

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 732
Finance

(Senator M. Washington)

**Cannabis - Community Reinvestment and Repair Fund - Distribution and Use of
Funds for Baltimore City**

This bill alters provisions relating to the distribution and use of funds from the Community Reinvestment and Repair Fund (CRRF) specific to Baltimore City. Among other things, CRRF funds allocated to Baltimore City must be distributed directly to the Baltimore City Comptroller, who must deposit the funds into a special account to be used in accordance with the statutory uses of CRRF. The bill (1) designates the Baltimore City Comptroller, instead of Baltimore City, as the entity responsible for fulfilling the statutory requirements regarding the distribution and use of funds from CRRF and (2) exempts Baltimore City from a requirement to adopt a law establishing the purpose for which money received from CRRF may be used.

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State finances or operations. The Comptroller can distribute funds to the Baltimore City Comptroller instead of to Baltimore City, and the Office of Legislative Audits (OLA) can conduct any audits as necessary, using existing budgeted resources.

Local Effect: **Baltimore City did not respond to multiple requests for information on the fiscal and operational impact of the bill.** Therefore, the Department of Legislative Services is unable to reliably estimate any fiscal and/or operational impacts on Baltimore City. The bill does not have any impact on local finances and operations for local jurisdictions outside of Baltimore City.

Small Business Effect: None.

Analysis

Bill Summary/Current Law:

Community Repair and Reinvestment Fund – Purpose and Uses

Under current law and the bill, the purpose of CRRF is to provide funds to community-based organizations that serve communities determined by the Office of Social Equity (OSE) (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. The fund receives a portion of the sales and use tax revenues generated from the sale of adult-use cannabis, distributed on a quarterly basis.

Funds from CRRF may only be used for (1) funding community-based initiatives intended to benefit low-income communities; (2) funding community-based initiatives that serve disproportionately impacted areas; and (3) 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.

Community Repair and Reinvestment Fund – Distribution to Counties and County Requirements for Receipt and Use of Funds

Under current law, each county (including Baltimore City) receives a distribution of funds from CRRF in an amount that is proportionate to the total number of cannabis possession charges in the county during the period from July 1, 2002, to January 1, 2023, both inclusive, compared to the total number of cannabis possession charges in the State for that same period. *Under the bill*, the Comptroller must distribute Baltimore City's allocation of CRRF funds to the Baltimore City Comptroller.

Under current law, for any distribution of funds to a county, the county must hold the funds separately from other revenue and general funds. *Under the bill*, the Baltimore City Comptroller must (1) establish a special account to be used only for holding funds allocated from CRRF; (2) deposit each quarterly allocation from CRRF to the special account; and (3) distribute the CRRF funds only in accordance with the enumerated statutory uses of the fund. The special account is subject to audit by OLA.

Under current law, subject to the limitations regarding the authorized uses of CRRF, each county is required to adopt a law establishing the purpose for which money received from CRRF may be used. *The bill* exempts Baltimore City from this requirement.

Under current law, OSE must require each county to develop a plan for the distribution of CRRF funds to community-based organizations for use in accordance with statute. The

plan must be (1) established before distributing funds; (2) developed in consultation with stakeholders; and (3) the subject of a public hearing before the plan is finalized. *Under the bill*, the Baltimore City Comptroller, instead of Baltimore City, must develop the required plan.

Under current law, by October 1, 2026, and annually thereafter, each county must submit a report to OSE regarding funds received from CRRF, the organizations that received funding from the county, the methods the county used to solicit, review, and select organizations eligible for funding, and administrative expenses related to the county's administration and distribution of CRRF funds. *The bill* requires the Baltimore City Comptroller, instead of Baltimore City, to submit the required report.

Additional Information

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

Designated Cross File: None.

Information Source(s): Department of Social and Economic Mobility; Maryland Cannabis Administration; Comptroller's Office; Department of Legislative Services

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caw/mcr

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