

# HOUSE BILL 416

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HB 1156/19 – HGO

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By: **Delegates Mosby, Acevero, Attar, Atterbeary, D. Barnes, Boyce, Branch, Bridges, Brooks, Carr, Charles, Conaway, Crutchfield, D.M. Davis, Fennell, W. Fisher, Harrison, Henson, Ivey, C. Jackson, Lehman, J. Lewis, R. Lewis, Lierman, Moon, Palakovich Carr, Pena–Melynk, Proctor, Queen, Rogers, Smith, Turner, Valderrama, Washington, Wells, Wilkins, and Williams**

Introduced and read first time: January 23, 2020

Assigned to: Health and Government Operations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Medical Cannabis – Medical Cannabis Business Development Fund**  
3 **– Establishment**

4 FOR the purpose of repealing a requirement that the Natalie M. LaPrade Medical Cannabis  
5 Commission make certain grants to certain educational and business development  
6 organizations; establishing the Medical Cannabis Business Development Fund;  
7 providing that the Fund is a special, nonlapsing fund that is not subject to a certain  
8 provision of law; requiring the Department of Housing and Community Development  
9 to administer the Fund; requiring the State Treasurer to hold the Fund and the  
10 Comptroller to account for the Fund; subjecting the Fund to audit by the Office of  
11 Legislative Audits; specifying the contents of the Fund; specifying the purpose for  
12 which the Fund may be used; providing for the investment of money in and  
13 expenditures from the Fund; requiring interest earnings of the Fund to be credited  
14 to the Fund; exempting the Fund from a certain provision of law requiring interest  
15 earnings on State money to accrue to the General Fund of the State; requiring the  
16 Department, subject to a certain limitation, to make grants to certain educational  
17 and business organizations and provide financial assistance to certain minority and  
18 women business owners and entrepreneurs from the Fund; requiring the  
19 Department, on or before a certain date each year, to report to the Commission and  
20 the General Assembly on certain matters; requiring the Department to adopt certain  
21 regulations; requiring the Comptroller, on or before a certain date each year, to  
22 determine the State income tax paid by each owner of certain medical cannabis  
23 growers, processors, and dispensaries that is attributable to income derived from the  
24 medical cannabis industry for the immediately preceding taxable year; requiring the  
25 Comptroller to distribute a certain percentage of a certain amount to the Fund;  
26 requiring the Commission to provide to the Comptroller certain information for a

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 certain purpose; making a conforming change; defining certain terms; and generally  
2 relating to the Medical Cannabis Business Development Fund.

3 BY repealing and reenacting, without amendments,  
4 Article – Health – General  
5 Section 13–3302(a)  
6 Annotated Code of Maryland  
7 (2019 Replacement Volume)

8 BY repealing and reenacting, with amendments,  
9 Article – Health – General  
10 Section 13–3302(f)(1)  
11 Annotated Code of Maryland  
12 (2019 Replacement Volume)

13 BY adding to  
14 Article – Health – General  
15 Section 13–3303.2  
16 Annotated Code of Maryland  
17 (2019 Replacement Volume)

18 BY repealing and reenacting, without amendments,  
19 Article – State Finance and Procurement  
20 Section 6–226(a)(2)(i)  
21 Annotated Code of Maryland  
22 (2015 Replacement Volume and 2019 Supplement)

23 BY repealing and reenacting, with amendments,  
24 Article – State Finance and Procurement  
25 Section 6–226(a)(2)(ii)121. and 122.  
26 Annotated Code of Maryland  
27 (2015 Replacement Volume and 2019 Supplement)

28 BY adding to  
29 Article – State Finance and Procurement  
30 Section 6–226(a)(2)(ii)123.  
31 Annotated Code of Maryland  
32 (2015 Replacement Volume and 2019 Supplement)

33 BY adding to  
34 Article – Tax – General  
35 Section 2–608.2  
36 Annotated Code of Maryland  
37 (2016 Replacement Volume and 2019 Supplement)

38 BY repealing and reenacting, with amendments,  
39 Article – Tax – General

1 Section 2–609  
2 Annotated Code of Maryland  
3 (2016 Replacement Volume and 2019 Supplement)

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

6 **Article – Health – General**

7 13–3302.

8 (a) There is a Natalie M. LaPrade Medical Cannabis Commission.

9 (f) (1) The Commission shall[:

10 (i) Conduct] **CONDUCT** ongoing, thorough, and comprehensive  
11 outreach to small, minority, and women business owners and entrepreneurs who may have  
12 an interest in applying for medical cannabis grower, processor, or dispensary licenses[; and

13 (ii) Make grants to appropriate educational and business  
14 development organizations to train and assist small, minority, and women business owners  
15 and entrepreneurs seeking to become licensed as medical cannabis growers, processors, or  
16 dispensaries].

