

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 843 (Cecil County Delegation)
Economic Matters

Cecil County - Board of License Commissioners - Inspections of Licensed
Cannabis Businesses

This bill authorizes, in Cecil County, an inspector of the Cecil County Board of License Commissioners acting in an official capacity, to enter a premises licensed as a cannabis business for the purpose of observing whether the requirements of the license are being met. On entering the premises, the inspector must announce to the licensee or the licensee’s employees that the inspector is acting in an official capacity and is authorized to remain on the premises. An inspector may not issue a citation or warning or take any other action against the licensee or an employee of the licensee. **The bill takes effect July 1, 2024.**

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State operations or finances.

Local Effect: The bill is not anticipated to materially affect Cecil County operations or finances. Any inspections can be handled with existing resources.

Small Business Effect: Minimal.

Analysis

Current Law:

Inspectors of the Cecil County Board of License Commissioners

In Cecil County, the board may employ one full-time inspector and as many part-time inspectors as the board considers necessary. An inspector has all the powers of a peace

officer or sheriff in the State arising out of or relating to the enforcement of the Alcoholic Beverages and Cannabis Article and may serve a summons.

An inspector must:

- investigate all applicants for an alcoholic beverages license or transfer of a license;
- visit and inspect at unannounced times every licensed premises in the county at least once every 90 days;
- enforce all alcoholic beverages laws;
- investigate all violations of the alcoholic beverages laws and report them to the board; and
- submit monthly reports in writing to the board of the inspector's activities, setting forth complaints and listing violations that the inspector observed or were reported to the inspector.

Cannabis Reform

Chapters 254 and 255 of 2023 established the adult-use cannabis industry in the State following the enactment of Chapter 26 of 2022 and the passage of the associated constitutional amendment by (1) creating the Maryland Cannabis Administration (MCA) as an independent unit of State government that is responsible for the regulation of medical and adult-use cannabis; (2) attributing cannabis-related duties to the Alcohol and Tobacco Commission and renaming it the Alcohol, Tobacco, and Cannabis Commission; (3) developing a licensing framework for the regulated sale of cannabis; (4) requiring all existing medical cannabis licensees to convert to adult-use cannabis businesses; (5) establishing a 9% sales and use tax on the sale of adult-use cannabis; and (6) creating the Office of Social Equity (OSE) in MCA and the Social Equity Partnership Grant Program in OSE. The sale of adult-use cannabis began on July 1, 2023.

Cannabis Licensing

A person must obtain a cannabis license from MCA to operate a cannabis business in the State. A cannabis license, which is valid for five years on initial licensure and renewal, authorizes the licensee to operate a medical *and* adult-use cannabis business. MCA may (1) conditionally award licenses; (2) inspect cannabis licensees to ensure compliance; (3) suspend, fine, restrict, or revoke a cannabis license, as specified; and (4) impose penalties or rescind the license of a cannabis licensee that does not meet specified licensure standards. Each license type (standard grower, processor, and dispensary licenses; micro grower, processor and dispensary licenses; incubator space licenses; and on-site consumption licenses) has authorizations specific to its license.

After determining that a violation of Title 36 of the Alcoholic Beverages and Cannabis Article (Medical and Adult-Use Cannabis) or a regulation adopted under the title has occurred, MCA must suspend, fine, restrict, or revoke cannabis licenses and cannabis registrations, whether active, expired, or surrendered, or impose any authorized penalty. For any violation, MCA must give notice and hold a hearing in accordance with the Administrative Procedure Act.

MCA may issue a subpoena for a witness or evidence in connection with any disciplinary action or any investigation or proceeding initiated for an alleged violation of Title 36. MCA is authorized to delegate its hearing authority to an employee within the administration and hold a hearing in absentia when the person against whom action is contemplated fails to appear after due notice.

Local Regulatory Authority

A “political subdivision” (defined as a county or a municipality) may establish reasonable zoning requirements for cannabis businesses and decide how to distribute its allocation of tax revenues. A political subdivision may not (1) establish zoning or other requirements that unduly burden a cannabis licensee; (2) impose licensing, operating, or other fees or requirements on a cannabis licensee that are disproportionately greater or more burdensome than those imposed on other businesses with a similar impact on the area where the cannabis licensee is located; (3) prohibit transportation through or deliveries within the political subdivision by cannabis establishments located in other political subdivisions; (4) prevent an entity from converting a medical cannabis license that is in compliance with all relevant medical cannabis regulations; or (5) negotiate or enter into an agreement requiring a cannabis licensee or applicant to provide money, donations, in-kind contributions, services, or anything of value to the political subdivision.

A political subdivision must affirmatively authorize an on-site consumption establishment to operate by issuing a permit or license and may place restrictions on or prohibit the operation of on-site consumption establishments. A political subdivision or a special taxing district may not impose a tax on cannabis.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 1064 (Cecil County Senators) - Finance.

Information Source(s): Cecil County; Maryland Cannabis Administration; Alcohol, Tobacco, and Cannabis Commission; Department of Legislative Services

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Analysis by: Thomas S. Elder

Direct Inquiries to:
(410) 946-5510
(301) 970-5510