



# THE MARYLAND SMALL BUSINESS & SOCIAL EQUITY OUTDOOR LIVE EVENTS CANNABIS RETAIL SALES PROGRAM

A harm reduction-focused, regulated, outdoor live events cannabis sales program to benefit social equity and small business licensees.

## PRESENTED BY

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# OVERVIEW

**According to projections by industry experts, Maryland's cannabis industry is expected to generate \$1.1B in revenue and \$100M in sales tax in 2025 via licensed cannabis retail storefronts, but social equity licensees and small business owners are still struggling to generate the capital to open doors and create sustainable business models.<sup>1</sup>**

Creating a harm reduction-focused, regulated, outdoor live events cannabis retail sales program to benefit social equity and small business licensees offers a lucrative lifeline to entrepreneurs as they get established, creates a broader economic impact in industries beyond cannabis, while also offering the opportunity to set controlled consumption rules with all event attendees - cannabis consuming or not - in mind.

**In addition to benefits to the Maryland cannabis industry, regulating sales and consumption at live events:**

- reduces harm by making tested and regulated products accessible in venues where unregulated products would otherwise be present<sup>2</sup>
- creates safer and more controlled environments for consumption
- creates new revenue streams for qualifying venues and promoters<sup>3</sup>
- generates additional sales tax and licensing fees for the State

**A live events cannabis retail sales program benefitting small business and social equity licensees is a vehicle to redirect consumers from unregulated markets, sending millions of dollars in annual revenue into the burgeoning industry.** The program also provides qualifying event venues a way to benefit and meet changing consumer trends while prioritizing harm reduction. When properly implemented, the program can generate significant revenue benefitting the cannabis industry and broader community at no cost to the State.<sup>4</sup>

# **PART 1: HEALTH & HARM REDUCTION**

## **FACILITATING A SAFER AND HEALTHIER ENVIRONMENT WHERE CANNABIS IS SERVED**

### **Why Provide Access to Regulated, Tested Cannabis Products?**

The presence of cannabis at music and live events can be traced back through the history of American culture and with it, the presence of unregulated, untested products.<sup>5</sup>

Cannabis legalization allows states to facilitate safe access to regulated cannabis products for adults at permitted outdoor events, which eliminates concerns about contaminants, allows for potency standardizing, and allows for increased harm reduction and evidence-based drug education to consumers.<sup>6</sup>

Developing regulations around the sales and use of cannabis at live events creates a healthier and safer experience for all guests and redirects revenue from the unregulated market to the regulated market.<sup>7</sup>

### **How Do We Ensure Safe Sales and Service at Outdoor, Live Events?**

Like TIPS certification for individuals serving alcohol, the Maryland Cannabis Awareness Training Program ensures all dispensers/budtenders of cannabis at outdoor, live events are trained to understand regulations and guidelines for creating a safer environment where cannabis is served and sold.<sup>8</sup>

**The program includes courses on an array of topics, including:**

- Understanding of cannabis products and consumption methods
- Potency and dosing
- Timing and metabolizing cannabis products
- Signs of intoxication
- Protocol for denying service
- Options for non-medical intervention
- How to gauge when medical intervention is necessary

**How Can We Create Healthier Environments at Outdoor, Live Events for All Attendees While Also Allowing On-Site Consumption?**

For many attendees at outdoor, live events, the smell of cannabis in the air is familiar – and perhaps not always welcome. Developing controlled consumption models for qualifying events that opt-in to include cannabis offerings can create a healthier and more enjoyable environment for all guests.<sup>9</sup>

Not all events desire or need a cannabis presence. Guidelines should be established for venues and live event operators that outline clear criteria for when and where cannabis retail sales are allowed/appropriate and when/where/how consumption is permitted.

Offering a variety of models (see below for “Harm Reduction-Focused Sales Models”) for venues and promoters to engage with the regulated cannabis industry ensures that cannabis sales and consumption is controlled in a way that prioritizes the health and experience of guests, amplifies Maryland’s licensed cannabis brands, and drives revenue back to the State.