17 **13–3303.2.**

18 (A) (1) **IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**  
19 **INDICATED.**

20 (2) **“BUSINESS DEVELOPMENT FUND” MEANS THE MEDICAL**  
21 **CANNABIS BUSINESS DEVELOPMENT FUND.**

22 (3) (I) **“FINANCIAL ASSISTANCE” MEANS MONEY USED FOR**  
23 **FINANCING COSTS INCURRED FOR:**

24 1. **THE CONSTRUCTION, PURCHASE, OR RENOVATION OF**  
25 **REAL PROPERTY, FIXTURES, OR EQUIPMENT; OR**

26 2. **WORKING CAPITAL.**

27 (II) **“FINANCIAL ASSISTANCE” DOES NOT INCLUDE MONEY TO**  
28 **BE USED TO REFINANCE EXISTING DEBT.**

29 (4) (I) **“WORKING CAPITAL” MEANS MONEY TO BE USED FOR**  
30 **CURRENT OPERATIONS OF A BUSINESS.**

1 (II) "WORKING CAPITAL" DOES NOT INCLUDE ACCOUNTS  
2 RECEIVABLE, INVENTORY, OR ANY INVESTMENTS.

3 (B) THERE IS A MEDICAL CANNABIS BUSINESS DEVELOPMENT FUND.

4 (C) THE PURPOSE OF THE BUSINESS DEVELOPMENT FUND IS TO FUND  
5 GRANTS AWARDED AND FINANCIAL ASSISTANCE PROVIDED IN ACCORDANCE WITH  
6 SUBSECTION (I) OF THIS SECTION.

7 (D) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
8 SHALL ADMINISTER THE BUSINESS DEVELOPMENT FUND.

9 (E) (1) THE BUSINESS DEVELOPMENT FUND IS A SPECIAL, NONLAPSING  
10 FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND  
11 PROCUREMENT ARTICLE.

12 (2) THE STATE TREASURER SHALL HOLD THE BUSINESS  
13 DEVELOPMENT FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR  
14 THE BUSINESS DEVELOPMENT FUND.

15 (3) THE BUSINESS DEVELOPMENT FUND SHALL BE INVESTED AND  
16 REINVESTED IN THE SAME MANNER AS OTHER STATE FUNDS, AND ANY INVESTMENT  
17 EARNINGS SHALL BE RETAINED TO THE CREDIT OF THE BUSINESS DEVELOPMENT  
18 FUND.

19 (4) THE BUSINESS DEVELOPMENT FUND IS SUBJECT TO AUDIT BY  
20 THE OFFICE OF LEGISLATIVE AUDITS AS PROVIDED FOR IN § 2-1220 OF THE STATE  
21 GOVERNMENT ARTICLE.

22 (5) THE COMPTROLLER SHALL PAY OUT MONEY FROM THE BUSINESS  
23 DEVELOPMENT FUND AS DIRECTED BY THE DEPARTMENT OF HOUSING AND  
24 COMMUNITY DEVELOPMENT.

25 (F) THE BUSINESS DEVELOPMENT FUND CONSISTS OF:

26 (1) REVENUE DISTRIBUTED TO THE BUSINESS DEVELOPMENT FUND  
27 UNDER § 2-608.2 OF THE TAX - GENERAL ARTICLE;

28 (2) MONEY APPROPRIATED IN THE STATE BUDGET FOR THE  
29 BUSINESS DEVELOPMENT FUND;

30 (3) INTEREST EARNINGS OF THE BUSINESS DEVELOPMENT FUND;  
31 AND

1           **(4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR**  
2 **THE BENEFIT OF THE BUSINESS DEVELOPMENT FUND.**

3           **(G) NO PART OF THE BUSINESS DEVELOPMENT FUND MAY REVERT OR BE**  
4 **CREDITED TO:**

5                 **(1) THE GENERAL FUND OF THE STATE; OR**

6                 **(2) ANY OTHER SPECIAL FUND OF THE STATE.**

7           **(H) EXPENDITURES FROM THE BUSINESS DEVELOPMENT FUND MAY BE**  
8 **MADE ONLY IN ACCORDANCE WITH THE STATE BUDGET.**

9           **(I) SUBJECT TO SUBSECTION (J) OF THIS SECTION, THE DEPARTMENT OF**  
10 **HOUSING AND COMMUNITY DEVELOPMENT SHALL:**

11                 **(1) MAKE GRANTS FROM THE BUSINESS DEVELOPMENT FUND TO**  
12 **EDUCATIONAL AND BUSINESS DEVELOPMENT ORGANIZATIONS TO TRAIN AND**  
13 **ASSIST MINORITY AND WOMEN OWNERS AND ENTREPRENEURS OF SMALL**  
14 **BUSINESSES WHO ARE SEEKING TO:**

15                         **(I) OBTAIN LICENSURE AS MEDICAL CANNABIS GROWERS,**  
16 **PROCESSORS, OR DISPENSARIES; OR**

17                         **(II) ESTABLISH NEW BUSINESSES TO PROVIDE NECESSARY**  
18 **SERVICES SOLELY TO MEDICAL CANNABIS GROWERS, PROCESSORS, OR**  
19 **DISPENSARIES; AND**

