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DEPUTY MAJORITY LEADER

Finance Committee

Senate Chair

Joint Committee on the
Management of Public Funds

Chair, Charles, St. Mary's and Calvert
Counties' Senate Delegation



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Sponsor Written Testimony: Favorable
SB 726: Cannabis Licensees – Bona Fide Labor Organizations and Labor Peace
Agreements

February 26, 2025

Dear Chair Beidle, Vice Chair Hayes, and Members of the Senate Finance Committee:

I, Senator Ellis, am proud to introduce Senate Bill 726 entitled, “Cannabis Licensees – Bona Fide Labor Organizations and Labor Peace Agreements.” Senate Bill 726 will improve union bargaining for employees of cannabis facilities in Maryland and ensure economic stability by requiring a labor peace agreement between employers and employees of cannabis facilities in Maryland.

Senate Bill 726 requires the Maryland Cannabis Administration (MCA) to adopt regulations regarding labor peace agreements for cannabis licensees. Prior to license renewal, a cannabis licensee will be required to create, maintain and abide by a labor peace agreement as a condition of obtaining licensure. According to a 2016 United States Chamber of Commerce report, at least 11 other states have similar regulations requiring labor peace agreements, also known as “labor peace ordinances.”¹ Labor peace ordinances exist where states assert a proprietary interest, such as in avoiding work stoppages or financial instability where the state

¹ See, *Labor Peace Agreements: Local Government As Union Advocate*, U.S. Chamber of Commerce: Workforce Freedom Initiative (2016) (p. 1),
<https://www.uschamber.com/assets/archived/images/documents/files/laborpeaceagreements.pdf>.

receives revenue from the business.² In Maryland, cannabis retail sales are nearly \$1 billion and are expected to continue to rise to over \$1 billion.³ The tax revenue from these sales are expected to reach over \$100 million and has been allocated in the past by the Maryland General Assembly to important state funds and counties, such as the Community Repair and Reinvestment Fund (CRRF) to support small businesses and public health.⁴

As the cannabis industry continues to grow, Senate Bill 726 will ensure that employees maintain the ability to organize labor unions and secure strong workplace rights. Senate Bill 726 will also ensure stability of the industry and state revenue due to the labor peace agreement requirement between employees and cannabis licensees. Senate Bill 726 builds on the examples of other states' labor peace ordinances to ensure a stable cannabis industry that can continue to thrive and support employees, communities, public health, and small businesses in Maryland.

For these reasons, I respectfully request a favorable report on Senate Bill 726. Thank you for your consideration.

Sincerely,



Arthur Ellis

² See, *Labor Peace Agreements: Local Government As Union Advocate*, U.S. Chamber of Commerce: Workforce Freedom Initiative (2016) (p. 1-7),

<https://www.uschamber.com/assets/archived/images/documents/files/laborpeaceagreements.pdf>.

³ See, *MCA Medical and Adult-Use Cannabis Data Dashboard*, Maryland Cannabis Administration, <https://cannabis.maryland.gov/Pages/Data-Dashboard.aspx> (last visited Feb. 26, 2025). See also, Dylan Jaffe and Skylar Drew, *Maryland Adult-Use Cannabis Sales Expected to Yield Over \$100 Million in Tax Revenue in 2025*, Capital News Service (Dec. 5, 2024), <https://cnsmaryland.org/2024/12/05/maryland-adult-use-cannabis-sales-expected-to-yield-over-100-million-in-tax-revenue-in-2025/>.

⁴ Dylan Jaffe and Skylar Drew, *Maryland Adult-Use Cannabis Sales Expected to Yield Over \$100 Million in Tax Revenue in 2025*, Capital News Service (Dec. 5, 2024), <https://cnsmaryland.org/2024/12/05/maryland-adult-use-cannabis-sales-expected-to-yield-over-100-million-in-tax-revenue-in-2025/>.