

Chapter 605

(House Bill 1253)

AN ACT concerning

Maryland Department of Social Equity and Economic Mobility – Established

FOR the purpose of establishing the ~~Maryland~~ Department of Social ~~Equity~~ and Economic Mobility; providing for the Secretary of Social ~~Equity~~ and Economic Mobility; providing for the administration, staffing, purpose, and duties of the Department; requiring a unit of State government other than the Department to refer a certain person to the Department; establishing the Department of Social and Economic Mobility Special Fund as a special, nonlapsing fund; requiring interest earnings of the Fund to be credited to the Fund; providing that the Department is the successor of certain units in regard to the operation of social equity programs; authorizing the Governor to transfer certain positions, associated funds, and unexpended appropriations; and generally relating to the ~~Maryland~~ Department of Social ~~Equity~~ and Economic Mobility.

BY repealing and reenacting, with amendments, and transferring

Article – Alcoholic Beverages and Cannabis

Section 1–309.1

Annotated Code of Maryland
(2024 Replacement Volume)

to be

Article – State Government

Section 9–4108

Annotated Code of Maryland
(2021 Replacement Volume and 2024 Supplement)

BY renumbering

Article – Alcoholic Beverages and Cannabis

Section 1–309.2

to be Section 1–309.1

Annotated Code of Maryland
(2024 Replacement Volume)

BY renumbering

Article – State Government

Section 9–301 through 9–303, 9–303.1, 9–303.2, 9–303.3, 9–304, 9–304.1, and 9–305
through 9–308 and the subtitle “Subtitle 3. Office of Small, Minority, and
Women Business Affairs”

to be Section 9–4111 through 9–4122, respectively, and the part “Part III. Office of
Small, Minority, and Women Business Affairs”

Annotated Code of Maryland
(2021 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, without amendments,

Article – Alcoholic Beverages and Cannabis
Section 36–1401(a), (c), and (e)
Annotated Code of Maryland
(2024 Replacement Volume)

BY repealing and reenacting, with amendments,

Article – Alcoholic Beverages and Cannabis
Section 36–1406(d)
Annotated Code of Maryland
(2024 Replacement Volume)

BY repealing and reenacting, without amendments,

Article – State Finance and Procurement
Section 6–226(a)(2)(i)
Annotated Code of Maryland
(2021 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, with amendments,

Article – State Finance and Procurement
Section 6–226(a)(2)(ii)204. and 205. and 14–305(b)
Annotated Code of Maryland
(2021 Replacement Volume and 2024 Supplement)

BY adding to

Article – State Finance and Procurement
Section 6–226(a)(2)(ii)206.
Annotated Code of Maryland
(2021 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, with amendments,

Article – State Government
Section 8–201
Annotated Code of Maryland
(2021 Replacement Volume and 2024 Supplement)

BY adding to

Article – State Government
Section 9–4101 through ~~9–4106~~ 9–4107 to be under the new subtitle “Subtitle 41.
Maryland Department of Social ~~Equity~~ and Economic Mobility”
Annotated Code of Maryland
(2021 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, with amendments,

Article – State Government

Section 9-4111, 9-4112, and 9-4114
Annotated Code of Maryland
(2021 Replacement Volume and 2024 Supplement)
(As enacted by Section 3 of this Act)

BY repealing and reenacting, with amendments,

Article – Tax – General
Section 2-1302.2
Annotated Code of Maryland
(2022 Replacement Volume and 2024 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That Section(s) 1-309.1 of Article – Alcoholic Beverages and Cannabis of the Annotated
Code of Maryland be transferred to be Section(s) 9-4108 of Article – State Government of
the Annotated Code of Maryland.

SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 1-309.2 of Article
– Alcoholic Beverages and Cannabis of the Annotated Code of Maryland be renumbered to
be Section(s) 1-309.1.

