

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 619

(Chair, Ways and Means Committee)(By Request -
Departmental - Comptroller)

Ways and Means

Budget and Taxation

**Sales and Use Tax - Sales Between Cannabis Businesses and Cannabis Nurseries
- Exemption**

This bill exempts from sales and use tax the sale of cannabis between a licensed cannabis business and a registered cannabis nursery. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: None. It is assumed that the bill is largely clarifying in nature and does not affect State finances.

Local Effect: None, given the assumption discussed above.

Small Business Effect: None, given the assumption discussed above.

Analysis

Current Law/Background: Chapters 254 and 255 of 2023 established a 9% sales and use tax on the sale of adult-use cannabis. The sales and use tax does not apply to the sale of cannabis between cannabis businesses that are licensed under Title 36 of the Alcoholic Beverages and Cannabis Article.

Chapter 241 of 2024 subsequently extended certain existing registration requirements for businesses that provide services to cannabis licensees (such as transporters, security guard agents, and waste disposal companies) to apply to cannabis nurseries, which are defined as businesses that provide cannabis seeds, seedlings, immature plants, or clones to a cannabis business.

The Comptroller's Office does not believe that the regulation of cannabis nurseries by registration rather than license was intended to impose the sales and use tax on sales between licensed cannabis businesses and registered cannabis nurseries. The fiscal and policy note for Chapter 241 also did not assume any sales and use tax revenues from the sale of cannabis between such businesses. Thus, the bill conforms the sales and use tax exemption for business-to-business transactions accordingly. The Maryland Cannabis Administration advises that it has not registered any cannabis nurseries to date.

Additional Information

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

Designated Cross File: None.

Information Source(s): Alcohol, Tobacco, and Cannabis Commission; Maryland Cannabis Administration; Comptroller's Office; Department of Legislative Services

Fiscal Note History: First Reader - February 2, 2025
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Analysis by: Elizabeth J. Allison

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