

Article - Alcoholic Beverages and Cannabis

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§36–402.

(a) It is the intent of the General Assembly to preserve production availability for new adult–use cannabis cultivation licenses issued under this subtitle.

(b) (1) If the license of a cannabis licensee is converted by the Administration under § 36–401(b)(1)(ii) of this subtitle, the cannabis licensee shall:

(i) if the licensee is a grower, adhere to the expansion limitations specified under paragraph (2) of this subsection; and

(ii) pay the conversion fee required under § 36–403 of this subtitle.

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

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

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

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

(ii) If the Administration and an operational business described under subparagraph (i) of this paragraph are unable to agree as to the square footage of the canopy expansion of the licensee’s operations authorized under subparagraph (i) of this paragraph, the square footage of the canopy expansion shall be calculated based on the licensee’s average cannabis production in calendar years 2021 and 2022.

(iii) An operational business described under subparagraph (i) of this paragraph may begin to expand its canopy of operations:

1. by not more than 50% of the total square footage authorized under subparagraph (i) or (ii) of this paragraph on or after January 1, 2024; and

2. for the remaining total square footage authorized under subparagraph (i) or (ii) of this paragraph on or after May 1, 2024.

(iv) A grower licensee may not operate an indoor canopy that exceeds 300,000 square feet or its equivalent, as calculated by the Administration in accordance with subsection (d) of this section, if the grower licensee:

1. held a Stage One Preapproval for a license before October 1, 2022; and

2. was not operational before October 1, 2022.

(c) A business that is issued a new cannabis license under § 36–401 of this subtitle may not operate an indoor canopy that exceeds 300,000 square feet for indoor canopies or its equivalent, as calculated by the Administration.

(d) (1) (i) This paragraph applies to all licensed growers.

(ii) A licensed grower shall accurately calculate and report annually to the Administration its flowering cannabis plant canopy area.

(iii) The canopy area is measured in accordance with the definition of “canopy” established under § 36–101 of this title.

(iv) For the purpose of measuring canopy, 1 square foot of indoor canopy is equal to 4 square feet of outdoor canopy.

(v) The maximum amount of space for cannabis production may not exceed the canopy authorized under this section.

(vi) If the amount of square feet of production for a licensed grower exceeds the canopy authorized under this section and § 36–401 of this subtitle, the Commission may:

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

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

(vii) The Administration shall annually report to the General Assembly, in accordance with § 2–1257 of the State Government Article, the amount of canopy area reported to the Administration by licensed growers under item (ii) of this paragraph.

(2) The maximum amount of canopy for an operational business that holds a license issued before October 1, 2022, shall be calculated based on the maximum canopy of the licensee as self-reported by the licensee and recorded by the Natalie M. LaPrade Medical Cannabis Commission on or before December 1, 2022.

(e) (1) On or before July 1, 2024, the Administration shall adopt minimum standards for licensed growers to protect the rights of the growers and employees concerning grievances, labor disputes, wages, rates of pay, hours, or other terms or conditions of employment.

(2) The standards shall, at a minimum, protect the State's interests by prohibiting a labor organization from engaging in picketing, work stoppages, boycotts, or any other economic interference with the operation of the licensed grower.

(3) As a condition of licensure, the licensed grower shall:

(i) comply with the standards adopted under paragraph (1) of this subsection; and

(ii) negotiate in good faith with employees and any legitimate labor organization recognized by the Administration.

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