



March 3, 2022

The Honorable Delores G. Kelley
Chair, Senate Finance Committee
3 East, Miller Senate Office Building
Annapolis, MD 21401-1991

**RE: Senate Bill 844 – Medical Cannabis – Dispensaries – Operation at Multiple Locations
– Letter of Information**

Dear Chair Kelley and Committee Members:

The Maryland Medical Cannabis Commission (the Commission) is submitting this letter of information for Senate Bill (SB) 844 – Medical Cannabis – Dispensaries – Operation at Multiple Locations. SB 844 authorizes a licensed medical cannabis dispensary to operate at up to four locations under a single dispensary license. Current law authorizes a person to have an ownership interest in or control of (including the power to manage and operate) as many as four dispensaries (*See* Health-General Article §13-3307). A person who holds the maximum of four dispensary licenses will be able to operate 16 separate dispensary locations under this bill.

It is notable that the dispensaries most likely to benefit from SB 844 are those owned or managed by large multistate operators (MSOs) and publicly traded companies. Currently, MSOs own or control approximately 40 dispensaries in the State. Under this proposal, this number could increase to 160 or more. MSOs also own or control more than half of the licensed growers and processors in the State. Allowing these businesses to further expand their footprint at the retail level will make it harder for small-, minority-, and women-owned Maryland businesses to compete. Compounding matters, independent dispensaries are less likely to have access to adequate capital and other resources to benefit from the expansion offered under the bill. A likely result of this bill will be for the medical cannabis market to become more skewed towards large, publicly traded corporations.

Further, the additional dispensary locations contemplated by the bill do not have any geographic restrictions or siting requirements. Under current law, dispensary licenses are distributed according to Senatorial district, which ensures equal distribution across the State. Absent

requirements that these additional locations be evenly distributed across the State, it is likely that they will be concentrated in the population centers of Montgomery County, Prince George's County, Baltimore County, Anne Arundel County, Baltimore City and Howard County. An uneven distribution of dispensary locations could present an access to care issue for rural Marylanders and will run contrary to the requirement in Health-General Article §13-3307 to achieve geographic diversity in medical cannabis licensing.

The licensing paradigm under SB 844 may also create additional barriers to entry for small-, minority-, and women-owned dispensaries. Pursuant to House Bill 2 (2018), the Maryland Medical Cannabis Commission Reform Act, the Commission amended its regulations and application process to include consideration of race, gender, ethnicity, and socioeconomic status. Yet, SB 844 circumvents the application and licensing process and grants existing dispensaries, which were awarded licenses prior to the amended application and licensing process adopted pursuant to HB 2, the ability to expand without considering the demographics of their ownership or management.

Finally, without simultaneously expanding licensing for licensed growers and processors, SB 844 may result in a widespread lack of supply of medical cannabis to adequately meet the demand for medical cannabis created by so many additional dispensaries. The bill may inadvertently enhance inequities throughout the entire medical cannabis program, by enabling vertically integrated medical cannabis growers and processors to sell exclusively or primarily to dispensaries under their ownership and control. The bill will allow a vertically integrated entity to operate up to 16 medical cannabis dispensary locations across the State and thereby reduce the number of operators willing to sell to small and independent dispensaries.

SB 844 will have a significant fiscal and operational impact on the Commission due to the Commission's vastly increased inspection and oversight responsibilities needed to cover the dramatic increase in dispensary locations authorized under SB 844. There are currently 101 licensed/preapproved dispensaries in Maryland. MMCC anticipates that SB 844 is likely to result in triple that number for a total of 300 dispensary locations.

I hope this information is useful. If you would like to discuss this further, please contact me at (410) 487-8069 or 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 underlined with a blue horizontal line.

William Tilburg, JD, MPH
Executive Director, Maryland Medical Cannabis Commission

This position does not necessarily reflect the position of the Maryland Department of Health or the Office of the Governor

