

SB0215/463828/1

BY: Finance Committee

AMENDMENTS TO SENATE BILL 215
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, strike “– **On-Site Consumption Establishments and Cannabis Events**” and substitute “**Reform – Revisions**”; in line 3, after “of” insert “extending the time period during which a holder of a certain cannabis dispensary license may continue to deliver medical cannabis; repealing a certain authorization to issue on-site consumption licenses during a certain round of cannabis licensing;”; in line 7, strike “cannabis and cannabis products” and substitute “certain single-serving products”; in line 9, after “cannabis;” insert “altering a certain inventory requirement for dispensary licensees; altering the circumstances under which a certain waiting period applies; providing that a certain food sales exemption from the sales and use tax does not apply to the sale of certain cannabinoid beverages;”; strike beginning with “authorizing” in line 9 down through “limitations;” in line 13; strike beginning with the first comma in line 14 down through “events” in line 15; in line 18, after “(y)” insert “and 36-404(e)”; and in line 23, strike “and 36-407.1”.

On page 2, in line 1, after “36-101(i),” insert “36-401(g),”; in the same line, strike “36-404(g)(3), and 36-407” and substitute “36-404(f) and (g), 36-407, 36-410, and 36-503”; and after line 3, insert:

“BY repealing and reenacting, with amendments,
Article - Tax - General
Section 11-206(a)(3)
Annotated Code of Maryland
(2022 Replacement Volume and 2024 Supplement)”.

AMENDMENT NO. 2

On page 3, after line 9, insert:

SB0215/463828/01 **Finance Committee**
Amendments to SB 215
Page 2 of 9

“36–401.

(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, [2025] 2026.”;

after line 10, insert:

“(e) For the second round of licensing, the Administration shall issue licenses in accordance with subsection (f) or (g) of this section.

(f) (1) Subject to paragraph (2) of this subsection, if the Administration, in consultation with the certification agency designated by the Board of Public Works under § 14–303(b) of the State Finance and Procurement Article, the Governor’s Office of Small, Minority, and Women Business Affairs, the General Assembly, and the Office of the Attorney General, determines that a disparity study demonstrates a strong basis in evidence of business discrimination against firms owned by minorities and women in the Maryland cannabis market, the Administration shall issue a second round of licenses, applying minimum licensing qualifications and employing remedial measures consistent with constitutional requirements, for not more than:

(i) for standard licenses:

1. 25 grower licenses;
2. 25 processor licenses; and
3. 120 dispensary licenses;

(ii) for micro licenses:

1. 70 grower licenses; and
2. 70 processor licenses; AND

(iii) 10 incubator space licenses[; and

(iv) 15 on-site consumption licenses].

(2) If the Administration, in consultation with the certification agency designated by the Board of Public Works under § 14-303(b) of the State Finance and Procurement Article, the Governor’s Office of Small, Minority, and Women Business Affairs, the General Assembly, and the Office of the Attorney General, determines that a lottery system employing remedial measures established in accordance with a disparity study can be conducted consistent with constitutional requirements, the Administration shall award licenses under paragraph (1) of this subsection through a lottery process that employs remedial measures.

(g) (1) Subject to paragraphs (2) and (3) of this subsection, if the Administration, in consultation with the certification agency designated by the Board of Public Works under § 14-303(b) of the State Finance and Procurement Article, the Governor’s Office of Small, Minority, and Women Business Affairs, the General Assembly, and the Office of the Attorney General, determines that a disparity study does not demonstrate a strong basis in evidence of business discrimination against firms owned by minorities and women in the Maryland cannabis market, the Administration shall enter each applicant that meets the minimum qualifications established by the Administration into a lottery and issue to the applicants not more than:

(i) for standard licenses:

1. 25 grower licenses;
2. 25 processor licenses; and
3. 120 dispensary licenses;

(ii) for micro licenses:

1. 70 grower licenses; and
2. 70 processor licenses; AND

(iii) 10 incubator space licenses]; and

(iv) 15 on-site consumption licenses].

(2) The Administration shall determine whether an application meets the minimum qualifications for a lottery based on a pass-fail basis, as determined by the Administration, after evaluating:

(i) a detailed operational plan for the safe, secure, and effective cultivation, manufacture, or dispensing of cannabis;

(ii) a business plan demonstrating a likelihood of success and sufficient business ability and experience on the part of the applicant, and providing for appropriate employee working conditions; and

(iii) a detailed diversity plan.”;

and in line 11, strike “(g)”.

On page 4, in line 11, strike “CANNABIS OR CANNABIS-INFUSED PRODUCTS” and substitute “SINGLE-SERVING PRODUCTS”; in line 20, after “(D)” insert “(1)”; in the same line, strike “AN” and substitute “SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, AN”; after line 22, insert:

“(2) BEFORE OPERATING AS A FOOD SERVICE FACILITY, THE ON-SITE CONSUMPTION ESTABLISHMENT SHALL OBTAIN FROM THE POLITICAL SUBDIVISION IN WHICH THE ON-SITE CONSUMPTION ESTABLISHMENT IS LOCATED ALL NECESSARY APPROVALS FOR OPERATING A FOOD SERVICE FACILITY, INCLUDING:

(I) BUILDING CODE PERMITS;

(II) MECHANICAL CODE PERMITS;

(III) A USE AND OCCUPANCY CERTIFICATE; AND

(IV) ANY OTHER APPLICABLE PERMITS OR LICENSES.”;

and strike beginning with “PROCESSING” in line 24 down through “PRODUCTS” in line 25 and substitute “ACTING IN ACCORDANCE WITH SUBSECTION (C)(1) OF THIS SECTION”.

