HOUSE BILL 204

A3, C2 5lr0132 (PRE–FILED) CF SB 221

By: Chair, Economic Matters Committee (By Request - Maryland Cannabis Administration)

Requested: October 7, 2024

Introduced and read first time: January 8, 2025

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

\mathbf{c}	annabis – ۱	Wholesaler	License -	Establishment
--------------	-------------	------------	-----------	---------------

- 3 FOR the purpose of establishing a wholesaler cannabis license; altering a certain fee
- 4 limitation; and generally relating to wholesaler cannabis licenses.
- 5 BY repealing and reenacting, without amendments,
- 6 Article Alcoholic Beverages and Cannabis
- 7 Section 36–101(a) and (ji)
- 8 Annotated Code of Maryland
- 9 (2024 Replacement Volume)
- 10 BY adding to
- 11 Article Alcoholic Beverages and Cannabis
- 12 Section 36–101(kk) and 36–412
- 13 Annotated Code of Maryland
- 14 (2024 Replacement Volume)
- 15 BY repealing and reenacting, with amendments,
- 16 Article Alcoholic Beverages and Cannabis
- 17 Section 36–101(kk), 36–401(d) and (e), 36–403(c) and (d), and 36–404(f) and (g)(1)
- 18 Annotated Code of Maryland
- 19 (2024 Replacement Volume)
- 20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
- 21 That the Laws of Maryland read as follows:

Article – Alcoholic Beverages and Cannabis

23 36–101.

22



1	(a)	In thi	s title	the following words have the meanings indicated.
2 3	(jj) plant.	(1)	"Usal	ole cannabis" means the dried leaves and flowers of the cannabis
4 5 6	roots of the p		or the	ole cannabis" does not include seedlings, seeds, stems, stalks, or weight of any noncannabis ingredients combined with cannabis, d to prepare a topical administration.
7 8 9 10	IS AUTHOR	IZED , AND	BY Z	LER" MEANS AN ENTITY LICENSED UNDER THIS TITLE THAT THE ADMINISTRATION TO ACQUIRE, PURCHASE, STORE, RIBUTE CANNABIS OR CANNABIS PRODUCTS BETWEEN OTHER
11	[(kk)]	(LL)	"Writ	ten certification" means a certification that:
12 13		(1) a bon		ued by a certifying provider to a qualifying patient with whom the provider–patient relationship;
14 15 16	professional		n, afte	des a written statement certifying that, in the certifying provider's er having completed an assessment of the patient's medical history dition, the patient has a condition:
17 18	criteria of the	e certi	(i) fying	that meets the inclusion criteria and does not meet the exclusion provider's application; and
19 20	would likely	outwe	(ii) eigh th	for which the potential benefits of the medical use of cannabis e health risks for the patient; and
21 22 23	provider's pro		onal o	include a written statement certifying that, in the certifying pinion, a 30-day supply of medical cannabis would be inadequate s of the qualifying patient.
24	36–401.			
25 26	, ,			stration may not issue more than the following number of licenses ses converted under subsection (b)(1)(ii) of this section:
27		(1)	for st	andard licenses:
28			(i)	75 grower licenses;
29			(ii)	100 processor licenses; and
30			(iii)	300 dispensary licenses;

