

HOUSE BILL 1364

A3

5lr3269
CF SB 894

By: **Delegate Qi**

Introduced and read first time: February 7, 2025

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 22, 2025

CHAPTER _____

1 AN ACT concerning

2 **Office of Social Equity – Community Reinvestment and Repair Fund – ~~Advisory~~**
3 **~~Board and Modifications~~**

4 FOR the purpose of ~~requiring the Office of Social Equity, rather than the Comptroller, to~~
5 ~~administer the Community Reinvestment and Repair Fund,~~ repealing provisions of
6 law requiring the Office of Social Equity to report on the Community Reinvestment
7 and Repair Fund and to solicit public input on the uses of the Fund and publish a
8 review of the input; requiring the Office to oversee the appropriation of funds from
9 the Fund and to train fund recipients; ~~establishing the Community Reinvestment~~
10 ~~and Repair Advisory Board,~~ altering certain limitations on the use of the Fund;
11 limiting certain administrative costs to administer the Fund to a certain amount;
12 requiring counties to administer funds from the Fund in a certain manner; requiring
13 the Office to require each county to develop a plan for the distribution of certain
14 funds to community-based organizations and to report certain information to the
15 Office by a certain date each year; and generally relating to the Community
16 Reinvestment and Repair Fund and the Office of Social Equity.

17 BY repealing and reenacting, without amendments,

18 Article – General Provisions

19 Section 1–110

20 Annotated Code of Maryland

21 (2019 Replacement Volume and 2024 Supplement)

22 BY repealing and reenacting, with amendments,

23 Article – Alcoholic Beverages and Cannabis

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



Section 1–309.1 and 1–322
Annotated Code of Maryland
(2024 Replacement Volume)

BY adding to

Article – Alcoholic Beverages and Cannabis

Section 1–3A–01 ~~through 1–3A–03~~ and 1–3A–02 to be under the new subtitle
“Subtitle 3A. Community Reinvestment and Repair ~~Advisory Board and~~
Fund”

Annotated Code of Maryland
(2024 Replacement Volume)

BY renumbering

Article – Alcoholic Beverages and Cannabis

Section 1–323

to be Section 1–322

Annotated Code of Maryland
(2024 Replacement Volume)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – General Provisions

1–110.

“Includes” or “including” means includes or including by way of illustration and not
by way of limitation.

Article – Alcoholic Beverages and Cannabis

1–309.1.

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

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

(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] **WITH THE ASSISTANCE OF THE COMPTROLLER, ~~ADMINISTER~~ OVERSEE THE** Community Reinvestment and Repair Fund under [§ 1–322] ~~§ 1–3A–04~~ **§ 1–3A–03** of this [subtitle] **TITLE**;

(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) **OVERSEE THE APPROPRIATION OF FUNDS AND THE TRAINING OF RECIPIENTS OF FUNDS FROM THE COMMUNITY REINVESTMENT AND REPAIR FUND UNDER ~~§ 1–3A–04~~ § 1–3A–03 OF THIS TITLE**;

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

(i) diversity; and

(ii) social equity applications;

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

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

[(8)] (9) assist businesses with obtaining financing through the Capital Access Program under Title 36, Subtitle 14 of this 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 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.

(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.

(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.]

**SUBTITLE 3A. COMMUNITY REINVESTMENT AND REPAIR ~~ADVISORY BOARD AND~~
FUND.**

1–3A–01.

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

(B) “EXECUTIVE DIRECTOR” MEANS THE EXECUTIVE DIRECTOR OF THE OFFICE OF SOCIAL EQUITY.

(C) “FUND” MEANS THE COMMUNITY REINVESTMENT AND REPAIR FUND.

(D) “OFFICE” MEANS THE OFFICE OF SOCIAL EQUITY.

1–3A–02.

