

SENATE BILL 436

J1

3lr1723

By: **Senator Klausmeier**

Introduced and read first time: February 2, 2023

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Medical Cannabis – Concurrent Grower and Processor Licenses**

3 FOR the purpose of authorizing the Natalie M. LaPrade Medical Cannabis Commission to
4 award a certain number of medical cannabis grower and processor licenses that may
5 be held concurrently with certain other licenses issued by the Commission; requiring
6 the Commission to publish certain license application forms and review certain
7 license applications on or before certain dates; authorizing a licensed processor to
8 apply for licensure as a medical cannabis grower, subject to certain requirements;
9 authorizing a licensed grower to apply for licensure as a medical cannabis processor,
10 subject to certain requirements; and generally relating to grower and processor
11 licenses issued by the Natalie M. LaPrade Medical Cannabis Commission.

12 BY repealing and reenacting, without amendments,
13 Article – Health – General
14 Section 13–3301(a), (e), (j), and (n)
15 Annotated Code of Maryland
16 (2019 Replacement Volume and 2022 Supplement)

17 BY adding to
18 Article – Health – General
19 Section 13–3306.1 and 13–3309.1
20 Annotated Code of Maryland
21 (2019 Replacement Volume and 2022 Supplement)

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

24 **Article – Health – General**

25 13–3301.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) In this subtitle the following words have the meanings indicated.

2 (e) “Commission” means the Natalie M. LaPrade Medical Cannabis Commission
3 established under this subtitle.

4 (j) “Grower” means an entity licensed under this subtitle that:

5 (1) Cultivates or packages medical cannabis; and

6 (2) Is authorized by the Commission to provide cannabis to a processor,
7 dispensary, or independent testing laboratory.

8 (n) “Processor” means an entity that:

9 (1) Transforms medical cannabis into another product or extract; and

10 (2) Packages and labels medical cannabis.

11 **13-3306.1.**

12 (A) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION AND
13 SUBSECTION (B) OF THIS SECTION, THE COMMISSION MAY AWARD THREE GROWER
14 LICENSES TO ENTITIES WITH EXISTING PROCESSOR LICENSES.

15 (2) THE GROWER LICENSES AWARDED UNDER PARAGRAPH (1) OF
16 THIS SUBSECTION ARE IN ADDITION TO THE NUMBER OF GROWER LICENSES
17 AUTHORIZED UNDER § 13-3306 OF THIS SUBTITLE.

18 (B) ON OR BEFORE JULY 1, 2024, A LICENSED PROCESSOR MAY APPLY FOR
19 CONCURRENT LICENSURE AS A GROWER UNDER SUBSECTION (A) OF THIS SECTION
20 IF, AT THE TIME OF APPLICATION, THE PROCESSOR:

21 (1) AFTER JANUARY 1, 2019:

22 (I) RECEIVED STAGE ONE PREAPPROVAL AS A PROCESSOR; OR

23 (II) OBTAINED OWNERSHIP OF A PROCESSOR LICENSE AS A
24 PURCHASER OR TRANSFEREE OF THE LICENSE UNDER § 13-3311.1 OF THIS
25 SUBTITLE;

26 (2) HAS AN OPERATIONAL FACILITY THAT IS USED FOR THE
27 PROCESSING OF MEDICAL CANNABIS;

1 **(3) DEMONSTRATES TO THE COMMISSION THROUGH A CERTIFIED**
2 **FINANCIAL STATEMENT THAT THE PROCESSOR HAS ADEQUATE CAPITAL TO**
3 **OPERATE AS A CONCURRENTLY LICENSED PROCESSOR AND GROWER;**

4 **(4) PREVIOUSLY APPLIED FOR A GROWER LICENSE BEFORE JANUARY**
5 **1, 2022; AND**

6 **(5) SUBJECT TO SUBSECTION (C) OF THIS SECTION, MEETS ANY**
7 **OTHER MINIMUM STANDARDS THAT ARE DETERMINED BY THE COMMISSION TO BE**
8 **NECESSARY FOR AN APPLICATION AS A CONCURRENTLY LICENSED GROWER AND**
9 **PROCESSOR.**

10 **(C) THE MINIMUM STANDARDS ESTABLISHED BY THE COMMISSION FOR AN**
11 **APPLICATION UNDER SUBSECTION (B)(5) OF THIS SECTION MAY NOT EXCEED THE**
12 **GROWER APPLICATION STANDARDS ESTABLISHED BY THE COMMISSION UNDER §**
13 **13-3306 OF THIS SUBTITLE.**

14 **(D) (1) ON OR BEFORE NOVEMBER 1, 2023, THE COMMISSION SHALL**
15 **PUBLISH THE APPLICATION FORM TO BE A CONCURRENTLY LICENSED PROCESSOR**
16 **AND GROWER ON THE COMMISSION'S WEBSITE.**

