

SENATE BILL 217

A3, P1

(PRE-FILED)

6lr1545
CF 6lr1863

By: **Senator M. Washington**

Requested: October 31, 2025

Introduced and read first time: January 14, 2026

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Community Reinvestment and Repair Fund – Alterations**

3 FOR the purpose of altering the purpose of the Community Reinvestment and Repair Fund;
4 requiring the Comptroller to administer the Fund at the direction of the Office of
5 Social Equity; altering requirements for a certain county plan for the distribution of
6 funds from the Fund; requiring a county to consult with the Office to make any
7 adjustments to the county plan; altering the requirements for a certain report on the
8 Fund; requiring the Comptroller, in consultation with the Office, to ensure
9 compliance with provisions of law governing the Fund; altering certain uses of the
10 money distributed from the Fund by a county; and generally relating to the
11 Community Reinvestment and Repair Fund.

12 BY repealing and reenacting, with amendments,
13 Article – Alcoholic Beverages and Cannabis
14 Section 1–3A–01 and 1–3A–03
15 Annotated Code of Maryland
16 (2024 Replacement Volume and 2025 Supplement)

17 BY repealing and reenacting, without amendments,
18 Article – Alcoholic Beverages and Cannabis
19 Section 1–3A–02(b)
20 Annotated Code of Maryland
21 (2024 Replacement Volume and 2025 Supplement)

22 BY adding to
23 Article – Alcoholic Beverages and Cannabis
24 Section 1–3A–04
25 Annotated Code of Maryland
26 (2024 Replacement Volume and 2025 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



BY repealing and reenacting, with amendments,
Article – State Government
Section 9–4108
Annotated Code of Maryland
(2021 Replacement Volume and 2025 Supplement)

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

Article – Alcoholic Beverages and Cannabis

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 **ESTABLISHED UNDER § 9–4108 OF THE STATE GOVERNMENT ARTICLE.**

1–3A–02.

(b) The General Assembly therefore finds that the public interest is served by:

(1) acknowledging and repairing the causes and consequences of disparities in arrests and imprisonment in prosecutions of cannabis–related offenses among specific populations and geographic regions;

(2) developing, among existing members of communities that have been disproportionately and negatively impacted, the capacity to ascertain and address the social and economic determinants that are fundamental to reducing the impact of longstanding inequities and improving economic, educational, and health outcomes; and

(3) being consistent with social equity principles and governance by allocating a significant portion of tax revenue from the adult–use cannabis market to the Community Reinvestment and Repair Fund for distribution to local jurisdictions to be administered by the local jurisdictions.

1–3A–03.

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

(2) The purpose of the Fund is:

(I) to provide funds to community-based organizations that serve communities determined by the Office, 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; AND

(II) TO SERVE THE PUBLIC INTEREST STATED UNDER § 1-3A-02(B) OF THIS SUBTITLE.

(3) The Comptroller shall administer the Fund AT THE DIRECTION OF THE OFFICE.

(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 for the acceptance of donations or gifts to the Fund.

(6) (i) The Fund [may] SHALL 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 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] **AS PROVIDED UNDER § 1–3A–04 OF THIS SUBTITLE.**

(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 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, the Comptroller 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 hold the funds separately from other revenue and general funds.

(3) Subject to the limitations under [subsection (a)(6) of this section] **§ 1-3A-04 OF THIS SUBTITLE**, each county shall adopt a law establishing the purpose for which money received from the Fund may be used.

(c) (1) **IN THIS SUBSECTION, “STAKEHOLDER” MEANS:**

(I) **AN INDIVIDUAL WHO RESIDES IN OR REPRESENTS A COMMUNITY IDENTIFIED BY THE OFFICE AS HAVING BEEN DISPROPORTIONATELY IMPACTED BY CANNABIS ENFORCEMENT;**

(II) **A COMMUNITY-BASED ORGANIZATION THAT SERVES OR IS LED BY RESIDENTS OF A COMMUNITY IDENTIFIED BY THE OFFICE AS HAVING BEEN DISPROPORTIONATELY IMPACTED BY CANNABIS ENFORCEMENT; OR**

(III) **ANY OTHER INDIVIDUAL OR COMMUNITY-BASED ORGANIZATION THAT HAS A DEMONSTRATED EXPERIENCE OR EXPERTISE IN ADDRESSING THE SOCIAL, ECONOMIC, OR HEALTH HARMS CAUSED BY CANNABIS CRIMINALIZATION.**

(2) 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)] (3) 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; AND