SECTION 3. AND BE IT FURTHER ENACTED, That Section(s) 9-301 through
9-303, 9-303.1, 9-303.2, 9-303.3, 9-304, 9-304.1, and 9-305 through 9-308 and the
subtitle “Subtitle 3. Office of Small, Minority, and Women Business Affairs” of Article –
State Government of the Annotated Code of Maryland be renumbered to be Section(s)
9-4111 through 9-4122, respectively, and the part “Part III. Office of Small, Minority, and
Women Business Affairs”.

SECTION ~~4~~ 4. AND BE IT FURTHER ENACTED ~~BY THE GENERAL ASSEMBLY~~
OF MARYLAND, That the Laws of Maryland read as follows:

Article – Alcoholic Beverages and Cannabis

36-1401.

- (a) In this subtitle the following words have the meanings indicated.
- (c) “Department” means the Department of Commerce.
- (e) “Program” means the Capital Access Program established under this subtitle.

36-1406.

(d) The Department shall collaborate with the Office of Social Equity established
under [§ 1-309.1 of this article] § 9-4108 OF THE STATE GOVERNMENT ARTICLE to
identify and assist businesses with obtaining financing from the Program.

Article – State Finance and Procurement6–226.

(a) (2) (i) 1. This subparagraph does not apply in fiscal years 2024 through 2028.

2. Notwithstanding any other provision of law, and unless inconsistent with a federal law, grant agreement, or other federal requirement or with the terms of a gift or settlement agreement, net interest on all State money allocated by the State Treasurer under this section to special funds or accounts, and otherwise entitled to receive interest earnings, as accounted for by the Comptroller, shall accrue to the General Fund of the State.

(ii) The provisions of subparagraph (i) of this paragraph do not apply to the following funds:

204. the Victims of Domestic Violence Program Grant Fund;
[and]

205. the Proposed Programs Collaborative Grant Fund; AND

206. THE DEPARTMENT OF SOCIAL AND ECONOMIC MOBILITY SPECIAL FUND.

14–305.

(b) (1) On or before December 31 of each year, the Governor’s Office of Small, Minority, and Women Business Affairs shall submit to the Board of Public Works and, subject to § 2–1257 of the State Government Article, to the Legislative Policy Committee and the Joint Committee on Fair Practices and State Personnel Oversight a report summarizing the information the Office receives under subsection (a) of this section.

(2) If applicable, the report submitted under paragraph (1) of this subsection shall include minority business enterprise participation data for each unit by industry type.

(3) This report may be prepared in conjunction with the annual report required under [§ 9–306] § 9–4120 of the State Government Article.

(4) (i) Beginning with the report submitted under paragraph (1) of this subsection on December 31, 2023, and each year thereafter, the Governor’s Office of Small, Minority, and Women Business Affairs shall include in the report an attestation that all units required to report under subsection (a) of this section are represented in the report.

(ii) To ensure accuracy of the attestation made under subparagraph (i) of this paragraph, on or before December 31, 2023, and every 3 years thereafter, the Governor’s Office of Small, Minority, and Women Business Affairs shall conduct an audit of the Executive Branch of State government to determine what entities are included in the definition of “unit” under § 11–101 of this article.

Article – State Government

8–201.

(a) The Executive Branch of the State government shall have not more than [21] **22** principal departments, each of which shall embrace a broad, functional area of that Branch.

(b) The principal departments of the Executive Branch of the State government are:

- (1) Aging;
- (2) Agriculture;
- (3) Budget and Management;
- (4) Commerce;
- (5) Disabilities;
- (6) Emergency Management;
- (7) the Environment;
- (8) General Services;
- (9) Health;
- (10) Housing and Community Development;
- (11) Human Services;
- (12) Information Technology;
- (13) Juvenile Services;
- (14) Labor;
- (15) Natural Resources;

- (16) Planning;
- (17) Public Safety and Correctional Services;
- (18) Service and Civic Innovation;
- (19) **SOCIAL ~~EQUITY~~ AND ECONOMIC MOBILITY**;
- (20)** State Police;
- [(20)] **(21)** Transportation; and
- [(21)] **(22)** Veterans and Military Families.