## HARM REDUCTION-FOCUSED SALES & CONSUMPTION MODELS

### Product Definitions

In Maryland, **Flower products are defined as** buds of the cannabis plant sold in pre-packaged amounts or as pre-rolls.<sup>10</sup>

**Concentrate products are defined as** vape cartridges sold for adult-use.<sup>11</sup>

**Edibles products are defined as** infused edible products intended for oral ingestions (includes capsules, drinks, etc.)<sup>12</sup>

MODEL 1: Open Sales and Consumption Model	
<b>Event Access</b>	Ticketed, Gated, 21+, state or private property
<b>Retail Sales</b>	Cannabis product retail sales available at designated licensed cannabis retailer locations across grounds
<b>Cannabis Consumption</b>	Attendees expect to be in an environment that includes cannabis ( <i>e.g. cannabis-themed event</i> )  Consumption of all types allowed across grounds
<b>Approved Products for Sale and Consumption</b>	Flower, Edibles, Drinks: <ul style="list-style-type: none"><li>• Edibles limited to 10mg per package</li><li>• Drinks limited to 5mg per 12oz beverage</li><li>• Flower limited to pre-rolls (singles up to 4-packs)</li></ul>

## MODEL 2: Designated Retail & Controlled Smoking Area Model

<b>Event Access</b>	Ticketed, Gated, 18+, state or private property
<b>Retail Sales</b>	<p>Cannabis products available in designated 21+ age-gated area</p> <ul style="list-style-type: none"><li>• Must be fully fenced, set at least 400 feet from main concert viewing area with security re-checking IDs and looking for 21+ bands/stamps – only guests 21+ may enter this space</li><li>• Cannabis product retail sales may only take place inside this space</li><li>• Consumption of all cannabis products must stay within this area</li><li>• Only guests 21+ may enter this space</li></ul>
<b>Cannabis Consumption</b>	<p>Designated, 21+, gated, consumption area</p> <ul style="list-style-type: none"><li>• Consumption of all cannabis products must stay within this area</li><li>• Only guests 21+ may enter this space</li></ul>
<b>Approved Products for Sale and Consumption</b>	<p>Flower, Edibles, Drinks:</p> <ul style="list-style-type: none"><li>• Edibles limited to 10mg per package</li><li>• Drinks limited to 5mg per 12oz beverage</li><li>• Flower limited to pre-rolls (singles up to 4-packs)</li></ul>

## MODEL 3: Drinks and Edibles Designated Bar Program Model

<b>Event Access</b>	Ticketed, Gated, 18+, state or private property
<b>Retail Sales</b>	<p>Cannabis drinks and edibles available at dedicated event bar(s)</p> <ul style="list-style-type: none"><li>• Designated retail sales area for cannabis-infused beverages and edibles with bartenders re-checking IDs and looking for 21+ bands/stamps</li><li>• Bar area must be surrounded by bike rack/barricade perimeter with security re-checking IDs and looking for 21+ bands/stamps - only guests 21+ may enter this designated space</li><li>• Cannabis retail sales may only take place at the bar</li></ul>
<b>Cannabis Consumption</b>	Consumption of all cannabis beverages and edibles is restricted to areas where alcohol consumption is allowed
<b>Approved Products for Sale and Consumption</b>	<p>Edibles and Drinks Only:</p> <ul style="list-style-type: none"><li>• Edibles limited to 10mg per package</li><li>• Drinks limited to 5mg per 12oz beverage</li></ul>



## **Why Should We Invest in Multiple Permitted Models for Cannabis Consumption and Sales at Outdoor, Live Events that Include Inhalable Cannabis Products (Flower and Vapes)?**

Outdoor, live events do not have the same intensive infrastructure requirements necessary to reduce the harm of smoking due to natural, unlimited ventilation outdoors.<sup>13</sup>

Offering different sales and consumption models also allows eligible venues, promoters, and event operators to determine how they would like cannabis to be presented in their program (if at all). For example, a venue hosting a 21+ only event may decide that having designated smoking areas best suits their crowd, whereas the operator of a cannabis-themed program may be more comfortable with an open consumption and retail sales model.

