph (3) of this subsection, a person may have an
21 ownership interest in or control of, including the power to manage and operate:

22 (i) for standard licenses and micro licenses:

23 1. one grower licensee;

24 2. one processor licensee; and

25 3. not more than four dispensary licensees;

26 (ii) for incubator space licenses, not more than two licensees; and

27 (iii) for on–site consumption licenses, not more than two licensees.

28 (3) (i) A person who owns or controls an incubator space licensee or an
29 on–site consumption licensee may not own or control any [other] cannabis licensee LISTED
30 UNDER PARAGRAPH (2)(I) OF THIS SUBSECTION.

1 (ii) The Administration shall adopt regulations limiting a person or
2 fund from acquiring a nonmajority ownership interest in multiple cannabis businesses
3 beyond the limitations established under this subsection.

4 (4) The restrictions in paragraph (2) of this subsection do not apply to a
5 person or an entity who holds an ownership interest only as a passive investor.

6 (g) Notwithstanding any provisions of this title, the holder of a dispensary license
7 issued by the Natalie M. LaPrade Medical Cannabis Commission who converts the license
8 or a registrant with the Natalie M. LaPrade Medical Cannabis Commission may continue
9 to deliver medical cannabis until July 1, [2024] 2025.

10 36–402.

11 (b) (2) (i) Except as provided in subparagraph (ii) of this paragraph and
12 subject to subparagraph (iii) of this paragraph, on or before January 1, [2026] 2027, an
13 operational business that holds a grower license issued before December 31, 2022, may
14 expand the canopy of its operations as it existed on December 31, 2022, and based on facility
15 square footage of indoor canopy space or its equivalent, as calculated by the Administration
16 in accordance with subsection (d) of this section, only as follows:

17 1. if the canopy is under 25,000 square feet, to 25,000 square
18 feet or by 20%, whichever is greater;

19 2. if the canopy is at or above 25,000 square feet, by 20%; or

20 3. if the cannabis licensee has a square footage expansion
21 that was preapproved before December 31, 2022, the preapproved expansion or 20%,
22 whichever is greater.

23 (d) (1) (vi) If the amount of square feet of production for a licensed grower
24 exceeds the canopy authorized under this section and § 36–401 of this subtitle, the
25 [Commission] **ADMINISTRATION** may:

26 1. reduce the canopy of the licensed grower by the same
27 percentage as it exceeds the authorized canopy; and

28 2. seize, destroy, confiscate, or place an administrative hold
29 on any flowering cannabis plants produced in excess of the canopy.

30 36–404.

31 (i) (3) On or before 6 months after the issuance of a cannabis license under §
32 36–401 of this subtitle, the Governor’s Office of Small, Minority, and Women Business
33 Affairs, in consultation with the Office of the Attorney General and the Office of Social
34 Equity within the [Alcohol, Tobacco, and Cannabis Commission] **ADMINISTRATION** and

1 the cannabis licensee, shall establish a clear plan for setting reasonable and appropriate
 2 minority business enterprise participation goals and procedures for the procurement of
 3 goods and services related to cannabis, including the cultivation, manufacturing, and
 4 dispensing of cannabis.

5 36-407.

6 (a) (3) An on-site consumption establishment may operate only if the [county
 7 and, if applicable, the municipality,] POLITICAL SUBDIVISION where the business is
 8 located [have] HAS issued a permit or license that expressly allows the operation of the
 9 on-site consumption establishment.

10 (b) Subject to the limitations in § 36-405 of this subtitle, a [county and, if
 11 applicable, a municipality] POLITICAL SUBDIVISION may:

12 (1) prohibit the operation of on-site consumption establishments;

13 (2) prohibit or restrict the smoking or vaping of cannabis at on-site
 14 consumption establishments; or

15 (3) adopt zoning and planning requirements for on-site consumption
 16 establishments.

17 36-409.

18 (a) The following businesses shall register with the Administration in order to
 19 provide services to a cannabis licensee:

20 (1) a transporter;

21 (2) a security guard agency;

22 (3) a waste disposal company; [and]

23 (4) **A CANNABIS NURSERY; AND**

24 (5) any other type of cannabis business that is authorized by the
 25 Administration to provide plant or product-touching services to cannabis licensees.

26 36-501.

27 (a) A cannabis agent [shall] **MUST** be registered with the Administration before
 28 the agent may volunteer or work for a cannabis licensee or cannabis registrant.

29 (d) (1) The Administration may not register as a cannabis agent an individual
 30 who[:

1 (1)] does not meet the criteria established under subsection (c) of this
2 section[; or].

