

**Maryland Black Cannabis Operators Alliance
HB 556 – Proposed Amendments**

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Amendment 1

Establishing and granting of licenses to “Certain Entities Economically Impacted”

Summary

*****Note: This amendment establishes a group of small and disadvantaged existing license holders called “Certain Entities Economically Impacted.”**

During Round 1 of licensure, winning applicants were given the option of opening up a dispensary without a transparent competitive process. This has given these applicants years of an unfair advantage over new entrants. We have a unique opportunity to right past wrongs and create wealth.

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Amendment 2

Remove Timeline of Transfer Restrictions for Certain Entities Economically Impacted

Summary

*****Note: Lack of capital has and continues to be an obstacle for small and disadvantaged license holders in the cannabis industry. Licensees should be given an adequate timeframe to transfer their licenses.**

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Amendment 3

Reduce Number of Licenses

Summary

*****Note: This would ensure the social equity or economic impacted licensees could establish a market and grow without being flooded by standard licenses.**

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Amendment 4

Remove Conversion Fees for Certain Entities Economically Impacted

Summary

*****Note: Lack of capital has and continues to be an obstacle for small and disadvantaged license holders in the cannabis industry. This amendment critical for these license holders to compete in the industry without burdening them with undue debt.**

Additionally, Round 1 awardees were given the option of opening up a dispensary without a transparent competitive process. That should be based in the fee as well, which would in turn increase the allocations to the Fund.

Suggested language changes

Page 55, Line 2
36—411

(A) NOTWITHSTANDING SECTION 6 OF THIS ACT, ON OR BEFORE JULY 1, 2023, THE DIVISION SHALL:

(1) GRANT AN ENTITY NO LESS THAN FOUR STAGE ONE PRE APPROVALS FOR LICENSURE AS A DISPENSARY UNDER § 36-401, IF THE ENTITY:

(I) IS PRE-APPROVED AS A LICENSED MEDICAL CANNABIS GROWER OR PROCESSOR, BUT HAS NOT BEEN GRANTED FINAL OPERATIONAL APPROVAL, OR

(II) HAS BEEN OPERATIONAL LESS THAN TWELVE MONTHS PRIOR TO ENACTMENT OF THIS LEGISLATION.

(2) GRANT AN ENTITY NO LESS THAN TWO STAGE ONE PRE APPROVALS FOR LICENSURE AS A DISPENSARY UNDER § 36-401, IF THE ENTITY:

(I) IS CURRENTLY LICENSED AS A MEDICAL CANNABIS DISPENSARY UNDER § 13-3306 OF THE HEALTH – GENERAL ARTICLE; AND

(II) DEMONSTRATION THAT THE ENTITY MEETS THREE OR MORE OF THE FOLLOWING CRITERIA:

(i) AT LEAST 51 PERCENT OF ITS OWNERSHIP INTEREST IS HELD BY ONE OR MORE INDIVIDUALS WHO HAVE LIVED IN AN ECONOMICALLY DISADVANTAGED AREA FOR 5 OF THE PRECEDING 10 YEARS;

(ii) A MAJORITY OF THE CURRENT EMPLOYEES LIVE IN AN ECONOMICALLY DISADVANTAGED AREA;

(iii) A MAJORITY OF THE CURRENT CONTRACTORS LIVE IN AN ECONOMICALLY DISADVANTAGED AREA; AND

(iv) AT LEAST 51 PERCENT OF ITS OWNERSHIP INTEREST IS HELD BY ONE OR MORE INDIVIDUALS WHO ARE A MEMBER OF A HOUSEHOLD THAT EARNS NO MORE THAN 80 PERCENT OF THE STATE MEDIAN HOUSEHOLD INCOME.

(B) AN APPLICANT WHO IS GRANTED STAGE ONE PREAPPROVAL FOR A LICENSE UNDER SUBSECTION (A) OR (B) OF THIS SECTION SHALL MEET THE REQUIREMENTS ESTABLISHED BY THE DIVISION FOR FINAL APPROVAL OF LICENSURE, AS DEFINED IN THIS ACT, INCLUDING ANY NEW DATE SET BY THE DIVISION FOR THE LICENSEE TO BECOME OPERATIONAL.

(C) ALL ENTITIES WHO OBTAINED LICENSURE UNDER THIS SECTION SHALL BE REFERRED TO HEREAFTER AS “CERTAIN ENTITIES ECONOMICALLY IMPACTED.”

Amendment 2

Timeline of Transfer Restrictions

*****Note: Lack of capital has and continues to be an obstacle for small and disadvantaged license holders in the cannabis industry. Licensees should be given an adequate timeframe to transfer their licenses.**

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(4) THE LIMITATION ON TRANSFER TIMEFRAMES SHALL BE REMOVED FOR ALL ENTITIES GRANTED LICENSURE AS CERTAIN ENTITIES ECONOMICALLY IMPACTED OF THIS ACT.

Amendment 3

Number of Licenses

*****Note: This would ensure the social equity or economic impacted licensees could establish a market and grow without being flooded by standard licenses.**

1. Standard Licenses should be reduced to 30 Grows, 50, Processors and 200 Dispensaries
2. The issuance of new licenses should be based on the growth of the Maryland cannabis market. The market should be assessed every six months. For example, if gross cannabis revenues in Maryland increase by a factor of 10%, then 10% of the authorized new licenses

should be issued. This process should continue every six months until the total number of authorized, approved licenses is reached. This protects the state and the licensees who have worked hard and took the risks not to be overwhelmed by oversaturation of the market.

3. At least 50% of incubator licenses shall be reserved for certain entities economically impacted.

Amendment 4 Conversion Fees

*****Note: Lack of capital has and continues to be an obstacle for small and disadvantaged license holders in the cannabis industry. This amendment critical for these license holders to compete in the industry without burdening them with undue debt.**

Additionally, Round 1 awardees were given the option of opening up a dispensary without a transparent competitive process. That should be based in the fee as well, which would in turn increase the allocations to the Fund.

For Certain Entities Economically Disadvantaged:

- The conversion rates should be reduced by 60%
- A five-year term to pay by quarter shall be granted
- There should be no interest attached to the term payment
- Failure to pay may result in loss of license

Page 42, Line 7

If a business holds a grower, processor, and dispensary license, the fee shall be based on total gross revenue from these license types.