

**Department of Legislative Services**  
Maryland General Assembly  
2026 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 1634 (Delegate Roberts)

Government, Labor, and Elections and  
Economic Matters

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**Cannabis Licensure - Labor Peace Agreements and Collective Bargaining**

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This bill requires that, to be issued a cannabis license, an applicant for a cannabis license or a licensee that does not have a collective bargaining agreement produce information, documentation, and assurances to establish, by clear and convincing evidence, that the applicant or licensee has entered into a labor peace agreement with each labor organization that represents or is attempting to represent cannabis industry workers in the State.

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**Fiscal Summary**

**State Effect:** The Maryland Cannabis Administration (MCA) can likely implement the bill with existing budgeted resources, as discussed below. No effect on revenues.

**Local Effect:** None.

**Small Business Effect:** Potential meaningful.

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**Analysis**

**Bill Summary:** “Labor peace agreement” means an agreement between an entity seeking a cannabis license or a cannabis licensee and a labor organization that, at a minimum, protects the State’s interests by prohibiting the labor organization from engaging in picketing, work stoppages, boycotts, or any other economic interference with the operation of the entity seeking a cannabis license or the cannabis licensee within the first five years of the license. The agreement must apply to all operations conducted by the applicant or licensee at a facility or location where the applicant or licensee conducts business under the license, and it must be valid and enforceable under federal law.

**Current Law:** For an overview of the cannabis industry and licensing requirements in the State, please see the **Appendix – Medical and Adult-use Cannabis**.

In general, a licensee must comply with all subregulatory guidance issued by MCA, including but not limited to bulletins, notices, resolutions, seed-to-sale tracking system guidance, and technical authorities posted on MCA’s website.

**State Expenditures:** MCA advises that it requires one additional compliance staff to monitor a licensee’s continued maintenance and compliance with each labor peace agreement and to take actions against a licensee if it falls out of compliance, but the Department of Legislative Services (DLS) disagrees. The bill does not assign MCA any enforcement authority or responsibilities with respect to labor peace agreements other than confirming that the information and documentation provided by the applicant provides clear and convincing evidence of an agreement. DLS believes that MCA can incorporate a determination of whether the application includes clear and convincing evidence of a labor peace agreement into its existing application review process with existing resources.

**Small Business Effect:** Many cannabis licensees (and applicants for licenses) are small businesses. The bill requires each of them to either enter into collective bargaining agreements with their employees or sign labor peace agreements with each labor organization in the industry. Although DLS cannot predict the specific provisions of each collective bargaining agreement or labor peace agreement, they likely will require licensees to abide by labor standards and practices with respect to wages, benefits, and working conditions that could involve financial costs for the licensees.

**Additional Comments:** The bill specifies that the requirement to enter into a labor peace agreement is a condition of being *issued* a license. However, the bill includes several references to *existing* licensees producing evidence of a labor peace agreement. Therefore, it is unclear if the bill’s requirement applies to existing licensees or only to future applicants (including license renewal applications). In either case, MCA can implement the bill with existing resources.

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### **Additional Information**

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

**Designated Cross File:** SB 995 (Senator Jackson) - Rules.

**Information Source(s):** Maryland Cannabis Administration; Office of Administrative Hearings; Department of Social and Economic Mobility; Maryland Department of Labor; Department of Legislative Services

**Fiscal Note History:** First Reader - March 19, 2026  
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## Appendix – Medical and Adult-use Cannabis

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Chapters 254 and 255 of 2023 established the adult-use cannabis industry in the State by, among other things, (1) attributing cannabis-related duties to the Alcohol and Tobacco Commission and renaming it the Alcohol, Tobacco, and Cannabis Commission (ATCC) and (2) establishing the Maryland Cannabis Administration (MCA) as an independent unit of State government responsible for the regulation of adult-use and medical cannabis. MCA's responsibilities generally include promulgating cannabis industry regulations, licensing and registering cannabis businesses in the State, and enforcing the statutes and regulations related to the cannabis industry. As required under Chapters 254 and 255, in June 2023, ATCC and MCA entered into a memorandum of understanding providing that both parties agree to collaborate on enforcing provisions regarding unlicensed cannabis operations in the State.

### *Adult-use Cannabis*

The sale of adult-use cannabis began on July 1, 2023. A person at least age 21 may use and possess the personal use amount of cannabis, while the possession of the personal use amount of cannabis by a person younger than age 21, as well as the possession of the civil use amount of cannabis, are subject to civil penalties. Possession of more than the civil use amount of cannabis by anyone is subject to a criminal penalty.

### *Medical Cannabis*

MCA is responsible for the State's medical cannabis program, which is intended to make medical cannabis available to qualifying patients in a safe and effective manner. There is a framework to certify health care providers, qualifying patients, and their caregivers to provide qualifying patients with medical cannabis legally under State law via written certification.