3 (2) **THE ADMINISTRATION MAY DISQUALIFY AN INDIVIDUAL FROM**
4 **REGISTERING AS A CANNABIS AGENT IF THE INDIVIDUAL** has been convicted of or
5 pleaded nolo contendere to a crime involving moral turpitude, whether or not any appeal
6 or other proceeding is pending to have the conviction or plea set aside.

7 36–505.

8 (a) In this section, “Central Repository” means the Criminal Justice Information
9 System Central Repository in the Department of Public Safety and Correctional Services.

10 (b) As part of an application to the Central Repository for a State and national
11 criminal history records check, an applicant shall submit to the Central Repository:

12 (1) two complete sets of legible fingerprints taken on forms approved by the
13 Director of the Central Repository and the Director of the Federal Bureau of Investigation;

14 (2) the fee authorized under § 10–221(b)(7) of the Criminal Procedure
15 Article for access to State criminal history records; and

16 (3) the processing fee required by the Federal Bureau of Investigation for
17 a national criminal history records check.

18 (c) In accordance with §§ 10–201 through 10–228 of the Criminal Procedure
19 Article, the Central Repository shall forward to the Administration and to the applicant
20 the applicant’s criminal history record information.

21 (d) If an applicant has made two or more unsuccessful attempts at securing
22 legible fingerprints, the Administration may accept an alternate method of a criminal
23 history records check as permitted by the Director of the Central Repository and the
24 Director of the Federal Bureau of Investigation.

25 (e) Information obtained from the Central Repository under this section shall be:

26 (1) confidential and may not be disseminated; and

27 (2) used only for the purpose of registration under this title.

28 (f) **(1) THE ADMINISTRATION MAY ISSUE A TEMPORARY CANNABIS**
29 **AGENT REGISTRATION IF:**

1 **(I) AN ALTERNATE METHOD OF A CRIMINAL HISTORY RECORDS**
2 **CHECK, AS AUTHORIZED BY THE DIRECTOR OF THE CENTRAL REPOSITORY AND THE**
3 **DIRECTOR OF THE FEDERAL BUREAU OF INVESTIGATION, IS USED; AND**

4 **(II) THE APPLICANT HAS SUBMITTED AN APPLICATION TO THE**
5 **CENTRAL REPOSITORY, AS REQUIRED IN SUBSECTION (B) OF THIS SECTION.**

6 **(2) THE PERIOD OF A TEMPORARY CANNABIS AGENT REGISTRATION**
7 **ISSUED UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY NOT EXCEED 60**
8 **CALENDAR DAYS.**

9 **(G)** The subject of a criminal history records check under this section may contest
10 the criminal history record information disseminated by the Central Repository, as
11 provided in § 10–223 of the Criminal Procedure Article.

12 36–903.

13 (a) (1) [This subsection does not apply to an advertisement placed on property
14 owned or leased by a dispensary, grower, or processor.

15 (2) An advertisement for a cannabis licensee, cannabis product, or
16 cannabis–related service may not:

17 (i) violate Title 13, Subtitle 3 of the Commercial Law Article;

18 (ii) directly or indirectly target individuals under the age of 21 years;

19 (iii) contain a design, an illustration, a picture, or a representation
20 that:

21 1. targets or is attractive to minors, including a cartoon
22 character, a mascot, or any other depiction that is commonly used to market products to
23 minors;

24 2. displays the use of cannabis, including the consumption,
25 smoking, or vaping of cannabis;

26 3. encourages or promotes cannabis for use as an intoxicant;
27 or

28 4. is obscene;

29 (iv) engage in advertising by means of television, radio, Internet,
30 mobile application, social media, or other electronic communication, **EVENT**
31 **SPONSORSHIP**, or print publication, unless at least 85% of the audience is reasonably

1 expected to be at least 21 years old as determined by reliable and current audience
2 composition data; or

3 (v) **EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**
4 **SUBSECTION**, engage in advertising by means of placing an advertisement on the side of a
5 building or another publicly visible location of any form, including a sign, a poster, a
6 placard, a device, a graphic display, an outdoor billboard, or a freestanding signboard.

7 **(2) A CANNABIS BUSINESS MAY PLACE EXTERIOR SIGNAGE ON THE**
8 **PREMISES OF THE BUSINESS FOR THE LIMITED PURPOSE OF IDENTIFYING THE**
9 **BUSINESS TO THE PUBLIC.**

10 36–1102.

