



March 6, 2020

The Honorable Luke Clippinger
Chair, House Judiciary Committee
Room 101 House Office Building
Annapolis, MD 21401-1991

RE: HB 1400 – Cannabis – Legalization, Taxation, and Regulation – Letter of Information

Dear Chair Clippinger:

The Maryland Medical Cannabis Commission (the Commission) is submitting this letter of information for House Bill 1400 entitled “**Cannabis – Legalization, Taxation, and Regulation.**” HB 1400 establishes an extensive framework for the legalization, taxation, and regulation of cannabis for personal adult-use in Maryland by tasking the Commission with overseeing the newly legalized adult-use cannabis program, in addition to the existing medical cannabis program.

HB 1400 repeals the Commission’s authorizing statute and creates a new article, Health – General, Title 23 Cannabis, which requires the Commission to develop policies, procedures, guidelines, and regulations for both the adult-use and medical cannabis programs. While the Commission has already completed many of the medical cannabis-related requirements outlined in the bill during the development and implementation phase of the medical cannabis program, most, if not all aspects of the existing medical program would have to be modified to account for a legal adult-use program. Additionally, HB 1400 alters the number of cannabis growers that the Commission may license, by increasing the license cap from 22 to 88. It also increases the processor cap from 28 to 112. The bill would quadruple the number of grower and processor businesses in the State, and greatly expand the Commission’s work developing, soliciting and evaluating license applications, and conducting compliance and enforcement of statutory and regulatory provisions.

The Commission appreciates the Maryland General Assembly’s interest in the existing medical cannabis program, and its desire to explore the potential expansion into an adult-use cannabis program. Given these interests, the Commission has committed to issue a Request for Proposals (RFP) to conduct a market assessment. The assessment will analyze: 1) the current and future size of the medical cannabis market; 2) health, public safety, and economic impact of legalizing adult-use cannabis in Maryland; and 3) impact of legalization of adult-use cannabis on medical cannabis patients and the Maryland Medical Cannabis Program. The assessment will provide data in order to better assist policymakers in making cannabis-related decisions. The Commission intends to issue the RFP in Spring 2020 and make the award in Summer 2020, with a deadline for completion of the market assessment anticipated not later than December 1, 2020.

Based on the experiences in other jurisdictions, implementation of an adult-use program must be done in a thoughtful manner, with extensive planning and broad stakeholder engagement. Absent affirmative steps to protect the medical market and patients, data suggest that legalization of cannabis for adult-use may adversely impact certain aspects of existing medical cannabis program operations,

including patient registration, laboratory testing, and program funding. A significant decline in patient registration is a common effect of adult-use legalization, as many patients substitute adult-use cannabis products that can be accessed without registering or undergoing an in person medical assessment. With fewer medical patients, wholesale and retail cannabis entities tailor products more towards a commercial adult-use market. In Oregon, there are only three dispensaries that sell products specifically designed and manufactured for medical patients. This is down from the nearly 400 locations present when the state was a medical cannabis-only market. Without medically-focused businesses or products, patients must look to adult-use dispensaries, where specialty medical products are either not for sale or are prohibitively expensive.

Furthermore, rapid program expansion may adversely impact public health and safety. Current Commission regulations establish strict sanitation and quality control standards for cultivating and manufacturing medical cannabis. Expanding the number of growing and processing licenses as required by HB 1400, would necessitate a dramatic increase in Commission staffing in order to ensure quality control can continue at the current standard. Many jurisdictions that have implemented expanded programs – both medical and adult-use – suffer from chronic under-staffing, which results in the inability to effectively regulate licensees and ensure overall product safety. Without proper regulation and resources, substandard or potentially harmful products are more likely to enter the market.

I hope this information is useful. If you would like to discuss this further, please contact me at (410) 487-8069 or at william.tilburg@maryland.gov.

Sincerely,

A handwritten signature in blue ink that reads "William Tilburg". The signature is written in a cursive style and is followed by a long horizontal flourish line.

William Tilburg, JD, MPH
Executive Director

cc: Members of the House Judiciary Committee