(2) f	or mi	cro lic	enses:					
	,								
	(•							
	(ii)	100 p	rocessor licenses	; and				
	(iii)	10 dis	spensary licenses	•				
(3) f	or inc	ubato	r space licenses,	10 licenses; [a	and]			
(4) f	or on-	-site c	consumption licer	nses, 50 licens	es ; AN I)		
(5	5) I	FOR W	VHOLI	ESALER LICENS	es, 15 licen	SES.			
` /	,				all licenses, i	ncludir	ng licens	ses conv	erted
,		-	_				_	-	e an
	(i)	for sta	andard licenses a	and micro lice	nses:			
			1.	one grower licer	isee;				
			2.	one processor lie	censee; and				
			3.	not more than f	our dispensar	y licens	sees;		
	(ii)	for in	cubator space lic	enses, not mo	re than	two lice	nsees; [a	and]
AND	(iii)	for on	n–site consumpti	on licenses, n	ot mor	e than t	wo licen	sees;
LICENSEE.	((IV)	FOR	WHOLESALER	LICENSES,	NOT	MORE	THAN	ONE
an on–site cons	sump	tion li	icense	e, OR A WHOLES	SALER LICEN	SEE m	ay not o		
-	uiring	g a no	onmaj	ority ownership	interest in m				
	(3) (4) (5) (e) (1) under subsection (2) ownership inter LICENSEE. (3) an on—site contany cannabis lift fund from acquired	(3) f (4) f (5) H (9) (1) T under subsection (b) (2) S ownership interest in (4) (5) H (6) (1) T (7) (1) T (8) (1) T (9) (1) T (9) (1) T (10)	(i) (ii) (iii) (3) for inc. (4) for on- (5) FOR V. (6) (1) This is under subsection (b)(1)(ii) (2) Subjection over the consumption of the consumpt	(ii) 100 g (iii) 100 p (iii) 10 dis (3) for incubato (4) for on—site of (5) FOR WHOLE (e) (1) This subsection (b)(1)(ii) of this (2) Subject to g ownership interest in or control (i) for st 1. 2. 3. (ii) for in (iii) for or AND (IV) FOR LICENSEE. (3) (i) A per an on—site consumption license any cannabis licensee listed under the period of the peri	(i) 100 grower licenses; (ii) 100 processor licenses; (iii) 10 dispensary licenses; (iii) 10 dispensary licenses; (3) for incubator space licenses, (4) for on–site consumption licer (5) FOR WHOLESALER LICENS: (e) (1) This subsection applies to a under subsection (b)(1)(ii) of this section. (2) Subject to paragraph (3) of ownership interest in or control of, including the incompanient of the inco	(i) 100 grower licenses; (ii) 100 processor licenses; and (iii) 10 dispensary licenses; (3) for incubator space licenses, 10 licenses; [a (4) for on—site consumption licenses, 50 licens (5) FOR WHOLESALER LICENSES, 15 LICEN (e) (1) This subsection applies to all licenses, i under subsection (b)(1)(ii) of this section. (2) Subject to paragraph (3) of this subsect ownership interest in or control of, including the power to man (i) for standard licenses and micro licenses, in one grower licenses; 2. one processor licensee; and 3. not more than four dispensar (ii) for incubator space licenses, not more than four dispensar (iii) for on—site consumption licenses, in the consumption licenses, in an on—site consumption licensee, or a wholesaler licenses, and an on—site consumption licensee, or a wholesaler license any cannabis licensee listed under paragraph (2)(i) of this subsection.	(i) 100 grower licenses; (ii) 100 processor licenses; and (iii) 10 dispensary licenses; (3) for incubator space licenses, 10 licenses; [and] (4) for on—site consumption licenses, 50 licenses; ANI (5) FOR WHOLESALER LICENSES, 15 LICENSES. (e) (1) This subsection applies to all licenses, includir under subsection (b)(1)(ii) of this section. (2) Subject to paragraph (3) of this subsection, a cownership interest in or control of, including the power to manage and interest in or control of, including the power to manage and interest in or control of, including the power to manage and interest in one grower licenses; 1. one grower licenses; 2. one processor licenses; and 3. not more than four dispensary license (ii) for incubator space licenses, not more than (iii) for on—site consumption licenses, not more than on—site consumption licenses, OR A WHOLESALER LICENSES, NOT LICENSEE. (3) (i) A person who owns or controls an incubator an on—site consumption licensee, OR A WHOLESALER LICENSEE many cannabis licensee listed under paragraph (2)(i) of this subsection (ii) The Administration shall adopt regulations fund from acquiring a nonmajority ownership interest in multiple	(i) 100 grower licenses; (ii) 100 processor licenses; and (iii) 10 dispensary licenses; (3) for incubator space licenses, 10 licenses; [and] (4) for on—site consumption licenses, 50 licenses; AND (5) FOR WHOLESALER LICENSES, 15 LICENSES. (e) (1) This subsection applies to all licenses, including licensunder subsection (b)(1)(ii) of this section. (2) Subject to paragraph (3) of this subsection, a person of ownership interest in or control of, including the power to manage and operate (i) for standard licenses and micro licenses: 1. one grower licensee; 2. one processor licensee; and 3. not more than four dispensary licensees; (ii) for incubator space licenses, not more than two licenses; (iii) for on—site consumption licenses, not more than two licenses. (iv) FOR WHOLESALER LICENSES, NOT MORE LICENSEE. (3) (i) A person who owns or controls an incubator space an on—site consumption licensee, OR A WHOLESALER LICENSEE may not of any cannabis licensee listed under paragraph (2)(i) of this subsection. (ii) The Administration shall adopt regulations limiting fund from acquiring a nonmajority ownership interest in multiple cannab	(i) 100 grower licenses; (ii) 100 processor licenses; and (iii) 10 dispensary licenses; (3) for incubator space licenses, 10 licenses; [and] (4) for on–site consumption licenses, 50 licenses; AND (5) FOR WHOLESALER LICENSES, 15 LICENSES. (c) (1) This subsection applies to all licenses, including licenses convunder subsection (b)(1)(ii) of this section. (2) Subject to paragraph (3) of this subsection, a person may have ownership interest in or control of, including the power to manage and operate: (i) for standard licenses and micro licenses: 1. one grower licensee; 2. one processor licensee; and 3. not more than four dispensary licensees; (ii) for incubator space licenses, not more than two licensess. AND (IV) FOR WHOLESALER LICENSES, NOT MORE THAN LICENSEE. (3) (i) A person who owns or controls an incubator space licensee an on–site consumption licensee, OR A WHOLESALER LICENSEE may not own or cany cannabis licensee listed under paragraph (2)(i) of this subsection. (ii) The Administration shall adopt regulations limiting a persund from acquiring a nonmajority ownership interest in multiple cannabis busin

