

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 108
(Delegate Pasteur)
Government, Labor, and Elections

Division of Correction - Release Preparation Program

This bill establishes the Release Preparation Program in the Division of Correction (DOC) within the Department of Public Safety and Correctional Services (DPSCS). DOC must establish and submit for approval to the Office of the Attorney General (OAG) a protocol for registering formerly incarcerated individuals in the program to have access to State correctional facilities for the purpose of assisting incarcerated individuals with release preparation. The bill also alters the stated purpose of the Cannabis Regulation and Enforcement Fund (CREF) to include providing funds to cover the costs of supporting the Release Preparation Program; it likewise alters the allowable uses of CREF to include supporting the program.

Fiscal Summary

State Effect: Although the overall fiscal effect of the bill cannot be quantified without actual experience under the bill, CREF special fund expenditures may increase beginning in FY 2027. As a result of any such increase, if sufficient fund balance is not available to cover any of those costs in any given year, special fund revenues to CREF increase correspondingly, and the amount of cannabis sales and use tax revenue remaining for distribution to the general fund and various other special funds (in accordance with current law) decreases, as discussed below.

Local Effect: Local government revenues may decrease beginning in FY 2027 due to the redistribution of cannabis sales and use tax revenues, including direct allocations. Local government expenditures decrease correspondingly.

Small Business Effect: None.

Analysis

Bill Summary: The protocol established by DOC under the bill must require (1) the registration of formerly incarcerated individuals in the program to be made available to the public and (2) a formerly incarcerated individual in the program to provide to DOC a written schedule describing when the individual intends to access a State correctional facility. DOC may not deny a schedule provided unless the schedule interferes with the normal function of the State correctional facility.

Current Law:

Release from Division of Correction

The Commissioner of Correction must adopt regulations (1) establishing a release plan for incarcerated individuals upon release from confinement in a State correctional facility to help identify resources to assist incarcerated individuals following release, including the provision of transportation from the facility for an incarcerated individual upon release and (2) implementing provisions concerning issuance of an identification card to incarcerated individuals on release from confinement in a State correctional facility.

Current regulations specify that, when feasible, a parole release plan must be completed before a parole hearing. A release plan must include the name of the parolee's employer or evidence of other legitimate means of financial support, the location at which the parolee will reside, and the nature of any community services necessary to meet the special needs of the parolee.

Task Force on the Creation of a Division of Returning Citizens and Expanded Reentry Services

Chapters 936 and 937 of 2024 established the Task Force on the Creation of a Division of Returning Citizens and Expanded Reentry Services, staffed by DPSCS. The task force must (1) identify and assess the reentry services that exist in the State; (2) identify gaps in reentry services; (3) assess the markers of successful reentry; (4) ensure that the recommendations of the task force equally consider returning citizens regardless of gender; (5) develop a plan to establish a Division of Returning Citizens within DPSCS for specified purposes; and (6) develop a plan to expand specified services for individuals after release from incarceration.

Chapters 112 and 113 of 2025 extended the termination date of the task force to June 30, 2027, and the deadline for submission of the task force's required report to October 31, 2026.

Performance Incentive Grant Fund

The Performance Incentive Grant Fund within the Governor's Office of Crime Prevention and Policy is intended to make use of the savings from the implementation of Chapter 515 of 2016, the Justice Reinvestment Act, to provide grants for specified programs and services, including providing for pretrial risk assessments, services to reduce pretrial detention, diversion programs, specialty courts, reentry programs, and ensuring that the rights of crime victims are protected and enhanced. Money expended from the fund for programs to reduce recidivism and control correctional costs is supplemental to and is not intended to take the place of funding that otherwise would be appropriated for such purposes.

Cannabis Regulation and Enforcement Fund

CREF is administered by the Maryland Cannabis Administration (MCA) to cover its operating costs and the costs to administer and enforce the Medical and Adult-use Cannabis Title of the Alcoholic Beverages and Cannabis Article. In addition, the fund is used to support the Social Equity Partnership Grant Program to promote qualifying partnerships between operational cannabis licensees and social equity licensees. The fund generally consists of fees collected by MCA (including application and registration fees) and tax revenues from the sale of adult-use cannabis sufficient to defray the entire cost of operating the administration.