(A) THE GENERAL ASSEMBLY FINDS THAT:

(1) THE GOAL OF REGULATION AND TAXATION OF CANNABIS IN THE STATE IS TO CREATE A SAFE AND REGULATED INDUSTRY THAT BENEFITS THE PUBLIC INTEREST;

(2) THE USE OF INCARCERATION IN ENFORCING PROHIBITIONS ON THE IMPORTATION, MANUFACTURE, USE, SALE, AND DISTRIBUTION OF CANNABIS VARIED WITHIN THE STATE BY JURISDICTION AND RACIAL CLASSIFICATION;

1 **(3) ANALYSIS OF GEOGRAPHIC AND DEMOGRAPHIC**
2 **CHARACTERISTICS REVEALED DISPARITIES IN ARRESTS, PROSECUTION, AND**
3 **IMPRISONMENT FOR CANNABIS USE, WITH A NEGATIVE AND DISPROPORTIONATE**
4 **IMPACT ON SOME COMMUNITIES AND NEIGHBORHOODS WITHIN THE STATE; AND**

5 **(4) CONSEQUENCES OF THE DISPROPORTIONATE ENFORCEMENT OF**
6 **CANNABIS-RELATED OFFENSES HAVE CONTRIBUTED TO THE ECONOMIC, PUBLIC**
7 **HEALTH, AND SOCIAL CONDITIONS OF SPECIFIC COMMUNITIES AND HAVE HAD**
8 **SIGNIFICANT AND MEASURABLE EFFECTS ON THE SOCIAL AND FINANCIAL**
9 **RESOURCES AVAILABLE TO THE CHILDREN, FAMILIES, AND LOCAL**
10 **INFRASTRUCTURE OF THESE COMMUNITIES.**

11 **(B) THE GENERAL ASSEMBLY THEREFORE FINDS THAT THE PUBLIC**
12 **INTEREST IS SERVED BY:**

13 **(1) ACKNOWLEDGING AND REPAIRING THE CAUSES AND**
14 **CONSEQUENCES OF DISPARITIES IN ARRESTS AND IMPRISONMENT IN**
15 **PROSECUTIONS OF CANNABIS-RELATED OFFENSES AMONG SPECIFIC POPULATIONS**
16 **AND GEOGRAPHIC REGIONS;**

17 **(2) DEVELOPING, AMONG EXISTING MEMBERS OF COMMUNITIES**
18 **THAT HAVE BEEN DISPROPORTIONATELY AND NEGATIVELY IMPACTED, THE**
19 **CAPACITY TO ASCERTAIN AND ADDRESS THE SOCIAL AND ECONOMIC**
20 **DETERMINANTS THAT ARE FUNDAMENTAL TO REDUCING THE IMPACT OF**
21 **LONGSTANDING INEQUITIES AND IMPROVING ECONOMIC, EDUCATIONAL, AND**
22 **HEALTH OUTCOMES; AND**

23 **(3) BEING CONSISTENT WITH SOCIAL EQUITY PRINCIPLES AND**
24 **GOVERNANCE BY ALLOCATING A SIGNIFICANT PORTION OF TAX REVENUE FROM THE**
25 **ADULT-USE CANNABIS MARKET TO THE COMMUNITY REINVESTMENT AND REPAIR**
26 **FUND FOR DISTRIBUTION TO LOCAL JURISDICTIONS TO BE ADMINISTERED BY THE**
27 **LOCAL JURISDICTIONS.**

28 ~~**1-3A-03.**~~

29 ~~**(A) THERE IS A COMMUNITY REINVESTMENT AND REPAIR ADVISORY**~~
30 ~~**BOARD.**~~

31 ~~**(B) THE BOARD SHALL:**~~

32 ~~**(1) CONSIDER MATTERS SUBMITTED TO THE BOARD BY THE**~~
33 ~~**GOVERNOR, THE GENERAL ASSEMBLY, OR THE OFFICE;**~~

~~(2) PROVIDE OVERSIGHT AND RECOMMENDATIONS FOR THE
EQUITABLE DISTRIBUTION AND USE OF THE COMMUNITY REINVESTMENT AND
REPAIR FUND;~~

~~(3) REVIEW AND EVALUATE THE FUND'S EXPENDITURES FOR
ALIGNMENT WITH THE FUND'S OBJECTIVES; AND~~

~~(4) MEET ANNUALLY WITH THE EXECUTIVE DIRECTOR.~~

~~(C) THE OFFICE SHALL PROVIDE STAFF AND ADMINISTRATIVE SUPPORT
FOR THE BOARD.~~

~~(D) THE BOARD CONSISTS OF THE FOLLOWING MEMBERS, APPOINTED BY
THE GOVERNOR ON THE RECOMMENDATION OF THE EXECUTIVE DIRECTOR:~~

