



February 15, 2023

The Honorable C.T. Wilson
Chairman, Economic Matters Committee
Room 231 House Office Bldg.
Annapolis, MD 21401

RE: House Bill 556—Cannabis Reform-Support with Amendments

Dear Chairman Wilson:

Thank you for the opportunity to comment on HB 556-Cannabis Reform. Curaleaf appreciates the long hours and hard work that have been put into this legislation by you and many other members of the General Assembly. We look forward to working with the State and being part of the adult-use market in the years ahead.

Curaleaf operates a medical growing facility and four dispensaries in the State. Under HB 556, the company would be able to transition into the adult-use market and begin operations on July 1, 2023, consistent with the referendum which passed overwhelmingly in November of 2022. Allowing this transition to occur quickly, in anticipation of July 1, recognizes the expectations of the public and will also serve to reduce the likelihood of illegal sales filling a void in the market. In addition, allowing medical and adult use product to be treated the same up to the point-of sale is an important part of a smooth transition but also allows those already in the market and regulators to continue using a process they are familiar with.

There are aspects of the legislation which we would respectfully ask to be given additional consideration, however. Under HB 556 Curaleaf would no longer be able to operate four dispensaries in the adult use market. The maximum number of licenses would be two, rather than four, causing Curaleaf and others to have to divest of two dispensaries. If that provision were to become law, patients at two of our facilities would need to find a new dispensary, our employees at those dispensaries would need to find jobs, and the company's investments there would be stranded.

We appreciate that the policy goal behind this provision is to ensure a place in the adult use market for social equity applicants, but we believe that place will exist even if the limit on the number of dispensary licenses remains at four. As proposed, the legislation allows for nearly 500 dispensaries when counting the micro-dispensaries, so even with a four-license limit, one entity could at most control less than 1 percent of the total number of dispensaries.

Finally, Curaleaf would ask that the conversion fees contained in the bill be permitted to be paid overtime. The amount of the fees would remain as proposed, but this would provide an ability to pay in increments if needed.

Thank you again for your consideration of our concerns.

Sincerely,

Matt Harrell
Vice President, Government Relations