On page 6, after line 16, insert:

“36–410.

(a) Beginning July 1, 2023, a cannabis licensee that is operating a dispensary shall:

(1) ensure that it has adequate supply for qualifying patients and caregivers;

(2) set aside operating hours or dedicated service lines to serve only qualifying patients and caregivers; and

(3) AS SUPPLY BECOMES AVAILABLE AS DETERMINED BY THE ADMINISTRATION, ensure that at least 25% of cannabis and cannabis products in the dispensary are from social equity licensees [and growers and processors] that do not share common ownership with the dispensary.

(b) Except as provided in subsection (d) of this section, a licensed dispensary may not locate within:

(1) 500 feet of:

(i) a pre-existing primary or secondary school in the State, or a licensed child care center or registered family child care home under Title 9.5 of the Education Article; or

(Over)

SB0215/463828/01 **Finance Committee**
Amendments to SB 215
Page 6 of 9

(ii) a pre-existing playground, recreation center, library, public park, or place of worship; or

(2) 1,000 feet of another dispensary under this title.

(c) (1) Except as provided in paragraph (2) of this subsection, a political subdivision may adopt an ordinance reducing, but not increasing, the distance requirements under subsection (b) of this section.

(2) A political subdivision may by ordinance increase the distance limitation for dispensaries under subsection (b)(2) of this section to not more than one-half mile.

(d) The distance requirements under subsection (b) of this section do not apply to a dispensary license that was:

(1) converted under § 36-401(b)(1)(ii) of this subtitle; and

(2) properly zoned and operating before July 1, 2023.

(e) A political subdivision may not adopt an ordinance establishing zoning requirements for licensed dispensaries that are more restrictive than zoning requirements for a retail dealer licensed under this article.

(f) A political subdivision may not adopt an ordinance:

(1) establishing a zoning requirement for a licensed grower cultivating cannabis exclusively outdoors in an area zoned only for agricultural use that is more restrictive than any zoning requirements that existed on June 30, 2023, governing a hemp farm registered under Title 14 of the Agriculture Article in the political subdivision; or

(2) prohibiting outdoor cannabis cultivation on a premises that was properly zoned for outdoor cannabis cultivation on or before June 30, 2023.

(g) A political subdivision may:

(1) by ordinance, establish a distance limitation for dispensaries of up to 100 feet from an area zoned for residential use; or

(2) apply to dispensaries the distance limitation for licensed alcoholic beverage retailers from an area zoned for residential use.

(h) A political subdivision shall grant a waiver to an ordinance that provides a distance requirement for dispensaries under this section for a licensed dispensary that was in operation before April 1, 2024.

(I) A POLITICAL SUBDIVISION THAT HAS NOT ADOPTED AN ORDINANCE UNDER SUBSECTION (C) OF THIS SECTION BEFORE JANUARY 1, 2025, IS SUBJECT TO THE DISTANCE REQUIREMENTS UNDER SUBSECTION (B) OF THIS SECTION.

36-503.

(a) A cannabis license granted under this title is not transferable except as provided in this section.

(b) To transfer ownership or control of a license issued under this title, a licensee:

(1) shall submit to the Administration:

(i) an application fee in an amount to be determined by the Administration in accordance with this subtitle; and

(ii) an application developed by the Administration; and

(2) must meet the requirements for transfer of ownership or control established by the Administration under this title.

(c) (1) A cannabis licensee, including a cannabis licensee whose license was converted in accordance with § 36-401 of this title, may not transfer ownership or control of the license for a period of at least 5 years following licensure.

(Over)

(2) The 5-year period specified in paragraph (1) of this subsection does not include the time period that a business is considered by the Administration to be in a preapproved licensure status.

(3) The limitations under this subsection do not apply to:

(I) transfers as a result of the disability, incapacity, or death of the owner of a cannabis license, bankruptcy or receivership in accordance with a lending agreement of a cannabis licensee, or court order; OR

(II) THE SALE OF A CANNABIS LICENSEE TO THE LICENSEE'S EMPLOYEES THROUGH AN EMPLOYEE STOCK OWNERSHIP PLAN AS DEFINED IN § 407(D)(6)(A) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.

(4) The limitations under this subsection do not apply to a transfer of ownership that is the subject of a legally binding settlement agreement resulting from litigation commenced on or before January 1, 2023.”.

On pages 6 through 10, strike in their entirety the lines beginning with line 17 on page 6 through line 23 on page 10, inclusive.

On page 10, after line 23, insert:

“Article – Tax – General

11-206.

- (a) (3) (i) “Food” means food for human consumption.
- (ii) “Food” includes the following foods and their products:
1. beverages, including coffee, coffee substitutes, cocoa, fruit juices, and tea;
 2. condiments;
 3. eggs;

4. fish, meat, and poultry;
5. fruit, grain, and vegetables;
6. milk, including ice cream; and
7. sugar.

(iii) “Food” does not include:

article;

1. an alcoholic beverage as defined in § 5–101 of this

2. a soft drink or carbonated beverage; [or]

3. **A CANNABINOID BEVERAGE AS DEFINED IN § 36-101 OF THE ALCOHOLIC BEVERAGES AND CANNABIS ARTICLE; OR**

4. candy or confectionery.”;

and in line 25, strike “October” and substitute “July”.