



THE MARYLAND HOUSE OF DELEGATES ANNAPOLIS, MARYLAND 21401

HB 556-CANNABIS REFORM

The Cannabis Reform Act sets up a regulatory structure for the cultivation, production, and sale of adult-use cannabis as ratified by the Maryland voters in November 2022. HB556 is not intended to create a source of revenue for the State or create a marketplace for intoxicants. It is our intent to shutter the illicit black and gray markets by creating safe and secure retail markets with, proper oversight and regulation, that keep Marylanders safe if they choose to partake in cannabis use.

The bill establishes the Cannabis division of the newly named Alcohol, Tobacco, and Cannabis Commission (ATCC) charged with regulating and administering adult-use and medical cannabis markets. Additional responsibilities of the ATCC include:

- Granting licenses to established medical cannabis processors, growers, and dispensaries that pay a conversion fee to enter the adult-use market;
- Developing an application process for a minimum of two rounds, with the first round focusing on licensure for social equity applicants disproportionately impacted by the war on drugs;
- Creating a tracking system for all cannabis products from seed to sale; and
- Conducting oversight on all licensed cannabis businesses in the State.

Other Provisions of HB 556 include:

- Programs to assist cannabis businesses with technical assistance, loans, and grants;
- Safeguards to protect universities studying the physical, mental, and public health effects of cannabis use;
- Independent testing facilities to test cannabis products, and a State owned and operated testing facility for laboratory compliance; and
- A 6% tax on adult-use cannabis, increasing incrementally each year, reaching a maximum 10% in 2028.

I have never been a supporter of adult-use cannabis but HB556 creates an equitable and safe regulatory structure for this product. I believe if implemented correctly, we may not immediately have a profitable regulatory system, but we will have a just and safe system to protect our citizens from the dangers of an illicit market. I ask for a favorable report on HB556.