(IV) **MADE PUBLICLY AVAILABLE.**

(4) **A COUNTY PLAN UNDER THIS SUBSECTION SHALL:**

(I) **IDENTIFY THE GEOGRAPHIC AREAS AND POPULATIONS WITHIN THE COUNTY DETERMINED TO HAVE BEEN MOST IMPACTED BY THE DISPROPORTIONATE ENFORCEMENT OF CANNABIS LAWS; AND**

(II) **DESCRIBE HOW THE PROPOSED USES OF FUNDS ARE CONSISTENT WITH THE FUND USES ESTABLISHED UNDER § 1-3A-04 OF THIS SUBTITLE.**

(5) EACH COUNTY SHALL CONSULT WITH THE OFFICE TO MAKE ANY ADJUSTMENTS TO A PLAN DEVELOPED UNDER THIS SECTION.

[(3)] (6) 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] THAT INCLUDES:**

(1) the amount of funds received from the Fund under subsection (b)(1) of this section;

(2) the **[organizations] ENTITIES** that received funding from the county under this section;

(3) the methods used by the county to solicit, review, and select **[organizations] ENTITIES** that may be eligible for funding under this section; **[and]**

(4) **THE** administrative expenses related to the county's administration and distribution of the funds received under subsection (b)(1) of this section; **AND**

(5) DATA ON THE POPULATIONS SERVED AND SERVICES PROVIDED.

(E) THE COMPTROLLER, IN CONSULTATION WITH THE OFFICE, SHALL ENSURE COMPLIANCE WITH THIS SUBTITLE.

1-3A-04.

(A) MONEY DISTRIBUTED FROM THE FUND UNDER § 1-3A-03(B) OF THIS SUBTITLE SHALL BE USED BY A COUNTY TO FUND:

(1) COMMUNITY-BASED INITIATIVES INTENDED TO BENEFIT LOW-INCOME COMMUNITIES IN GEOGRAPHIC AREAS MOST IMPACTED BY THE DISPROPORTIONATE ENFORCEMENT OF CANNABIS LAWS; AND

(2) PROGRAMS OR PROJECTS THAT ADVANCE THE STATED PURPOSES OF THE FUND UNDER § 1-3A-03(A)(2) OF THIS SUBTITLE, INCLUDING:

(I) BEHAVIORAL HEALTH CRISIS RESPONSE SERVICES;

(II) EDUCATION AND AFTER-SCHOOL PROGRAMS;

(III) TRUANCY AND ABSENTEEISM INTERVENTION PROGRAMS;

(IV) HOUSING AND HOMELESSNESS PREVENTION INITIATIVES;

(V) TRANSPORTATION IMPROVEMENTS IN HIGH-DENSITY
AREAS THAT HAVE PUBLIC TRANSPORTATION;

(VI) JOB TRAINING AND WORKFORCE DEVELOPMENT
PROGRAMS;

(VII) COMMUNITY CHILD CARE AND RECREATIONAL SERVICES;
AND

(VIII) PROGRAMS THAT BENEFIT INDIVIDUALS AND FAMILIES
IMPACTED BY INCARCERATION;

(3) COMMUNITY-BASED INITIATIVES THAT SERVE
DISPROPORTIONATELY IMPACTED AREAS, AS DEFINED IN § 36-101 OF THIS
ARTICLE; AND

(4) ANY RELATED ADMINISTRATIVE EXPENSES INCURRED BY A LOCAL
GOVERNMENT IN ADMINISTERING THE FUNDS THAT DO NOT EXCEED 15% OF THE
FUNDS RECEIVED IN THE FISCAL YEAR.

(B) MONEY MAY NOT BE EXPENDED FROM THE FUND FOR LAW
ENFORCEMENT AGENCIES OR ACTIVITIES.

(C) MONEY EXPENDED FROM THE FUND SHALL BE SUPPLEMENTAL TO AND
MAY NOT SUPPLANT FUNDING THAT OTHERWISE WOULD BE APPROPRIATED FOR
PREEXISTING LOCAL GOVERNMENT PROGRAMS.

Article – State Government

9-4108.

(a) There is an Office of Social Equity within the 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) [With the assistance of the Comptroller, oversee] **DIRECT THE ADMINISTRATION OF** the Community Reinvestment and Repair Fund under § 1–3A–03 of 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) oversee the appropriation of funds and the training of recipients of funds from the Community Reinvestment and Repair Fund under § 1–3A–03 of the Alcoholic Beverages and Cannabis Article;

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

(i) diversity; and

(ii) social equity applications;

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

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

(9) assist businesses with obtaining financing through the Capital Access Program under Title 36, Subtitle 14 of the Alcoholic Beverages and Cannabis Article.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2026.