State/Local Fiscal Effect:

Department of Public Safety and Correctional Services

DPSCS expenditures may increase to implement the Release Preparation Program; however, without actual experience under the bill, the overall fiscal and operational effect of the bill cannot be quantified. While DPSCS can likely establish the required protocol for registering formerly incarcerated individuals in the program with existing resources, the department may need additional staff to handle implementation of the program depending on (1) the actual protocols established and approved and (2) the number of currently incarcerated individuals and formerly incarcerated individuals who choose to participate in the program. *For illustrative purposes only*, the cost of hiring one program coordinator beginning October 1, 2026 (including salary, fringe benefits, one-time start-up costs, and ongoing operating expenses) is \$90,008 in fiscal 2027, increasing to \$121,011 by fiscal 2031.

Because the bill alters the purpose and allowable uses of CREF to include supporting the new program, it is assumed that any increase in costs for DPSCS to implement the program are borne by CREF.

Effect on the Cannabis Regulation and Enforcement Fund and the Distribution of Sales and Use Tax Revenues

As noted above, it is assumed that any costs incurred by DPSCS to implement the new program are paid by CREF, which is administered by MCA. If CREF special fund expenditures increase as a result of the bill, in any given year in which the CREF fund balance is not sufficient to cover any of those costs, special fund revenues to CREF (from cannabis sales and use tax revenues) increase to backfill revenues needed for other authorized uses of the fund. As a result, the amount of sales and use tax revenue remaining for distribution to the general fund, various other special funds, and local governments decreases. (See the **Appendix – Adult-use Cannabis Sales and Use Tax and Revenues** for a description of the current law distribution of cannabis sales and use tax revenues.) *For illustrative purposes only, see Exhibit 1 for resulting impacts on the distribution of cannabis sales and use tax revenues if CREF expenditures increase by \$100,000 annually beginning in fiscal 2027 and there is insufficient fund balance to cover any of those costs.*

Municipal revenues are also affected, as each county must distribute to a municipality located in the county 50% of the county's allocation that is attributable to the cannabis sales and use tax revenue generated by a dispensary located in that municipality.

Community Reinvestment and Repair Fund (CRRF) expenditures (for the distribution of CRRF funds by the Comptroller to counties, as required by current law) decrease correspondingly to the decrease in CRRF revenues beginning in fiscal 2027. County revenues decrease further as a result of the decreased distributions from CRRF beginning in fiscal 2027.

Accordingly, county (and municipal) expenditures decrease correspondingly.

Exhibit 1
Illustrative Example of the Effect on the Distribution of Cannabis Sales and Use Tax Revenue

	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>
Funds Available for Distribution	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)
State Revenues					
General Fund	(\$50,000)	(\$50,000)	(\$55,000)	(\$55,000)	(\$55,000)
CRRF	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)
CPHF	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
CBAF	(5,000)	(5,000)	0	0	0
County Revenues	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)

CBAF: Cannabis Business Assistance Fund

CPHF: Cannabis Public Health Fund

CRRF: Community Reinvestment and Repair Fund

Notes: The decrease in county revenues is in the aggregate.

Source: Department of Legislative Services

Office of the Attorney General

It is assumed that OAG can likely handle the review and approval of the protocol established and submitted by DPSCS using existing budgeted resources.

Additional Information

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

Designated Cross File: SB 61 (Senator Sydnor) - Judicial Proceedings and Finance.

Information Source(s): Maryland Cannabis Administration; Department of Public Safety and Correctional Services; Department of Social and Economic Mobility; Department of Legislative Services

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Appendix – Adult-use Cannabis Sales and Use Tax and Revenues

Cannabis Sales and Use Tax Revenues

Chapters 254 and 255 of 2023 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; collections are on track to exceed \$100.0 million in fiscal 2026.

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 Department of Social and Economic Mobility (DoSEM) Fund an amount sufficient to defray the operating and administrative costs of the Maryland Cannabis Administration and the Office of Social Equity, 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 Community Reinvestment and Repair Fund (through fiscal 2033 only), which is administered by the Comptroller's Office with oversight assistance from the Office of Social Equity; 5% to the Cannabis Public Health Fund, 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.