



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

March 23, 2022

TO: The Honorable Delores G. Kelley
Chair, Finance Committee

FROM: Marc Elrich
County Executive

RE: House Bill 1, *Constitutional Amendment – Cannabis – Adult Use* and
House Bill 837, *Cannabis Reform*
Support with Amendments

I am writing to express my support for House Bill 1, *Constitutional Amendment – Cannabis – Adult Use*, and House Bill 837, *Cannabis Reform*. It is essential that Maryland move forward as quickly as possible to legalize the personal use of cannabis by adults and begin to repair the decades of harm done to individuals, families, and communities who have been disproportionately impacted by the “war on drugs” relating to marijuana and other cannabis products.

House Bill 837 would allow the State to move forward expeditiously upon enactment of the constitutional amendment proposed in House Bill 1 to implement much needed criminal justice reforms. The bill would also allow the State to move forward immediately with important efforts relating to public health, including completion of a baseline study of cannabis use in the State, creation of a Cannabis Advisory Council, and establishment of a Cannabis Public Health Fund to be used to support data collection and research, education and public awareness campaigns, treatment for substance abuse disorders, and training of law enforcement personnel to recognize impairments caused by cannabis.

Although the bill does not create a licensing and regulatory framework for the market structure that would be implemented in Maryland, it reflects an assumption that the State will eventually create a private sector model for the cultivation, processing, distribution, and sale of cannabis products. To the extent that Maryland moves in that direction, it is important to ensure that the State act aggressively to assist small, minority-owned, and women-owned businesses entering the industry. Importantly, House Bill 837 requires the State to conduct a disparity study to determine the types of remedial measures that would be needed to assist minority-owned and women-owned businesses and creates a Business Assistance Fund to further these efforts and

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provide grants and loans to populations that have been disproportionality impacted by the enforcement of cannabis laws.

However, I also believe that any licensing and regulatory framework that implements a private sector model for the cannabis industry throughout the State should allow a county to opt out of that model at the retail level and establish an alternative county-operated system. Senate Bill 833, *Cannabis – Legalization and Regulation*, would create a private sector model for the industry but would also authorize local governments to prohibit any type of “cannabis establishment” through the enactment of local legislation or adoption of a local referendum. I submitted written testimony in support of Senate Bill 833 with amendments that would expand the local opt out authority in that bill to allow a county to establish a government-run retail system as an alternative to the private sector model established in the bill.

Montgomery County has decades of experience with the operation of retail liquor establishments, and I view this model as completely viable for cannabis products. With county control of the distribution of alcohol, the risk of over-marketing is greatly reduced, the alcohol is available and legal but is not over-hyped, and studies have shown that this type of restraint helps control alcohol abuse. Additionally, the revenues from alcohol sales continue to help fund important county initiatives. Similarly, this type of system would allow a county to better control advertising of cannabis products, prevent minors from accessing cannabis, protect public health, and maximize revenues for public purposes. The production of cannabis products, as with alcohol, would remain in the private arena.

Although government-run retail stores for cannabis are not common in the United States, a number of Canadian provinces chose to implement government-run retail systems after recreational cannabis was legalized in Canada in 2018. The issue is also being discussed in other jurisdictions closer to home. One recent example – while serving as Governor of Rhode Island last year, the current United States Secretary of Commerce (Gina Raimondo) proposed a State-run model for retail stores. It is a very legitimate option that might be more acceptable to some counties in Maryland as opposed to either a private sector model or the type of local “opt-out” mechanism included in Senate Bill 833.

If the Finance Committee moves forward with adopting legislation this year to create the licensing and regulatory framework for the cannabis industry, I respectfully request that the Committee include local enabling authority for county-operated retail shops in the final bill. If decisions about the market structure for the cannabis industry are delayed until after the passage of the constitutional amendment, I respectfully request that this year’s bill require the State to complete a study regarding the potential benefits of a government-operated retail system before the General Assembly meets again in 2023.

cc: Members of the Finance Committee