SUBTITLE 41. ~~MARYLAND~~ DEPARTMENT OF SOCIAL ~~EQUITY~~ AND ECONOMIC MOBILITY.

PART I. DEFINITIONS.

9-4101.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) “DEPARTMENT” MEANS THE ~~MARYLAND~~ DEPARTMENT OF SOCIAL ~~EQUITY~~ AND ECONOMIC MOBILITY.

(C) “SECRETARY” MEANS THE SECRETARY OF SOCIAL ~~EQUITY~~ AND ECONOMIC MOBILITY.

(D) “UNIT OF STATE GOVERNMENT” OR “UNIT” MEANS AN AGENCY OR UNIT OF THE EXECUTIVE BRANCH OF STATE GOVERNMENT.

9-4101.1. RESERVED.

9-4101.2. RESERVED.

PART II. GENERAL PROVISIONS.

9-4102.

(A) THERE IS A ~~MARYLAND~~ DEPARTMENT OF SOCIAL ~~EQUITY~~ AND ECONOMIC MOBILITY, ESTABLISHED AS A PRINCIPAL DEPARTMENT OF THE STATE GOVERNMENT.

(B) (1) THE HEAD OF THE DEPARTMENT IS THE SECRETARY OF SOCIAL ~~EQUITY~~ AND ECONOMIC MOBILITY, WHO SHALL BE APPOINTED BY THE GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE.

(2) THE SECRETARY SERVES AT THE PLEASURE OF THE GOVERNOR.

(C) THE FOLLOWING UNITS ARE IN THE DEPARTMENT:

(1) THE OFFICE OF MINORITY BUSINESS ENTERPRISES;

(2) THE OFFICE OF SMALL, MINORITY, AND WOMEN BUSINESS AFFAIRS; AND

(3) THE OFFICE OF SOCIAL EQUITY.

(D) THE DEPARTMENT SHALL EMPLOY STAFF TO CARRY OUT ITS DUTIES AS PROVIDED IN THE STATE BUDGET.

9-4103.

(A) THE PURPOSE OF THE DEPARTMENT IS TO:

(1) PROVIDE SUPPORT FOR UNITS OF STATE GOVERNMENT, INDIVIDUALS, AND BUSINESSES FOR THE MAINTENANCE OF SOCIAL EQUITY POLICIES IN THE STATE;

(2) MONITOR TRENDS IN SOCIAL EQUITY PROGRAMS AND POLICIES ACROSS THE NATION;

(3) PROPOSE NEW AND INNOVATIVE APPROACHES TO SOCIAL EQUITY PROGRAMS;

(4) COMPILE AND PRODUCE REPORTS AND RECOMMENDATIONS RELATED TO SOCIAL EQUITY; ~~AND~~

(5) ENSURE THE FULFILLMENT OF THE ROLES AND RESPONSIBILITIES OF THE ENTITIES AND SOCIAL EQUITY PROGRAMS IN THE STATE FOR WHICH IT IS THE SUCCESSOR;

(6) TRACK THE PERFORMANCE OF SOCIAL EQUITY PROGRAMS AND SMALL OR DISADVANTAGED BUSINESS ASSISTANCE PROGRAMS;

(7) PROMOTE AND ENCOURAGE FULL PARTICIPATION IN THE REGULATED CANNABIS INDUSTRY BY INDIVIDUALS FROM COMMUNITIES THAT HAVE PREVIOUSLY BEEN DISPROPORTIONATELY IMPACTED BY THE WAR ON DRUGS IN ORDER TO POSITIVELY IMPACT THOSE COMMUNITIES AND OTHER DUTIES ASSIGNED TO THE OFFICE OF SOCIAL EQUITY ESTABLISHED UNDER THIS SUBTITLE;

(8) SUPPORT SMALL OR DISADVANTAGED BUSINESSES IN THE STATE THROUGH ALL DUTIES ASSIGNED TO THE GOVERNOR'S OFFICE OF SMALL, MINORITY, AND WOMEN BUSINESS AFFAIRS; AND

(9) CARRY OUT THE DUTIES OF THE OFFICE OF MINORITY BUSINESS ENTERPRISES WITHIN THE MARYLAND DEPARTMENT OF TRANSPORTATION, INCLUDING DUTIES ASSIGNED TO SUPPORT SMALL OR DISADVANTAGED BUSINESSES.