## **How Can We Manage Air Quality and Learn More About the Impacts of Outdoor Consumption of Vapes and Flower Products?**

In addition to natural outdoor ventilation, outdoor programs where inhalable products are present should engage an air quality monitor to ensure that all guests have a safe and healthy event experience. Air quality monitoring is not only a way to ensure healthier spaces, but it also allows us to gather valuable data to inform future policy and assure host communities have transparency around activities in event spaces in their neighborhoods.<sup>14</sup> We recommend that venues and outdoor, live events that would like to have inhalable cannabis products and consumption in their spaces engage an air quality professional from a third-party company to develop and implement an Odor Control Plan and conduct continuous air quality monitoring.<sup>15</sup>

## **How Can We Ensure that Communities Interests are Represented?**

Community input is critical to the success of an Outdoor Live Events Cannabis Retail Sales Program. As with other regulated substances (like alcohol and tobacco), the county/community should have the opportunity to have input on how/when consumption (if any) should be allowed at outdoor programming in their neighborhoods.

## **How Do We Close the Door on Unregulated Sales and Consumption at Outdoor, Live Events?:**

According to retail sales data from the Maryland Cannabis Administration, flower sales make up 60% of all cannabis products sold in the state. In comparison, concentrates (vapes) represent 28% of retail sales and<sup>16</sup> edibles 12%. By not including inhalable products in outdoor live event sales models and meeting consumer demand, licensees lose out on potential revenue and the door is left open for the unregulated sales of untested products along with attendees consuming in places where they think they can avoid detection.

## Maryland Cannabis Retail Sales Data (May-Oct. 24):<sup>17</sup>

**\$342M Flower Sales ~ 60%**  
**\$168M Concentrate Sales ~ 28%**  
**\$71M Edibles Sales ~ 12%**  
**\$581M Total Sales**

### May

- \$59M Flower
- \$26M Concentrate (includes vapes, etc)
- \$13M Edible (includes drinks where available)

### June

- \$56M Flower
- \$28M Concentrate (includes vapes, etc)
- \$11M Edible (includes drinks where available)

### July

- \$58M Flower
- \$28M Concentrate (includes vapes, etc)
- \$12M Edible (includes drinks where available)

### August

- \$59M Flower
- \$29M Concentrate (includes vapes, etc)
- \$12M Edible (includes drinks where available)

### September

- \$54M Flower
- \$28M Concentrate (includes vapes, etc)
- \$11M Edible (includes drinks where available)

### October

- \$56M Flower
- \$29M Concentrate (includes vapes, etc)
- \$12M Edible (includes drinks where available)

Using the suggested retail and consumption models shared above, outdoor events can be tailored to maximize public health, while allowing for varied modes of consumption. Cannabis can be consumed by inhalation through pre-roll retail sales (in designated areas/when appropriate), while edibles (including infused beverages) can be available for those who prefer to consume by ingestion. By allowing and planning for varied modes of consumption, all cannabis consumers – *including medical patients* – can access safe, regulated products that serve their needs, in addition to maximizing economic opportunities for all stakeholders.

# PART 2

## ECONOMIC OPPORTUNITY

### How does an outdoor, live events cannabis sales program benefit social equity and small business licensees?

Throughout the cannabis industry, social equity licensed retailers are small businesses, single locations, and brick-and-mortar store owners. Not only are they subject to the tax burdens and other associated costs of being a cannabis business owner, but they are frequently fighting for brand awareness against larger operators with big budgets for marketing and community outreach.

An outdoor, live events cannabis retail sales program limited to small business and social equity operators carves out lucrative benefits specifically for single-storefront, small business licensees. This program will provide these businesses access to large marketing platforms along with a chance to experience high-volume, high-sales weekends a few times a year without needing to close down the shop or shoulder the expense of opening another location.

*Note: Only including edible products (including drinks) in a cannabis retail sales program encourages a direct-to-venue concessions model, greatly reducing any benefit to small business and social equity retailers.*

## **How does an outdoor, live events cannabis retail sales program benefit the broader Maryland cannabis industry?**

High-volume weekends for licensed retailers mean a higher demand for products and more revenue for Maryland's cultivators and manufacturers. In addition, like alcohol and food, products sold at events may be sold at a premium.