27 (4) The restrictions in paragraph (2) of this subsection do not apply to a person or an entity who holds an ownership interest only as a passive investor.

31

1 36-403.2 (c) This subsection applies only to an applicant applying for a cannabis (1) 3 license under § 36–404 of this subtitle. 4 (2)An applicant for a standard license, an incubator space license, [or] an 5 on-site consumption license, OR A WHOLESALER LICENSE shall pay an application fee of 6 \$5,000. 7 (3) An applicant for a micro license shall pay an application fee of \$1,000. 8 Subject to paragraphs (2) and (3) of this subsection, the Administration (d) (1) 9 shall establish licensing and renewal fees for all cannabis licenses. 10 (2)Except as provided in paragraph (3) of this subsection, the licensing and 11 renewal fees established under paragraph (1) of this subsection for [standard] cannabis 12 licensees may not exceed: for initial license fees, \$50,000; and 13 (i) 14 for renewal license fees, the lesser of 10% of the [standard] 15 cannabis licensee's annual gross revenue or \$50,000. 16 (3)The Administration shall reduce licensing and renewal fees by at least 17 50% for social equity licenses, micro licenses, incubator space licenses, WHOLESALER 18 LICENSES, and on—site consumption licenses. 19 36–404. 20 Subject to paragraph (2) of this subsection, if the Administration, in consultation with the certification agency designated by the Board of Public Works under 2122 § 14–303(b) of the State Finance and Procurement Article, the Governor's Office of Small, 23Minority, and Women Business Affairs, the General Assembly, and the Office of the 24Attorney General, determines that a disparity study demonstrates a strong basis in 25evidence of business discrimination against firms owned by minorities and women in the 26 Maryland cannabis market, the Administration shall issue a second round of licenses, 27 applying minimum licensing qualifications and employing remedial measures consistent 28 with constitutional requirements, for not more than: 29 for standard licenses: (i) 30 1. 25 grower licenses;

25 processor licenses; and

2.

