

SB 726 - Written Testimony.pdf

Uploaded by: Arthur Ellis

Position: FAV

ARTHUR ELLIS, CPA
Legislative District 28
Charles County

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



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

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Waldorf, Maryland 20602

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/>.

AFSCME Council 3 SB 726 Testimony_FAV.pdf

Uploaded by: Christian Gobel

Position: FAV



1410 Bush Street (Suite A)
Baltimore, MD 21230
Phone: 410-547-1515
Email: info@afscmemd.org

Patrick Moran – President

**SB 726 – Cannabis Licensees –
Bona Fide Labor Organizations and Labor Peace Agreements
Finance Committee
March 6, 2025**

FAVORABLE

AFSCME Council 3 supports Senate Bill 726. Senate Bill 726 would require a cannabis licensee to execute a labor peace agreement prior to renewal of its license and maintain and abide by a labor peace agreement as a condition of licensure. The bill would charge the Maryland Cannabis Administration with promulgating regulations to implement the labor peace requirements provided for in the legislation. Additionally, the bill enables a bona fide labor organization to file a protest with the Maryland Cannabis Administration regarding a license renewal.

AFSCME Council 3 represents approximately 50,000 public service workers at the state, county, and municipal levels of government. AFSCME members are on the front lines every day from Western Maryland to the Eastern Shore, delivering critical public services for Marylanders. Our union supports workers' rights legislation in the private and public sector. Labor peace agreements are a powerful and meaningful tool for workers to exercise their freedom of association with their co-workers. Labor peace agreements (LPAs) establish a fair process for workers to decide whether they wish to be represented by a union, without intimidation or retaliation by their employers.

LPAs are not a novel concept and have been utilized in various states to promote harmonious labor relations in the cannabis industry. For example, legislation establishing LPAs for recreational cannabis has been enacted in California, Connecticut, New Jersey, New York, and Rhode Island. Our state has also utilized LPAs for casino and gaming licenses, so this policy is not new to our General Assembly.

Finally, LPAs promote equity and elevate working conditions in the industry where they are established. For example, research has demonstrated that people of color and women working in the cannabis industry earn substantially more than their non-union counterparts.¹ Moreover, these wage benefits are not limited to one group of workers in the industry—research demonstrates workers in cultivation, processing, and retail all earn more in wages when they are represented by a union, compared to their non-union counterparts. **Our union thanks Senator Ellis for standing with workers and we urge the committee to issue a favorable report on Senate Bill 726.**

¹ David Cooper and Sebastian Martinez Hickey, *Ensuring the high road in Cannabis: Legalization offers a chance to make the cannabis industry a model of good jobs – if workers are given a voice*, Economic Policy Institute (Sept. 20, 2021), <https://www.epi.org/publication/ensuring-the-high-road-in-cannabis-jobs/#:~:text=Ensuring%20the%20high%20road%20in%20Cannabis%20Legalization%20offers%20a%20chance.workers%20are%20given%20a%20voice&text=What%20this%20report%20finds%3A%20There,cannabis%20legalization%20like,y%20to%20come.>

SEIU Local 500 Testimony in Support of SB 726 - 20

Uploaded by: Christopher Cano

Position: FAV



Testimony - SB 726, Cannabis Licensees - Bona Fide Labor Organizations and Labor
Peace Agreements
Favorable
Senate Finance Committee
March 6, 2025
Christopher C. Cano, MPA
Director of Political & Legislative Affairs on Behalf of SEIU Local 500

Honorable Chairwoman Beidle and Members of the Senate Finance Committee:

SEIU Local 500 is one of Maryland's largest public sector unions representing over 23,000 workers. We stand in solidarity with workers and union brethren in the cannabis industry in supporting Senate Bill 726. This bill promotes fair labor practices by requiring cannabis licensees to enter into labor peace agreements with bona fide labor organizations and establishes clear criteria for determining the legitimacy of such organizations.

Maryland has an opportunity to ensure that workers in the cannabis industry have the right to organize, advocate for better working conditions, and negotiate fair wages without fear of retaliation. SB 726 ensures that labor organizations that engage with cannabis businesses are truly representative of worker interests, actively organizing employees, and working toward collective bargaining agreements.

The inclusion of labor peace agreements is particularly significant. By preventing work stoppages, picketing, or boycotts, these agreements promote stability within the industry while also safeguarding workers' rights. Other states with legal cannabis industries have adopted similar measures to maintain a balanced and fair relationship between businesses and employees, and Maryland should follow suit.

Additionally, this bill provides a necessary mechanism for holding cannabis businesses accountable. By allowing bona fide labor organizations to file protests against license renewals when a business fails to uphold fair labor practices, SB 726 ensures that worker protections remain a priority as the industry expands.