20                 **(2) PROVIDE FINANCIAL ASSISTANCE FROM THE BUSINESS**  
21 **DEVELOPMENT FUND TO MINORITY AND WOMEN OWNERS AND ENTREPRENEURS OF**  
22 **SMALL BUSINESSES WHO ARE SEEKING TO:**

23                         **(I) OBTAIN LICENSURE AS MEDICAL CANNABIS GROWERS,**  
24 **PROCESSORS, OR DISPENSARIES; OR**

25                         **(II) ESTABLISH NEW BUSINESSES TO PROVIDE NECESSARY**  
26 **SERVICES SOLELY TO MEDICAL CANNABIS GROWERS, PROCESSORS, OR**  
27 **DISPENSARIES.**

28           **(J) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT MAY**  
29 **NOT USE MORE THAN 15% OF THE MONEY IN THE BUSINESS DEVELOPMENT FUND**  
30 **IN EACH FISCAL YEAR TO MAKE GRANTS IN ACCORDANCE WITH SUBSECTION (I)(1)**  
31 **OF THIS SECTION.**

1           **(K) ON OR BEFORE JANUARY 15 EACH YEAR, THE DEPARTMENT OF**  
2 **HOUSING AND COMMUNITY DEVELOPMENT SHALL REPORT TO THE COMMISSION**  
3 **AND, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, THE**  
4 **GENERAL ASSEMBLY ON ANY GRANTS AWARDED OR FINANCIAL ASSISTANCE**  
5 **PROVIDED UNDER SUBSECTION (I) OF THIS SECTION DURING THE IMMEDIATELY**  
6 **PRECEDING YEAR.**

7           **(L) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**  
8 **SHALL ADOPT REGULATIONS TO IMPLEMENT THIS SECTION.**

9   **Article – State Finance and Procurement**

10 **6-226.**

11           (a) (2) (i) Notwithstanding any other provision of law, and unless  
12 inconsistent with a federal law, grant agreement, or other federal requirement or with the  
13 terms of a gift or settlement agreement, net interest on all State money allocated by the  
14 State Treasurer under this section to special funds or accounts, and otherwise entitled to  
15 receive interest earnings, as accounted for by the Comptroller, shall accrue to the General  
16 Fund of the State.

17   (ii) The provisions of subparagraph (i) of this paragraph do not apply  
18 to the following funds:

19   121. the Markell Hendricks Youth Crime Prevention and  
20 Diversion Parole Fund; [and]

21   122. the Federal Government Shutdown Employee Assistance  
22 Loan Fund; AND

23   **123. THE MEDICAL CANNABIS BUSINESS DEVELOPMENT**  
24 **FUND.**

25   **Article – Tax – General**

26 **2-608.2.**

27           **(A) ON OR BEFORE DECEMBER 1 EACH YEAR, THE COMPTROLLER SHALL**  
28 **DETERMINE THE STATE INCOME TAX PAID BY EACH OWNER OF A MEDICAL CANNABIS**  
29 **GROWER, PROCESSOR, OR DISPENSARY LICENSED UNDER TITLE 13, SUBTITLE 33**  
30 **OF THE HEALTH – GENERAL ARTICLE THAT IS ATTRIBUTABLE TO INCOME DERIVED**  
31 **FROM THE MEDICAL CANNABIS INDUSTRY FOR THE IMMEDIATELY PRECEDING**  
32 **TAXABLE YEAR.**

1           **(B) AFTER MAKING THE DISTRIBUTIONS REQUIRED UNDER §§ 2-604**  
2 **THROUGH 2-608.1 OF THIS SUBTITLE FROM THE REMAINING STATE INCOME TAX**  
3 **REVENUE FROM INDIVIDUALS, THE COMPTROLLER SHALL DISTRIBUTE 2% OF THE**  
4 **AMOUNT DETERMINED UNDER SUBSECTION (A) OF THIS SECTION TO THE MEDICAL**  
5 **CANNABIS BUSINESS DEVELOPMENT FUND ESTABLISHED UNDER § 13-3303.2 OF**  
6 **THE HEALTH – GENERAL ARTICLE.**

7           **(C) THE NATALIE M. LAPRADE MEDICAL CANNABIS COMMISSION SHALL**  
8 **PROVIDE TO THE COMPTROLLER ANY INFORMATION THAT THE COMPTROLLER**  
9 **REQUIRES TO MAKE THE DETERMINATION REQUIRED UNDER SUBSECTION (A) OF**  
10 **THIS SECTION.**

11 2-609.

12           After making the distributions required under §§ 2-604 through [2-608.1] **2-608.2**  
13 of this subtitle, and after making the distributions required under §§ 7-329 and 7-330 of  
14 the State Finance and Procurement Article, the Comptroller shall distribute the remaining  
15 income tax revenue from individuals to the General Fund of the State.

16           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
17 1, 2020.