11 (e) A person who violates subsection (b) of this section:

12 **(1) MAY BE CHARGED BY A CITATION; AND**

13 **(2) is guilty of a misdemeanor and on conviction is subject to a fine not**
14 **exceeding \$5,000.**

15 (f) A person who violates subsection (c) of this section:

16 **(1) MAY BE CHARGED BY A CITATION; AND**

17 **(2) is guilty of a misdemeanor and on conviction is subject to a fine not**
18 **exceeding \$10,000.**

19 **Article – Economic Development**

20 5–1901.

21 (b) There is a Cannabis Business Assistance Fund.

22 (g) (1) Subject to paragraph (2) of this subsection, the Fund may be used only
23 for:

24 (i) grants or loans to small, minority–owned, or women–owned
25 businesses for:

26 1. license application assistance for participation in the
27 adult–use cannabis industry;

28 2. assistance with the operating or capital expenses of a
29 business participating in the adult–use cannabis industry; or

1 3. targeted training to support participation in the adult-use
2 cannabis industry; [and]

3 (ii) grants to historically black colleges and universities for
4 cannabis-related programs and business development organizations, including incubators,
5 to train and assist small, minority, and women business owners and entrepreneurs seeking
6 to become licensed to participate in the adult-use cannabis industry; AND

7 (III) THE ADMINISTRATIVE COSTS OF THE FUND.

8 Article – Tax – General

9 10–208.

10 (bb) (1) The subtraction under subsection (a) of this section includes the amount
11 of ordinary and necessary expenses paid or incurred during the taxable year in carrying on
12 a trade or a business as a [medical] cannabis grower, processor, dispensary, or any other
13 cannabis establishment licensed OR REGISTERED by the State, if the deduction for
14 ordinary and necessary expenses is disallowed under § 280E of the Internal Revenue Code.

15 10–308.

16 (b) The subtraction under subsection (a) of this section includes the amounts
17 allowed to be subtracted for an individual under:

18 (6) § 10–208(bb) of this title (Trade or business expenses of [medical] A
19 LICENSED OR REGISTERED cannabis grower, processor, dispensary, or any other
20 cannabis establishment).

21 13–203.

22 (c) Tax information may be disclosed to:

23 (10) the Alcohol [and], Tobacco, AND CANNABIS Commission;

24 (14) a hospital, the Health Services Cost Review Commission, the
25 Department of Human Services, the Maryland Department of Health, and the State
26 Department of Education, to the extent necessary to administer § 19–214.4 of the Health –
27 General Article; [and]

28 (15) subject to subsection (e) of this section, the Maryland Small Business
29 Retirement Savings Board and its authorized contractors for the purpose of administering
30 the Maryland Small Business Retirement Savings Program and Trust as authorized under
31 Title 12 of the Labor and Employment Article; AND

32 (16) THE MARYLAND CANNABIS ADMINISTRATION.

Chapter 254 of the Acts of 2023

SECTION 10. AND BE IT FURTHER ENACTED, That, notwithstanding any other provision of law, from the date this Act takes effect to December 31, [2023] **2024**, both inclusive, the Maryland Cannabis Administration is exempt from procurement requirements under the State Finance and Procurement Article if the procurement is for:

(1) banking services for the Administration to collect fees and tax revenue;

(2) banking services to help support cannabis businesses to transition from an all cash system;

(3) a consultant to support the Administration in the process for cannabis licensure, including services related to investigations and the financial or criminal history review of applicants;

(4) a consultant to provide technical assistance to social equity applicants;

(5) communication services for public and consumer education campaigns on cannabis laws and regulations and potential health and safety risks associated with cannabis use; and

(6) establishing a State cannabis testing laboratory at a preexisting site.

Chapter 255 of the Acts of 2023

SECTION 10. AND BE IT FURTHER ENACTED, That, notwithstanding any other provision of law, from the date this Act takes effect to December 31, [2023] **2024**, both inclusive, the Maryland Cannabis Administration is exempt from procurement requirements under the State Finance and Procurement Article if the procurement is for:

(1) banking services for the Administration to collect fees and tax revenue;

(2) banking services to help support cannabis businesses to transition from an all cash system;

(3) a consultant to support the Administration in the process for cannabis licensure, including services related to investigations and the financial or criminal history review of applicants;

(4) a consultant to provide technical assistance to social equity applicants;

(5) communication services for public and consumer education campaigns on cannabis laws and regulations and potential health and safety risks associated with cannabis use; and

1 (6) establishing a State cannabis testing laboratory at a preexisting site.

2 SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency
3 measure, is necessary for the immediate preservation of the public health or safety, has
4 been passed by a yea and nay vote supported by three-fifths of all the members elected to
5 each of the two Houses of the General Assembly, and shall take effect from the date it is
6 enacted.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.