~~(1) FIVE MEMBERS WITH EXPERIENCE IN ONE OR MORE OF THE
FOLLOWING AREAS:~~

~~(I) COMMUNITY DEVELOPMENT;~~

~~(H) CRIMINAL JUSTICE REFORM OR REENTRY SERVICES;~~

~~(HH) PUBLIC HEALTH, PARTICULARLY IN UNDERSERVED
COMMUNITIES; OR~~

~~(IV) BEHAVIORAL HEALTH, SOCIAL SERVICES, OR
TRAUMA-INFORMED CARE, PARTICULARLY IN UNDERSERVED COMMUNITIES;~~

~~(2) TWO MEMBERS FROM COMMUNITY-BASED ORGANIZATIONS THAT
FOCUS ON VIOLENCE PREVENTION, YOUTH DEVELOPMENT, OR ECONOMIC
EMPOWERMENT;~~

~~(3) TWO MEMBERS FROM COMMUNITIES DISPROPORTIONATELY
IMPACTED BY THE ENFORCEMENT OF CANNABIS LAWS, WITH AT LEAST ONE MEMBER
HAVING DIRECT LIVED EXPERIENCE;~~

~~(4) ONE MEMBER WHO IS A PROFESSIONAL IN ACCOUNTING, FINANCE,
OR AUDITING;~~

~~(5) ONE MEMBER WHO IS AN EXPERT IN NONPROFIT OR PUBLIC
SECTOR GRANT ADMINISTRATION AND EVALUATION; AND~~

~~(6) SIX MEMBERS DEEMED APPROPRIATE BY THE GOVERNOR TO
MEET THE GOALS OF THE BOARD.~~

~~(E) THE BOARD SHALL ELECT A CHAIR FROM AMONG ITS MEMBERS.~~

~~(F) (1) THE TERM OF A MEMBER IS 2 YEARS.~~

~~(2) A MEMBER CONTINUES TO SERVE ON THE BOARD UNTIL A SUCCESSOR IS APPOINTED.~~

~~(3) A MEMBER MUST BE A RESIDENT OF THE STATE.~~

~~(4) THE MEMBERSHIP OF THE BOARD SHALL REFLECT THE DIVERSITY OF THE STATE TO THE EXTENT PRACTICABLE.~~

~~(G) A MEMBER OF THE BOARD:~~

~~(1) MAY NOT RECEIVE COMPENSATION AS A MEMBER OF THE BOARD;~~
~~BUT~~

~~(2) IS ENTITLED TO REIMBURSEMENT FOR EXPENSES UNDER THE STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE STATE BUDGET.~~

[1-322.] ~~1-3A-04.~~ 1-3A-03.

(a) (1) There is a Community Reinvestment and Repair Fund.

(2) The purpose of the Fund is to provide funds to community-based organizations that serve communities determined by the Office [of Social Equity], in consultation with the Office of the Attorney General, to have been the most impacted by disproportionate enforcement of the cannabis prohibition before July 1, 2022.

(3) The ~~[Comptroller]~~ **EXECUTIVE DIRECTOR** shall administer the Fund.

(4) (i) The Fund is a special, nonlapsing fund that is not subject to § 7-302 of the State Finance and Procurement Article.

(ii) The State Treasurer shall hold the Fund separately, and the Comptroller shall account for the Fund.

(5) The Fund consists of:

(i) sales and use tax revenue distributed to the Fund under § 2-1302.2 of the Tax – General Article;

(ii) conversion fees paid by businesses under § 36-403 of this article;
and

(iii) any other money from any other source accepted for the benefit of the Fund, in accordance with any conditions adopted by the ~~{Comptroller}~~ ~~EXECUTIVE DIRECTOR~~ for the acceptance of donations or gifts to the Fund.

(6) (i) The Fund may be used only for:

1. funding community-based initiatives intended to benefit low-income communities, **INCLUDING:**

A. BEHAVIORAL HEALTH CRISIS RESPONSE SERVICES;

B. EDUCATION AND AFTER-SCHOOL PROGRAMS;

C. TRUANCY AND ABSENTEEISM INTERVENTION PROGRAMS;

D. HOUSING AND HOMELESSNESS PREVENTION INITIATIVES;

E. TRANSPORTATION IMPROVEMENTS IN HIGH-DENSITY AREAS THAT HAVE PUBLIC TRANSPORTATION;

F. JOB TRAINING AND WORKFORCE DEVELOPMENT PROGRAMS;

G. COMMUNITY CHILD CARE AND RECREATIONAL SERVICES; AND

H. PROGRAMS THAT BENEFIT INDIVIDUALS AND FAMILIES IMPACTED BY INCARCERATION;

2. funding community-based initiatives that serve disproportionately impacted areas, as defined in § 36-101 of this article; and

3. any related administrative expenses **INCURRED BY A LOCAL GOVERNMENT IN ADMINISTERING THE FUNDS THAT DO NOT EXCEED 5% 15% OF THE FUNDS RECEIVED IN THE FISCAL YEAR.**

(ii) Money may not be expended from the Fund for law enforcement agencies or activities.