(B) THE DEPARTMENT SHALL:

(1) CONNECT A PERSON WITH PROGRAMS IN STATE, FEDERAL, AND LOCAL GOVERNMENT THAT SERVE DESIGNATED POPULATIONS TO ENSURE THE PERSON IS CONNECTED TO PROGRAMS AND OTHER OPPORTUNITIES THE PERSON IS ELIGIBLE FOR;

(2) PROVIDE UNITS OF STATE GOVERNMENT WITH ASSISTANCE RELATED TO THE PURPOSE OF THE DEPARTMENT BY:

(I) FACILITATING INFORMATION SHARING BETWEEN UNITS;

(II) MAINTAINING AN INVENTORY OF SOCIAL EQUITY WORK PERFORMED BY EACH UNIT AND RELEVANT REPORTS FROM THOSE UNITS;

(III) CONDUCTING POLICY ANALYSES ON SOCIAL EQUITY AND THE EFFECTIVENESS OF SOCIAL EQUITY PROGRAMS;

(IV) ADOPTING STANDARDS FOR UNITS TO PROMOTE SOCIAL EQUITY; AND

(V) PROVIDING TECHNICAL ASSISTANCE TO UNITS; AND

(3) ADOPT REGULATIONS TO CARRY OUT THIS SUBTITLE.

9-4104.

A UNIT OF STATE GOVERNMENT OTHER THAN THE DEPARTMENT SHALL:

(1) ENSURE THAT A PERSON THAT INTERACTS WITH THE UNIT'S PROGRAM FOR DESIGNATED POPULATIONS IS CONNECTED WITH ALL STATE PROGRAMS FOR WHICH THE PERSON MAY BE ELIGIBLE BY REFERRING THE PERSON TO THE DEPARTMENT; AND

(2) UTILIZE STANDARDS SET BY THE DEPARTMENT RELATED TO SOCIAL EQUITY.

9-4105.

ON OR BEFORE DECEMBER 1, 2026, AND EACH YEAR THEREAFTER, THE DEPARTMENT SHALL REPORT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1257 OF THIS ARTICLE, THE GENERAL ASSEMBLY ON:

(1) THE WORK OF THE DEPARTMENT IN THE IMMEDIATELY PRECEDING YEAR; AND

(2) RECOMMENDED CHANGES TO LAWS OR POLICIES TO PROMOTE SOCIAL EQUITY.

9-4106.

(A) THE ATTORNEY GENERAL IS LEGAL ADVISER TO THE DEPARTMENT.

(B) THE ATTORNEY GENERAL SHALL ASSIGN TO THE DEPARTMENT THE NUMBER OF ASSISTANT ATTORNEYS GENERAL AUTHORIZED BY LAW TO BE ASSIGNED TO THE DEPARTMENT AND ANY ADDITIONAL ASSISTANT ATTORNEYS GENERAL NECESSARY TO GIVE EFFECTIVE LEGAL ADVICE AND COUNSEL.

(C) THE ATTORNEY GENERAL ALSO SHALL DESIGNATE AN ASSISTANT ATTORNEY GENERAL AS COUNSEL TO THE DEPARTMENT.

9-4107.

(A) IN THIS SECTION, "FUND" MEANS THE DEPARTMENT OF SOCIAL AND ECONOMIC MOBILITY SPECIAL FUND.

(B) THERE IS A DEPARTMENT OF SOCIAL AND ECONOMIC MOBILITY SPECIAL FUND.

(C) THE PURPOSE OF THE FUND IS TO PAY THE COSTS OF THE OPERATION OF:

(1) THE OFFICE OF SOCIAL EQUITY; AND

(2) THE OFFICE OF MINORITY BUSINESS ENTERPRISES.

