

SENATE BILL 732

A3

6lr2065

By: **Senator M. Washington**

Introduced and read first time: February 6, 2026

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Cannabis – Community Reinvestment and Repair Fund – Distribution and Use**
3 **of Funds for Baltimore City**

4 FOR the purpose of requiring the Comptroller to distribute funds allocated to Baltimore
5 City from the Community Reinvestment and Repair Fund to the Baltimore City
6 Comptroller; requiring the Baltimore City Comptroller to administer and distribute
7 the funds to a special fund established by the Baltimore City Comptroller, subject to
8 certain requirements and limitations; providing that the special fund is subject to
9 audit by the Office of Legislative Audits; and generally relating to the Community
10 Reinvestment and Repair Fund and the distribution and use of funds for Baltimore
11 City.

12 BY repealing and reenacting, without amendments,
13 Article – Alcoholic Beverages and Cannabis
14 Section 1–3A–01
15 Annotated Code of Maryland
16 (2024 Replacement Volume and 2025 Supplement)

17 BY repealing and reenacting, with amendments,
18 Article – Alcoholic Beverages and Cannabis
19 Section 1–3A–03
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.



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.

1–3A–03.

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

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

1 1. funding community-based initiatives intended to benefit
2 low-income communities, including:

3 A. behavioral health crisis response services;

4 B. education and after-school programs;

5 C. truancy and absenteeism intervention programs;

6 D. housing and homelessness prevention initiatives;

7 E. transportation improvements in high-density areas that
8 have public transportation;

9 F. job training and workforce development programs;

10 G. community child care and recreational services; and

11 H. programs that benefit individuals and families impacted
12 by incarceration;

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

15 3. any related administrative expenses incurred by a local
16 government in administering the funds that do not exceed 15% of the funds received in the
17 fiscal year.

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

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

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

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

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

28 (i) the General Fund of the State; or

29 (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) **(I)** [Based] **EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, 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.

(II) THE COMPTROLLER SHALL DISTRIBUTE FUNDS FROM THE FUND ALLOCABLE TO BALTIMORE CITY UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH TO THE BALTIMORE CITY COMPTROLLER, WHO SHALL ADMINISTER AND DISTRIBUTE THE FUNDS IN ACCORDANCE WITH § 1-3A-04 OF THIS SUBTITLE.

(2) For any distribution of funds [to a county] under paragraph (1) of this subsection[,]:

(I) the county shall hold the funds separately from other revenue and general funds; **AND**

(II) THE BALTIMORE CITY COMPTROLLER SHALL DISTRIBUTE THE FUNDS TO A SPECIAL FUND ESTABLISHED BY THE BALTIMORE CITY COMPTROLLER UNDER § 1-3A-04 OF THIS SUBTITLE.

(3) [Subject] **EXCEPT FOR BALTIMORE CITY AND 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, **OTHER THAN BALTIMORE CITY, AND THE BALTIMORE CITY COMPTROLLER** 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 **AND THE BALTIMORE CITY COMPTROLLER** 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) 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, **OTHER THAN BALTIMORE CITY, AND THE BALTIMORE CITY COMPTROLLER** 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 **OR THE BALTIMORE CITY COMPTROLLER** under this section;

(3) the methods used by the county **OR THE BALTIMORE CITY COMPTROLLER** to solicit, review, and select organizations that may be eligible for funding under this section; and

(4) administrative expenses related to the county's **OR THE BALTIMORE CITY COMPTROLLER'S** administration and distribution of the funds received under subsection (b)(1) of this section.

1-3A-04.

(A) IN ADDITION TO THE REQUIREMENTS UNDER § 1-3A-03 OF THIS SUBTITLE, THE BALTIMORE CITY COMPTROLLER SHALL:

(1) ESTABLISH A SPECIAL ACCOUNT TO BE USED ONLY FOR HOLDING FUNDS ALLOCATED FROM THE FUND;

(2) DEPOSIT EACH QUARTERLY ALLOCATION FROM THE FUND TO THE SPECIAL ACCOUNT ESTABLISHED UNDER ITEM (1) OF THIS SUBSECTION; AND

(3) DISTRIBUTE THE ALLOCATION OF FUNDS FROM THE FUND TO BE USED ONLY IN ACCORDANCE WITH § 1-3A-03(A)(6) OF THIS SUBTITLE.

(B) THE SPECIAL ACCOUNT ESTABLISHED UNDER SUBSECTION (A)(1) OF THIS SECTION IS SUBJECT TO AUDIT BY THE OFFICE OF LEGISLATIVE AUDITS AS PROVIDED FOR IN § 2-1220 OF THE STATE GOVERNMENT ARTICLE.

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