This legislation represents a critical step in making Maryland's cannabis industry equitable, fair, and sustainable. We urge the committee to issue a favorable report on SB 726 and stand with Maryland's cannabis workers in their fight for fair treatment and economic security.

We respectfully urge the committee to give SB 726 a favorable report. Thank you for your time and consideration.

Christopher C. Cano, MPA
Director of Political & Legislative Affairs
SEIU Local 500

SB726_AFL-CIO_FAV

Uploaded by: Elizabeth Bobo

Position: FAV



MARYLAND STATE & D.C. AFL-CIO

AFFILIATED WITH NATIONAL AFL-CIO

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President

Donna S. Edwards

Secretary-Treasurer

Gerald W. Jackson

**SB 726 - Cannabis Licensees - Bona Fide Labor Organizations and Labor Peace
Agreements
Senate Finance Committee
March 6, 2025**

SUPPORT

**Donna S. Edwards
President
Maryland State and DC AFL-CIO**

Madame Chair and members of the Committee, thank you for the opportunity to submit testimony in support of SB 726. My name is Donna S. Edwards, and I am the President of the Maryland State and District of Columbia AFL-CIO. On behalf of Maryland's 300,000 union members, I offer the following comments.

Since its legalization, we have seen the cannabis industry grow exponentially in the state with the industry generating \$1.14 billion in total sales in 2024 alone and expected to eclipse \$100 million in tax revenue in 2025.¹ As the industry continues to flourish, cannabis jobs must do the same to support families and contribute to our communities.

SB 726 accomplishes this by requiring cannabis licensees to enter into Labor Peace Agreements (LPAs) with bona fide labor organizations to ensure a fair and equitable process for workers to decide whether they want union representation without fear of retaliation from the employer. LPAs within the cannabis industry are not new as states such as New York, California, Delaware and Rhode Island have implemented similar measures.

LPAs benefit workers and businesses alike. They support workers' ability to obtain a fair share of the economic growth while preventing conflicts with employers such as boycotts, picketing, and work stoppages. In utilizing LPAs, Maryland's cannabis industry will continue to grow and ensure that those who play a vital role in its success have a seat at the table and are treated fairly.

For these reasons, we urge a favorable vote on SB 726.

¹ Anthony Martinelli, "Maryland Marijuana Sales Total \$94.5 Million in January 2025, Bringing All-Time Revenue to \$1.78 Billion." The Marijuana Herald-News Break. February 2025.

Testimony Support SB 726 J Chorpenning.pdf

Uploaded by: Jason Chorpenning

Position: FAV



WRITTEN TESTIMONY IN SUPPORT OF SB 726

Cannabis Licensees Bona Fide Labor Organizations Labor Peace Agreements

March 6, 2025
Finance Committee

TO: Hon. Pamela Beidle, Chair,
Hon. Antonio Hayes, Vice-Chair, and
Members of the Finance Committee

FR: Jason M. Chorpenning
President, United Food & Commercial Workers International Union, Local 27
21 West Road, Towson, MD 21204

On behalf of the 23,000 working men and women represented by the United Food & Commercial Workers International Union (UFCW) Local 27, I am submitting this testimony in strong support of SB 726.

Nationally, UFCW represents over 1.3 million hard-working individuals employed in highly regulated industries, including the emerging legal cannabis industry. Our cannabis members work across multiple states in growing and cultivating facilities, manufacturing and processing facilities, laboratories, and dispensaries, including right here in Maryland.

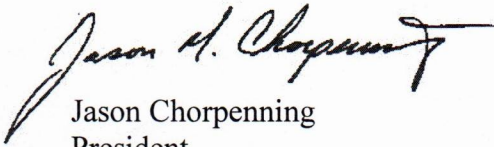
UFCW Local 27 believes it is essential to consider certain factors when determining whether an organization qualifies as a bona fide labor organization. Ensuring that officers are elected by membership is a critical measure that helps guarantee a union remains free from employer domination or interference. Additionally, we support the inclusion of labor peace agreements as a requirement for the renewal of cannabis licenses in Maryland.

Labor peace agreements are a crucial regulatory tool that protect businesses, workers, and consumers alike. These agreements help maintain stability in the workforce, ensuring that labor disputes do not disrupt operations, while also safeguarding workers' rights. Given the significant weakening of the National Labor Relations Board (NLRB), workers must increasingly rely on state legislatures to uphold fundamental protections that have been eroded at the federal level.

We commend Senator Ellis for sponsoring this legislation, which aligns with the growing national and state-level recognition of the importance of labor rights in the cannabis industry. Including labor peace provisions in Maryland's cannabis regulations closes a loophole that some employers have exploited to deny workers their rights. By doing so, the state ensures that cannabis industry employees enjoy the same protections as other workers across Maryland.

