

## Article - Alcoholic Beverages and Cannabis

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§36–403.

(a) (1) This subsection applies only to a business that holds a cannabis license and was physically and actively engaged in the cultivation or processing of medical cannabis before October 1, 2022.

(2) (i) Subject to subsection (e) of this section and except as provided in subparagraph (ii) of this paragraph:

1. each grower and processor shall pay a one–time conversion fee of 10% of the total gross revenue of the grower or processor in 2022, but not more than \$2,000,000; and

2. each dispensary shall pay a one–time conversion fee of 8% of the total gross revenue of the dispensary in 2022, but not more than \$2,000,000.

(ii) The amount of the conversion fees in subparagraph (i) of this paragraph may not be less than \$100,000.

(3) If a business holds a grower and processor license, the fee shall be based on total gross revenue from both license types.

(b) (1) This subsection applies only to a business that:

(i) held a Stage One Preapproval for a license before October 1, 2022; and

(ii) was not operational before October 1, 2022.

(2) Subject to subsection (e) of this section, a grower or processor shall pay a one–time conversion fee of \$50,000.

(3) Subject to subsection (e) of this section, a dispensary shall pay a one–time conversion fee of \$25,000.

(c) (1) This subsection applies only to an applicant applying for a cannabis license under § 36–404 of this subtitle.

(2) An applicant for a standard license, an incubator space license, or an on-site consumption license shall pay an application fee of \$5,000.

(3) An applicant for a micro license shall pay an application fee of \$1,000.

(d) (1) Subject to paragraphs (2) and (3) of this subsection, the Administration shall establish licensing and renewal fees for all cannabis licenses.

(2) Except as provided in paragraph (3) of this subsection, the licensing and renewal fees established under paragraph (1) of this subsection for standard cannabis licensees may not exceed:

(i) for initial license fees, \$50,000; and

(ii) for renewal license fees, the lesser of 10% of the standard cannabis licensee's annual gross revenue or \$50,000.

(3) The Administration shall reduce licensing and renewal fees by at least 50% for social equity licenses, micro licenses, incubator space licenses, and on-site consumption licenses.

(e) (1) The one-time conversion fees under this section:

(i) may be paid in separate installments; and

(ii) shall be paid in full on or before January 1, 2025.

(2) The amount of any licensing or renewal fee paid by a business for fiscal year 2023 to the Natalie M. LaPrade Medical Cannabis Commission shall be credited against the one-time conversion fee assessed under this section.

(f) All fees collected under this section shall be paid to the Administration.

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