

Article - Alcoholic Beverages and Cannabis

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§36–401.

(a) (1) A person must obtain a cannabis license issued by the Administration to operate a cannabis business.

(2) A cannabis license issued under this subtitle:

(i) authorizes the holder of the license to operate a medical and adult–use cannabis business;

(ii) is valid for 5 years on initial licensure and 5 years on renewal; and

(iii) may be transferred only in accordance with Subtitle 5 of this title.

(b) (1) The Administration shall:

(i) issue standard licenses, micro licenses, incubator space licenses, and on–site consumption licenses in accordance with this title;

(ii) on or before July 1, 2023, convert licenses that were issued to medical cannabis growers, processors, and dispensaries, including those businesses preapproved for licensure, to licenses to operate a medical and adult–use cannabis business if:

1. a conversion fee is paid in accordance with § 36–403 of this subtitle; and

2. the business complies with the ownership restrictions under subsection (e) of this section;

(iii) set production, processing, sales, and other limitations and requirements for all license types;

(iv) issue dispensary licenses in a manner that encourages a balanced geographic distribution based on population and market demand within a specific county, as well as cross–jurisdictional market demand; and

(v) adopt regulations requiring licensees whose licenses were converted by the Administration under item (ii) of this paragraph to reserve a specified amount of cannabis for social equity licensees.

(2) The Administration may:

(i) inspect a cannabis licensee to ensure compliance with this title and the regulations adopted under this title;

(ii) revoke a cannabis license if good faith efforts have not been made by the cannabis licensee to establish a cannabis business within 18 months after the license was awarded;

(iii) impose penalties or rescind the license of a cannabis licensee that does not meet the standards for licensure established under this title or regulations adopted under this title; and

(iv) conditionally award cannabis licenses.

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

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

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

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

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

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

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

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

(3) An incubator space license authorizes the holder of the license to operate a facility within which a micro licensee may operate in accordance with § 36–406 of this subtitle.

(4) An on–site consumption license authorizes the holder of the license to operate a facility on the premises of which individuals can smoke outdoors, vape, or consume cannabis in accordance with § 36–407 of this subtitle.

(d) The Administration may not issue more than the following number of licenses per type, including licenses converted under subsection (b)(1)(ii) of this section:

(1) for standard licenses:

(i) 75 grower licenses;

(ii) 100 processor licenses; and

(iii) 300 dispensary licenses;

(2) for micro licenses:

(i) 100 grower licenses;

(ii) 100 processor licenses; and

(iii) 10 dispensary licenses;

(3) for incubator space licenses, 10 licenses; and

(4) for on–site consumption licenses, 50 licenses.

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

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

(i) for standard licenses and micro licenses:

1. one grower licensee;

2. one processor licensee; and

- 3. not more than four dispensary licensees;
 - (ii) for incubator space licenses, not more than two licensees;
- and
- (iii) for on-site consumption licenses, not more than two licensees.

(3) (i) A person who owns or controls an incubator space licensee or an on-site consumption licensee may not own or control any other cannabis licensee.

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

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

(f) (1) The holder of a cannabis license may not surrender the license and apply for a new license in the same or a similar category.

(2) The limitation under paragraph (1) of this subsection applies to:

- (i) affiliates, holding companies, parent companies, or other related entities;

- (ii) individuals and firms with identical or substantially identical business or economic interests;

- (iii) persons with common investments; and

- (iv) firms that are economically dependent on each other through contractual or other relationships.

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

(h) A license issued under this title:

- (1) is not property and does not confer property rights; and

(2) is subject to:

- and
- (i) suspension, revocation, and restrictions authorized by law;
 - (ii) regulations authorized under this article.

(i) (1) On and after July 1, 2023, the holder of a license issued by the Natalie M. LaPrade Medical Cannabis Commission who does not convert the license:

- (i) may not:
 - 1. operate under the license; or
 - 2. renew the license; but
- (ii) may continue to hold the license for resale to another person for conversion under this subtitle.

(2) The purchaser of a license sold by a license holder who does not convert a license under paragraph (1) of this subsection is responsible for paying the one-time conversion fee under § 36-403 of this subtitle.

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