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Ways and Means Committee

Chair
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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

February 28, 2020

**FAVORABLE SUPPORT of HB 1449:
Health - Medical Cannabis Reauthorization Act**

Dear Chairwoman Pendergrass and Members of the Committee:

I urge you to vote a favorable report on HB 1449: Medical Cannabis Reauthorization Act. HB 1449 improves diversity, inclusion, and competitiveness in the Maryland Medical Cannabis Commission (MMCC). If passed, this legislation corrects many of the issues raised by applicants during the 2019 application process for medical cannabis grower and processor licenses.

What the Bill Does

The bill proposes to repeal the statutory caps on the number of grower and processor licenses that the Natalie M. LaPrade Medical Cannabis Commission is authorized to issue.

Doing such, establishes new requirements for the commission's application review and evaluation process for medical cannabis grower and processor licenses including:

- Establishing new timeframes for review and required inspections
- Requiring the commission to conduct a study on the number of grower and processor licenses necessary to meet the demand for medical cannabis and report its findings to the General Assembly
- Repealing a requirement that a vendor submit an invoice within a certain amount of time in order to receive interest payments

Why Support the Bill

As of date, only one minority-owned entity holds a license to operate in the industry. Of the initial awarding of licenses in 2016, none went to an African-American entity. Medical Cannabis is indeed a growing and lucrative market in the state of Maryland, representing a \$250 million industry with exponential growth expected in the next few years. To no surprise, the demand for entry is highly competitive. As such, over 80% of the 2019 applicant pool were African-American

owned businesses. These businesses collectively spent millions of dollars in the midst of flawed 2019 application process. As the MMCC conducts an independent and thorough investigation into concerns about potential bias and/or undue influence in the application evaluation process, we must also strive to strengthen policy as a legislative body.

Since the program's inception, minorities have been completely shut out of the industry. Considering our state's population comprises of 30% African-American, there is a dire need to repair the existing structure of the Medical Cannabis Program.

Amendments

In its current state, the drafted legislation would need to be amended to address the 2019 and 2016 application process, the problems associated with scoring/ranking and the lack of diversity in the grower and processor ranks.

The amendments to the bill would retain the study and seek the following:

- Award Stage One pre-approval to the top 50% of all applicants from 2019 Applicants would have to follow all regulations and inspections to move to Stage 2 Award/Operations
- Applicants would have 365 days to implement their plan, Commission would have discretion as to extension
- Applicants cannot sell and/or enter into management style license agreements for 5 years after Stage 2 Award

Background

By definition, the Natalie M. LaPrade Medical Cannabis Commission is responsible for implementation of the State's medical cannabis program, which is intended to make medical cannabis available to qualifying patients in a safe and effective manner. As of January 2020, the commission has issued 17 final grower licenses; 18 final processor licenses; and 85 final dispensary licenses. Beginning December 1, 2024, the commission is authorized to report to the General Assembly on the number of licensed growers, processors, and dispensaries that are necessary to meet demand.

HB 1449, seeks to drastically diversify the license ownership ranks and remedy the businesses who were adversely impacted in efforts to obtain medical cannabis licenses to grow and process for patients in the State of Maryland.

Strengthening MBEs

It is no secret that economies strengthen and become more profitable when diversity is prioritized. As the Chairman of the Legislative Black Caucus, I understand that MBEs are not limited to just African-American firms, rather black businesses represent a strong subset of the minority population which serves as the engine for our vibrant economic community.

Quite frankly, this legislation is an issue of racial inequity in the state of Maryland. Today, we are here before you to correct them. If we sit back and do nothing, we are setting a tone that equity and justice is not prioritized in the state of Maryland.

I strongly urge you to support HB 1449 – Medical Cannabis Reauthorization Act

Sincerely,

Darryl Barnes

Darryl Barnes
Chairman, Legislative Black Caucus of Maryland, Inc.