(D) THE DEPARTMENT SHALL ADMINISTER THE FUND.

(E) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

(F) (1) THE FUND CONSISTS OF:

(I) REVENUE DISTRIBUTED TO THE FUND UNDER § 2-1302.2 OF THE TAX – GENERAL ARTICLE;

(II) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;

(III) INTEREST EARNINGS OF THE FUND; AND

(IV) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.

(2) THE GOVERNOR SHALL INCLUDE IN THE ANNUAL BUDGET BILL AN APPROPRIATION FROM THE TRANSPORTATION TRUST FUND TO THE FUND EQUAL TO THE AMOUNT NECESSARY TO DEFRAY THE OPERATIONS AND ADMINISTRATIVE EXPENSES OF THE OFFICE OF MINORITY BUSINESS ENTERPRISES.

(G) THE FUND MAY BE USED ONLY FOR PAYING THE COSTS OF THE OPERATION AND ADMINISTRATIVE EXPENSES OF:

(1) THE OFFICE OF SOCIAL EQUITY; AND

(2) THE OFFICE OF MINORITY BUSINESS ENTERPRISES.

(H) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(2) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO THE FUND.

(I) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE WITH THE STATE BUDGET.

(J) MONEY EXPENDED FROM THE FUND FOR THE OFFICE OF SOCIAL EQUITY OR THE OFFICE OF MINORITY BUSINESS ENTERPRISES IS SUPPLEMENTAL TO AND IS NOT INTENDED TO TAKE THE PLACE OF FUNDING THAT OTHERWISE WOULD BE APPROPRIATED FOR THE OFFICE OF SOCIAL EQUITY OR THE OFFICE OF MINORITY BUSINESS ENTERPRISES.

9-4108.

(a) [(1) There is an Office of Social Equity].

(2) The Office is an independent office that functions] within the [Maryland Cannabis Administration] DEPARTMENT.

(b) (1) The Governor shall appoint an Executive Director of the Office of Social Equity.

(2) The Executive Director of the Office of Social Equity shall have at least 5 years of experience in civil rights advocacy, civil rights litigation, or another area of social justice.

(c) The Office of Social Equity may employ staff and retain contractors as may be required to carry out the functions of the Office.

(d) The Office of Social Equity shall:

(1) promote and encourage full participation in the regulated cannabis industry by people from communities that have previously been disproportionately impacted by the war on drugs in order to positively impact those communities;

(2) consult with and assist the Comptroller in the administration of the Community Reinvestment and Repair Fund under § 1-322 of [this subtitle] THE ALCOHOLIC BEVERAGES AND CANNABIS ARTICLE;

(3) consult with and assist the Department of Commerce in the administration of the Cannabis Business Assistance Fund under § 5-1901 of the Economic Development Article;

(4) identify and oppose regulations that unnecessarily burden or undermine the legislative intent of the Office, including regulations that impose undue restrictions or financial requirements;

(5) provide recommendations to the Maryland Cannabis Administration on regulations related to:

(i) diversity; and

(ii) social equity applications;

(6) work with the Maryland Cannabis Administration to implement free technical assistance for social equity and minority cannabis business applicants;

(7) produce reports and recommendations on diversity and equity in ownership, management, and employment in the legal cannabis economy; and

(8) assist businesses with obtaining financing through the Capital Access Program under Title 36, Subtitle 14 of [this article] **THE ALCOHOLIC BEVERAGES AND CANNABIS ARTICLE.**

(e) (1) On or before March 1 each year, the Office of Social Equity shall produce and make publicly available a report on how the funds in the Community Reinvestment and Repair Fund under § 1-322 of [this subtitle] **THE ALCOHOLIC BEVERAGES AND CANNABIS ARTICLE** were allocated during the immediately preceding calendar year.

(2) The report shall also be submitted to the General Assembly in accordance with § 2-1257 of [the State Government Article] **THIS ARTICLE.**

(3) The Office may request information from political subdivisions and entities receiving distributions from the Fund to assist with the completion of the report.