### *Social Equity in the Cannabis Industry*

The Office of Social Equity (OSE), originally an independent office functioning within MCA, was redesignated as a unit within the Department of Social and Economic Mobility (DoSEM), which was established by Chapter 605 of 2025. OSE is responsible for promoting and encouraging full participation in the regulated cannabis industry by people from communities that have been disproportionately impacted by the war on drugs in order to positively impact those communities. In this role, OSE is responsible for consulting with other agencies, providing recommendations to and working with MCA, assisting businesses to obtain financing through the Capital Access Program, and managing the

Social Equity Partnership Grant Program (established to promote qualifying partnerships between operational licensees and social equity licensees). OSE is also required to (1) with the assistance of the Comptroller, oversee the Community Reinvestment and Repair Fund (CRRF); (2) oversee the appropriation of funds and the training of recipients of funds from CRRF; and (3) by October 1, 2025, adopt regulations to carry out the statutory provisions related to CRRF as modified by Chapter 195 of 2025; OSE has not yet promulgated the regulations.

### *Cannabis Licensing*

To operate a cannabis business in the State, a person must obtain a cannabis license from MCA. A license is valid for five years on initial licensure and five years upon renewal. MCA must issue licenses for growers, processors, dispensaries, and incubator spaces. Additional licenses include micro licenses for growers, processors, and dispensaries, and on-site consumption licenses. Licensing and renewal fees are established by MCA and range from \$5,000 for social equity applicants for certain licenses to \$50,000 for standard grower licenses. Pursuant to Chapters 254 and 255, medical licensees (growers, processors, and dispensaries) were required to pay a conversion fee based on the licensee's gross revenues for calendar 2022 to convert to medical and adult-use cannabis business licensees of the same type. Essentially all medical licensees (18 grower, 23 processor, and 96 dispensary licensees) converted to cannabis business licensees.

*First- and Second-round Social Equity Licenses:* Social equity applicants are those with at least 65% ownership and control held by one or more individuals who meet certain criteria, such as living in or attending a public school in a disproportionately impacted area (*i.e.*, determined to have had above 150% of the State's 10-year average for cannabis possession charges). MCA conducted its first-round lottery on March 14, 2024, and a second-round lottery on June 28, 2024, awarding a total of 205 (174 in round one and 31 in round two) social equity cannabis business licenses across the micro and standard grower, processor, and dispensary categories.

*Subsequent Licenses:* MCA may issue additional cannabis licenses up to the maximum limit authorized per statute based on the results of a market demand study. Future applications for licenses may be limited to social equity applicants and employ remedial measures based on the results of the disparity study.

### *Advisory Board on Medical and Adult-use Cannabis*

Chapters 254 and 255 also established the Advisory Board on Medical and Adult-Use Cannabis. The advisory board must (1) consider all matters submitted to it by OSE, the Governor, MCA, or the General Assembly and (2) study and make recommendations on a number of issues related to the medical and adult-use cannabis industry in the State. The

advisory board began meeting in May 2024, and has established three subcommittees: Federal, Medical Cannabis, and Adult-use Cannabis.

### *Local Authority to Regulate Cannabis*

A “political subdivision,” defined as a county or municipality, is authorized to establish zoning requirements for cannabis businesses, allocate cannabis tax revenues, and adopt ordinances that reduce statutory requirements related to specified location restrictions for cannabis businesses. However, a political subdivision is prohibited from taking certain actions specific to cannabis businesses, including imposing a tax on cannabis and establishing restrictions related to transporting cannabis within the political subdivision or fees or requirements on cannabis businesses that are more burdensome than for other businesses. Statute also includes conditions for the operation of on-site consumption establishments; however, to date, MCA has not issued any on-site consumption licenses.

### *Public Health Actions Related to Adult-use Cannabis*

The Cannabis Public Health Advisory Council was established to study and report its findings and recommendations by December 1 each year on specified public health impacts of cannabis legalization. The Cannabis Public Health Fund (CPHF) was also established to generally support the council’s work. The fund receives 5% of the sales and use tax revenues from the sale of adult-use cannabis, which is discussed in more detail below.

### *Cannabis Sales and Use Tax Revenues*

Chapters 254 and 255 established a 9% sales and use tax on the retail sale of adult-use cannabis, and the Budget Reconciliation and Financing Act (BRFA) of 2025 (Chapter 604) increased the tax rate to 12% beginning in fiscal 2026. In the second year of adult-use cannabis sales (July 1, 2024, through June 30, 2025), retail sales generated approximately \$71.8 million in sales and use tax revenues. Adult-use cannabis sales and use tax collections for the first quarter of fiscal 2026, when the 12% sales and use tax rate went into effect, totaled \$26.9 million.

### *Distribution of Cannabis Sales and Tax Revenues*

Per statute, as amended by the BRFA of 2025, the Comptroller must distribute the first 25% of sales and use tax revenues from the sale of adult-use cannabis to the general fund. Of the remaining 75% of the sales and use tax revenues, the Comptroller must *first* distribute to the Cannabis Regulation and Enforcement Fund (CREF) and the DoSEM Fund an amount sufficient to defray the operating and administrative costs of MCA and OSE, respectively. Revenues remaining after those distributions to CREF and DoSEM are *then* distributed as follows: 50% to the State’s general fund (through fiscal 2028, after which

the general fund distribution increases to 55%); 35% to CRRF (through fiscal 2033 only), which is administered by the Comptroller with oversight assistance from OSE; 5% to CPHF, which is administered by the Maryland Department of Health; 5% to the Cannabis Business Assistance Fund (through fiscal 2028 only), which is administered by the Department of Commerce; and 5% as a separate direct allocation to counties.