1			3.	120 dispensary licenses;
2		(ii)	for m	icro licenses:
3			1.	70 grower licenses; and
4			2.	70 processor licenses;
5		(iii)	10 in	cubator space licenses; [and]
6		(iv)	15 on	-site consumption licenses; AND
7		(V)	10 W	HOLESALER LICENSES.
8 9 10 11 12 13 14 15	Procurement Arti Affairs, the Gener lottery system em study can be cond	Board cle, th al Asse ploying ucted es und	d of Pue Governments, embly, greme consister para	inistration, in consultation with the certification agency ablic Works under § 14–303(b) of the State Finance and ernor's Office of Small, Minority, and Women Business and the Office of the Attorney General, determines that a edial measures established in accordance with a disparity tent with constitutional requirements, the Administration agraph (1) of this subsection through a lottery process that
16 17 18 19 20 21 22 23 24	Public Works und Governor's Office of and the Office of demonstrate a stre minorities and wo each applicant that	der § of Sma the A ong bas men ir at meet	ltation 14–303 ll, Min Attorne sis in e n the N	paragraphs (2) and (3) of this subsection, if the with the certification agency designated by the Board of B(b) of the State Finance and Procurement Article, the ority, and Women Business Affairs, the General Assembly, by General, determines that a disparity study does not evidence of business discrimination against firms owned by Maryland cannabis market, the Administration shall enterminimum qualifications established by the Administration pplicants not more than:
25		(i)	for st	andard licenses:
26			1.	25 grower licenses;
27			2.	25 processor licenses; and
28			3.	120 dispensary licenses;
29		(ii)	for m	icro licenses:
30			1.	70 grower licenses; and
31			2.	70 processor licenses;

1	(iii) 10 incubator space licenses; [and]
2	(iv) 15 on-site consumption licenses; AND
3	(V) 10 WHOLESALER LICENSES.
4	36–412.
5 6 7	(A) THE ADMINISTRATION MAY ISSUE WHOLESALER LICENSES AUTHORIZING AN ENTITY TO OPERATE A LICENSED PREMISES WHERE CANNABIS OF CANNABIS PRODUCTS MAY BE STORED SECURELY.
8	(B) A WHOLESALER MAY:
9 10	(1) PURCHASE CANNABIS OR CANNABIS PRODUCTS FROM OTHER LICENSED OR REGISTERED ENTITIES;
11 12	(2) SECURELY STORE CANNABIS OR CANNABIS PRODUCTS INDEPENDENTLY OR ON BEHALF OF OTHER CANNABIS LICENSEES; AND
13 14	(3) TRANSPORT OR DISTRIBUTE CANNABIS OR CANNABIS PRODUCTS TO OTHER CANNABIS LICENSEES OR TO INDEPENDENT TESTING LABORATORIES.
15	(C) A WHOLESALER MAY NOT:
16 17 18	(1) CONDUCT ANY ACTIVITY THAT WOULD REQUIRE AN ADDITIONAL LICENSE UNDER THIS TITLE, INCLUDING GROWING, PROCESSING, DISPENSING, OI INCUBATING CANNABIS;
19	(2) TRANSFORM OR REPACKAGE CANNABIS OR CANNABIS PRODUCTS
20 21	(3) PROVIDE CANNABIS OR CANNABIS PRODUCTS DIRECTLY TO CONSUMERS;
22	(4) IMPORT CANNABIS INTO THE STATE; OR
23	(5) EXPORT CANNABIS OUT OF THE STATE.
24 25	(D) THE ADMINISTRATION MAY ADOPT REGULATIONS TO IMPLEMENT THIS SECTION, INCLUDING THE WHOLESALER REQUIREMENTS FOR:
26	(1) THE SAFE STORAGE OF CANNABIS AND CANNABIS PRODUCTS;

1 2	AND	(2)	PRODUCT TESTING AND PACKAGING AND LABELING COMPLIANCE;
3		(3)	ENSURING AN EQUITABLE CANNABIS MARKET IN THE STATE.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July $1,\,2025.$