(f) (1) On or before November 1 every 2 years, beginning in 2024, the Office of Social Equity shall solicit public input on the uses of the funds in the Community Reinvestment and Repair Fund under § 1-322 of [this subtitle] **THE ALCOHOLIC BEVERAGES AND CANNABIS ARTICLE.**

(2) On or before December 15 every 2 years, beginning in 2024, the Office of Social Equity shall publish a review of the input received under paragraph (1) of this subsection on a publicly accessible part of the Office's website.

(3) The Office shall include in the review information on how the funds received from the Fund were spent during the immediately preceding 2 calendar years.

9-4109. RESERVED.

9-4110. RESERVED.

Part III. Office of Small, Minority, and Women Business Affairs.

9-4111.

(a) In this [subtitle] PART the following words have the meanings indicated.

(b) “Interdepartmental Committee” means the Interdepartmental Advisory Committee on Small, Minority, and Women Business Affairs.

(c) (1) “Minority person” means:

(i) an individual who has been deprived of the opportunity to develop and keep a competitive position in the economy because of a social or economic disadvantage that arises from cultural, racial, or other similar causes; or

(ii) a sheltered workshop for individuals with disabilities.

(2) “Minority person” includes:

(i) an Aleut;

(ii) an American Indian;

(iii) a Black;

(iv) an Eskimo;

(v) a Hispanic;

(vi) an Oriental;

(vii) a Puerto Rican; or

(viii) a woman.

(d) “Office” means the Office of Small, Minority, and Women Business Affairs.

(e) “Special Secretary” means the Special Secretary for the Office of Small, Minority, and Women Business Affairs.

9-4112.

There is an Office of Small, Minority, and Women Business Affairs in the [Executive] Department.

9-4114.

(a) There is an Interdepartmental Advisory Committee on Small, Minority, and Women Business Affairs.

(b) The Interdepartmental Committee is composed of:

(1) the secretary of each principal department of the Executive Branch of government, or the secretary's designee;

(2) the State Superintendent of Schools, or the Superintendent's designee;

(3) the Secretary of Higher Education, or the Secretary's designee; and

(4) the Special Secretary.

(c) The Interdepartmental Committee shall:

(1) advise the Special Secretary on proposals to implement and enhance the duties of the Office, including the promotion of employment of minority persons in the State, and the promotion of the growth and participation of minority business enterprises in the State;

(2) gather such information the Committee deems necessary to promote the goals of the Office;

(3) provide such other assistance as may be required to further the purposes of [§§ 9-304 and 9-305] §§ 9-4117 AND 9-4119 of this subtitle; and

(4) meet at the call of the Special Secretary.

Article – Tax – General

2-1302.2.

After making the distributions required under §§ 2-1301 through 2-1302.1 of this subtitle, of the sales and use tax collected under § 11-104(k) of this article from the sale of cannabis, as defined in § 1-101 of the Alcoholic Beverages and Cannabis Article, the Comptroller quarterly shall distribute:

(1) to the Cannabis Regulation and Enforcement Fund, established under § 36-206 of the Alcoholic Beverages and Cannabis Article, an amount necessary to defray

the entire cost of the operations and administrative expenses of the Maryland Cannabis Administration established under Title 36 of the Alcoholic Beverages and Cannabis Article;

(2) TO THE DEPARTMENT OF SOCIAL AND ECONOMIC MOBILITY SPECIAL FUND, ESTABLISHED UNDER § 9-4107 OF THE STATE GOVERNMENT ARTICLE, AN AMOUNT NECESSARY TO DEFRAY THE OPERATIONS AND ADMINISTRATIVE EXPENSES OF THE OFFICE OF SOCIAL EQUITY WITHIN THE DEPARTMENT OF SOCIAL AND ECONOMIC MOBILITY;

(3) after making the distribution required under [item (1)] ITEMS (1) AND (2) of this section:

(i) 35% to the Community Reinvestment and Repair Fund under § 1-322 of the Alcoholic Beverages and Cannabis Article for fiscal years 2024 through 2033;

(ii) 5% to counties, which shall be allocated to each county based on the percentage of revenue collected from that county, except that a county shall distribute to a municipality located in the county 50% of the allocation received under this item that is attributable to the sales and use tax revenue generated by a dispensary located in that municipality;

(iii) 5% to the Cannabis Public Health Fund established under § 13-4505 of the Health – General Article; and

(iv) for fiscal years 2024 through 2028, 5% to the Cannabis Business Assistance Fund established under § 5-1901 of the Economic Development Article; and

[(3)] (4) any balance remaining after the distributions required under items (1) [and], (2), AND (3) of this section to the General Fund of the State.

SECTION ~~2~~ 5. AND BE IT FURTHER ENACTED, That:

(a) In regard to the operation of social equity programs by the State, the ~~Maryland Department of Social Equity~~ and Economic Mobility is the successor of:

(1) the Governor's Office of Small, Minority, and ~~Women-Owned~~ Women Business Affairs;

(2) the Office of Social Equity in the Maryland Cannabis Administration;
and

(3) the Office of Minority Business Enterprises in the Maryland Department of Transportation.

(b) When determining how and when to transfer personnel from the Governor's Office of Small, Minority, and ~~Women-Owned~~ Women Business Affairs, the Office of Social

Equity in the Maryland Cannabis Administration, and the Office of Minority Business Enterprises in the Maryland Department of Transportation to the Maryland Department of Social Equity, the Governor and the Department of Budget and Management shall minimize costs to the State and maximize the efficient operation of social equity programs.

(c) In every law, executive order, rule, regulation, policy, or document created by an official, an employee, or a unit of this State, the names and titles of those agencies and officials mean the names and titles of the successor agency or official for matters regarding the operation of social equity programs by the State.

SECTION ~~3~~ 6. AND BE IT FURTHER ENACTED, That, as of the effective date of this Act, an individual who is a merit employee or contract staff in a budgeted position of the Governor's Office of Small, Minority, and ~~Women-Owned~~ Women Business Affairs, the Office of Social Equity in the Maryland Cannabis Administration, or the Office of Minority Business Enterprises in the Maryland Department of Transportation and whose position is transferred to the ~~Maryland~~ Department of Social ~~Equity~~ and Economic Mobility ~~to oversee the regulation of cannabis~~ shall be transferred without any change to, or loss of, the individual's rights, pay, working conditions, benefits, or status, and shall retain the individual's merit system status and retirement system status.

SECTION ~~4~~ 7. AND BE IT FURTHER ENACTED, That, notwithstanding any other provision of law, the Governor may transfer to the ~~Maryland~~ Department of Social ~~Equity~~ and Economic Mobility positions, associated funds, and unexpended appropriations under applicable budget codes that were included in the fiscal year 2026 State budget as enacted by Chapter ____ (S.B. 319) (H.B. 350) of the Acts of the General Assembly of 2025.

SECTION ~~5~~ 8. AND BE IT FURTHER ENACTED, That, on or before July 1, 2026, the ~~Maryland~~ Department of Social ~~Equity~~ and Economic Mobility shall submit a report to the Governor and, in accordance with § 2-1257 of the State Government Article, the General Assembly that:

- (1) identifies all State programs and units dedicated to social equity or that have a social equity component; and
- (2) makes recommendations regarding how State programs and units can be reorganized, coordinated, or otherwise made more effective and more efficient to promote social equity.

SECTION 9. AND BE IT FURTHER ENACTED, That the publisher of the Annotated Code of Maryland, in consultation with and subject to the approval of the Department of Legislative Services, shall correct, with no further action required by the General Assembly, cross-references and terminology rendered incorrect by this Act. The publisher shall adequately describe any correction that is made in an editor's note following the section affected.

SECTION ~~6~~ 10. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2025.

Approved by the Governor, May 20, 2025.