(iii) Money expended from the Fund is supplemental to and may not supplant funding that otherwise would be appropriated for preexisting local government programs.

(7) (i) The State Treasurer shall invest the money of the Fund in the same manner as other State money may be invested.

(ii) Any interest earnings of the Fund shall be credited to the General Fund of the State.

(8) No part of the Fund may revert or be credited to:

(i) the General Fund of the State; or

(ii) any other special fund of the State.

(9) The ~~Comptroller~~ **EXECUTIVE DIRECTOR** shall pay out money from the Fund.

(10) The Fund is subject to audit by the Office of Legislative Audits as provided for in § 2-1220 of the State Government Article.

(b) (1) Based on the percentage allocable to each county determined by the Office [of Social Equity and reported by the Office to the Comptroller on or before July 31 each year], the ~~Comptroller~~ **EXECUTIVE DIRECTOR** shall distribute funds from the Fund to each county in an amount that, for the period from July 1, 2002, to January 1, 2023, both inclusive, is proportionate to the total number of cannabis possession charges in the county compared to the total number of cannabis possession charges in the State.

(2) **FOR ANY DISTRIBUTION OF FUNDS TO A COUNTY UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE COUNTY SHALL:**

~~(I) TREAT THE FUNDS AS SPECIAL FUNDS RESTRICTED TO THE USES SPECIFIED IN SUBSECTION (A)(6) OF THIS SECTION; AND~~

~~(II) HOLD THE FUNDS SEPARATELY FROM OTHER REVENUE AND GENERAL FUNDS.~~

(3) Subject to the limitations under subsection (a)(6) of this section, each county shall adopt a law establishing the purpose for which money received from the Fund may be used.

(c) (1) **THE OFFICE SHALL REQUIRE EACH COUNTY TO DEVELOP A PLAN FOR THE DISTRIBUTION OF FUNDS TO COMMUNITY-BASED ORGANIZATIONS FOR USE IN ACCORDANCE WITH THIS SECTION.**

(2) **THE PLAN DEVELOPED BY A COUNTY SHALL BE:**

(I) **ESTABLISHED BEFORE DISTRIBUTING FUNDS UNDER THIS SECTION;**

(II) DEVELOPED IN CONSULTATION WITH STAKEHOLDERS; AND

(III) THE SUBJECT OF A PUBLIC HEARING BEFORE FINALIZING
THE PLAN.

~~(3) THE COUNTY'S ADMINISTRATION AND DISTRIBUTION OF FUNDS IN
ACCORDANCE WITH THIS SECTION IS SOLELY THE RESPONSIBILITY OF THE COUNTY
AND MAY NOT BE DELEGATED TO AN OUTSIDE ORGANIZATION.~~

~~(4) THE~~ ON OR BEFORE OCTOBER 1, 2025, THE OFFICE SHALL ADOPT
REGULATIONS TO CARRY OUT THIS SECTION.

(D) ON OR BEFORE OCTOBER 1, 2026, AND EACH OCTOBER 1 THEREAFTER,
EACH COUNTY SHALL SUBMIT A REPORT TO THE OFFICE ON:

(1) THE AMOUNT OF FUNDS RECEIVED FROM THE FUND UNDER
SUBSECTION (B)(1) OF THIS SECTION;

(2) THE ORGANIZATIONS THAT RECEIVED FUNDING FROM THE
COUNTY UNDER THIS SECTION;

(3) THE METHODS USED BY THE COUNTY TO SOLICIT, REVIEW, AND
SELECT ORGANIZATIONS THAT MAY BE ELIGIBLE FOR FUNDING UNDER THIS
SECTION; AND

(4) ADMINISTRATIVE EXPENSES RELATED TO THE COUNTY'S
ADMINISTRATION AND DISTRIBUTION OF THE FUNDS RECEIVED UNDER
SUBSECTION (B)(1) OF THIS SECTION.

SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 1–323 of Article –
Alcoholic Beverages and Cannabis of the Annotated Code of Maryland be renumbered to be
Section(s) 1–322.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
~~October~~ June 1, 2025.