## **How does an outdoor, live events cannabis retail sales program benefit venues and events?**

Maryland is home to hundreds of annual, outdoor, 21+ events and festivals catering to a diverse range of interests, cultures and traditions. Live events are revenue generators for communities and municipalities. They are also cultural cornerstones, attracting local residents and visitors to the city/state. In recent years, 21+, live music venues and outdoor events have seen alcohol sales decreasing rapidly. In contrast, according to research by New Frontier Data, there has been an increase of 21+ adults consciously choosing cannabis over alcohol.<sup>18</sup>

According to data from a recent study of nationwide alcohol sales conducted by the Spirit Business, spirit sales alone have seen a 3.9% drop while wine has declined by 8%. Beer sales are also down by 7%. Combined, drinks containing alcohol have seen a decline of 6.3%. In 2023, Maryland reported alcohol net sales totaling \$487,958,788. Using 2023 sales numbers, a 6.3% decline in sales represents nearly \$31M<sup>19</sup> in missed revenue and corresponding sales taxes.

Live event venues and promoters have a chance to benefit from the excitement around cannabis by implementing pragmatic retail sales and social consumption rules for their programs, attracting new sponsors and selling additional tickets to potential attendees interested in alternatives to alcohol.

## Revenue Projections and Benefits

The chart below represents revenue projections for a two day, 30-35,000 attendees, 21+, outdoor live event. These projections are based on data gathered from from compliance partners running cannabis retail sales programs at comparably sized, age-gated, 21+ events on the West Coast. Their events offer a full range of cannabis products (cannabis flower, vapes, edibles, and beverages):

Revenue Projections	
<p>Revenue projections based on the following:</p> <ul style="list-style-type: none"><li>• <b>Two day</b> event</li><li>• <b>30-35,000 attendees</b> in total</li><li>• Average <b>15,000 attendees/day</b> - assuming 60% (9,000) make purchases from onsite cannabis retailers</li><li>• Average <b>2 items</b> purchased per attendee</li><li>• Average price per item: <b>\$29</b></li><li>• Average spend per customer: <b>\$58</b></li></ul>	<p>Assuming <b>twenty (20) social equity retail partners</b>, the total projected revenue for a 2-day program would be:</p> <ul style="list-style-type: none"><li>• <b>Average projected revenue per social equity retailer:</b> \$52,200</li><li>• <b>Projected Retail Sales Tax Revenue for the State (9%):</b> \$93,960</li><li>• <b>Total projected revenue for 2-day event:</b> \$1,044,000</li></ul>

**Maryland stands to gain millions of dollars in sales tax revenue and special licensing fees annually, in addition to the broader economic impact of outdoor, live events.**

In addition to potential revenue, an outdoor, live events cannabis sales program can:

- **Raise the profile of Maryland small and social equity businesses**
- **Drive revenue to social equity operators** through high-volume, high-revenue events
- **Generate revenue for cultivators, manufacturers, and ancillary businesses** far beyond gates of the event
- **Drives a boost in retail sales tax to Maryland**

The pilot program will make history as the first program of its kind to be solely focused on social equity operators, and possibly act as a blueprint for other states looking to boost revenue for small, social equity business owners.

# CONCLUSION

Cannabis is already present at outdoor, live events.

**Creating a structured, regulated program for retail sales and social consumption creates a healthier environment and experience for all qualifying event guests while maximizing revenue to small business owners, the local economy, and the state of Maryland.**

Maryland has an exciting opportunity to set the bar with a first-of-its-kind, harm reduction-focused, outdoor live events cannabis retail sales program to benefit small businesses and social equity licensees. By developing a comprehensive program, the State can create new revenue streams for Maryland's cannabis licensees and the broader community.

Offering sales and consumption models that give event attendees varying access and exposure to cannabis, in combination with allowing counties to determine the guidelines that best suit their communities -- giving residents a say in how cannabis may be included in local events -- ensures that the **interest of all stakeholders are considered and protected.**

**A well-run program offers Maryland's small business and social equity licensees access to high-volume, high-revenue events to support business sustainability, at no cost to the state. It also works to expand access to the regulated cannabis market, increases consumer safety, and facilitates opportunities for harm reduction and evidence-based drug education for adult consumers.**



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