17 **(2) THE COMMISSION SHALL APPROVE OR DENY APPLICATIONS**
18 **UNDER THIS SECTION WITHIN 90 DAYS OF THE APPLICATION.**

19 **(E) (1) A CONCURRENTLY LICENSED PROCESSOR AND GROWER UNDER**
20 **THIS SECTION MAY NOT OPERATE A FACILITY FOR GROWING CANNABIS THAT**
21 **EXCEEDS 20,000 SQUARE FEET OF CANOPY SPACE, AS CALCULATED BY THE**
22 **COMMISSION IN ACCORDANCE WITH PARAGRAPH (2) OF THIS SUBSECTION.**

23 **(2) THE CANOPY AREA SHALL BE MEASURED USING THE OUTSIDE**
24 **BOUNDARIES OF ANY AREA THAT INCLUDES FLOWERING CANNABIS PLANTS AND ALL**
25 **OF THE SPACE WITHIN THE BOUNDARIES.**

26 **(F) A CONCURRENTLY LICENSED PROCESSOR AND GROWER MAY NOT SELL**
27 **OR TRANSFER OWNERSHIP OF A GROWER LICENSE AWARDED UNDER THIS SECTION**
28 **FOR AT LEAST 3 YEARS FOLLOWING THE AWARD OF THE GROWER LICENSE.**

29 **(G) A GROWER LICENSED UNDER THIS SECTION IS SUBJECT TO THE**
30 **LICENSED GROWER REQUIREMENTS UNDER § 13-3306 OF THIS SUBTITLE.**

31 **13-3309.1.**

1 (A) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION AND
2 SUBSECTION (B) OF THIS SECTION, THE COMMISSION MAY AWARD TWO PROCESSOR
3 LICENSES TO ENTITIES WITH EXISTING GROWER LICENSES.

4 (2) THE PROCESSOR LICENSES AWARDED UNDER PARAGRAPH (1) OF
5 THIS SUBSECTION ARE IN ADDITION TO THE NUMBER OF PROCESSOR LICENSES
6 AUTHORIZED UNDER § 13-3309 OF THIS SUBTITLE.

7 (B) ON OR BEFORE JULY 1, 2024, A LICENSED GROWER MAY APPLY FOR
8 CONCURRENT LICENSURE AS A PROCESSOR UNDER SUBSECTION (A) OF THIS
9 SECTION IF, AT THE TIME OF APPLICATION, THE GROWER:

10 (1) RECEIVED STAGE ONE PREAPPROVAL AS A GROWER AFTER
11 JANUARY 1, 2019;

12 (2) HAS AN OPERATIONAL FACILITY THAT IS USED FOR THE GROWING
13 OF MEDICAL CANNABIS;

14 (3) DEMONSTRATES TO THE COMMISSION THROUGH A CERTIFIED
15 FINANCIAL STATEMENT THAT THE GROWER HAS ADEQUATE CAPITAL TO OPERATE
16 AS A CONCURRENTLY LICENSED GROWER AND PROCESSOR;

17 (4) PREVIOUSLY APPLIED FOR A PROCESSOR LICENSE BEFORE
18 JANUARY 1, 2022; AND

19 (5) SUBJECT TO SUBSECTION (C) OF THIS SECTION, MEETS ANY
20 OTHER MINIMUM STANDARDS THAT ARE DETERMINED BY THE COMMISSION TO BE
21 NECESSARY FOR AN APPLICATION AS A CONCURRENTLY LICENSED PROCESSOR AND
22 GROWER.

23 (C) THE MINIMUM STANDARDS ESTABLISHED BY THE COMMISSION FOR AN
24 APPLICATION UNDER SUBSECTION (B)(5) OF THIS SECTION MAY NOT EXCEED THE
25 PROCESSOR APPLICATION STANDARDS ESTABLISHED BY THE COMMISSION UNDER
26 § 13-3309 OF THIS SUBTITLE.

27 (D) (1) ON OR BEFORE NOVEMBER 1, 2023, THE COMMISSION SHALL
28 PUBLISH THE APPLICATION FORM TO BE A CONCURRENTLY LICENSED GROWER AND
29 PROCESSOR ON THE COMMISSION'S WEBSITE.

30 (2) THE COMMISSION SHALL APPROVE OR DENY APPLICATIONS
31 UNDER THIS SECTION WITHIN 90 DAYS OF THE APPLICATION.

1 **(E) A CONCURRENTLY LICENSED GROWER AND PROCESSOR MAY NOT SELL**
2 **OR TRANSFER OWNERSHIP OF A PROCESSOR LICENSE AWARDED UNDER THIS**
3 **SECTION FOR AT LEAST 3 YEARS FOLLOWING THE AWARD OF THE PROCESSOR**
4 **LICENSE.**

5 **(F) A PROCESSOR LICENSED UNDER THIS SECTION IS SUBJECT TO THE**
6 **LICENSED PROCESSOR REQUIREMENTS UNDER § 13-3309 OF THIS SUBTITLE.**

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 October 1, 2023.