Finally, the inclusion of labor peace language allows employees to exercise their right to unionize without fear of intimidation or coercion, ensuring a fair and democratic process.

For these reasons, we strongly urge the Committee to SUPPORT SB 726.

A handwritten signature in black ink, reading "Jason A. Chorpenning". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jason Chorpenning
President

Testimony of Support SB 726 J Hedrick.pdf

Uploaded by: Jeffrey Hedrick

Position: FAV



Written Testimony in Support of SB 726

To: Chair Pamela Beidle, Vice Chair Antonio Hayes, and Members of the Finance Committee,

Fr: Submitted by Jeff Hedrick, Vice President, and Director of Organizing, UFCW Local 27

Thank you for the opportunity to testify in support of legislation requiring all cannabis dispensaries in Maryland to sign labor peace agreements (LPAs) with a bona fide labor union. My name is Jeff Hedrick, and I serve as the Director of Organizing for UFCW Local 27, which represents thousands of workers across Maryland and Delaware, including in the cannabis industry.

LPAs are essential to ensuring Maryland's cannabis industry remains stable, fair, and beneficial to workers and employers alike. Several states, including Delaware, New Jersey, and New York, have already made them a legal requirement. Maryland should follow suit to protect workers' rights, promote economic growth, and create a fair industry.

By passing this bill, Maryland will:

1. **Protect Workers and Industry Stability** – LPAs prevent workplace disputes that could disrupt dispensary operations, ensuring a fair process for workers to organize free from intimidation.
2. **Ensure Fair Wages and Benefits** – The cannabis industry generates millions in revenue, yet many workers still struggle with low pay and poor benefits. LPAs help guarantee fair compensation and safe working conditions.
3. **Encourage Responsible Business Practices** – States with LPAs see better compliance with labor laws and fewer disputes, fostering an industry that values its workforce.
4. **Advance Social Equity** – Maryland has committed to an equitable cannabis industry. LPAs align with this goal by ensuring cannabis jobs are good jobs with long-term career opportunities.

Maryland has a chance to set a strong standard for labor fairness in cannabis. I urge you to support this bill and protect the rights of cannabis workers. For These Reasons, I strongly urge the Committee to support SB 726

Thank you for your time and consideration.



Jeff Hedrick

Director of Organizing,
UFCW Local 27
21 West Road
Towson, MD 21204

UFCW 400 Favorable Written Testimony for SB 0726 -

Uploaded by: Kayla Mock

Position: FAV

Testimony in Support of SB 0726

Cannabis Licensees - Bona Fide Labor Organizations and Labor Peace Agreements

March 3, 2025

To: Honorable Chair Pamela Beidle, Vice Chair Antonio Hayes, and members of the Senate
Finance Committee

From: Kayla Mock, Political & Legislative Director

United Food and Commercial Workers Union, Local 400

Chair Beidle and members of the Senate Finance Matters Committee, I appreciate the chance to share my testimony on behalf of our over 10,000 members in Maryland, working in grocery, retail, food distribution, cannabis, and health care. Through collective bargaining, our members raise the workplace standards of wages, benefits, safety, and retirement for all workers. Union members are critical to addressing inequality and uplifting the middle class.

We strongly support SB 0726, Labor Peace Agreements in Cannabis, and urge you to vote it favorably.

According to a Capitol News Service article in December 2024, fiscal Cannabis retail sales in Maryland for fiscal year 2025 are expected to reach over \$1.1 billion according to the Maryland Cannabis Administration (MCA), with the state anticipating yielding over \$100 million in tax revenue based on the state's 9% sales tax on cannabis.

We are pleased to see Maryland cannabis companies are doing well, and we hope that this success continues to bring revenue to Maryland.

We also want to see cannabis jobs be sustainable, high road jobs that will support families, communities, and create generational wealth. We believe in order to make cannabis jobs the best they can be, cannabis workers' rights to freely and fairly organize need to be protected through labor peace agreements.

Labor Peace Agreements (LPAs) help support a fair process for workers to decide whether they would like union representation without intimidation or retaliation by employers. As the

cannabis industry grows, regulations with a Labor Peace Agreement will support workers' ability to obtain a fair share of this economic growth while reducing racial and gender inequality. Labor

peace agreements would also preemptively prevent conflicts with employers by prohibiting labor organizations from engaging in picketing, work stoppages or boycotts against cannabis establishments.

Labor peace agreements are not new in the cannabis industry. Multiple states (California, New York, Delaware, Rhode Island, ect) have labor peace agreements in their cannabis regulations. In Maryland, LPAs were used in casino and gaming licenses and hotels, so this is not a new idea to our legislature.

The National Labor Relations Act says that workers should have a free and fair choice in organizing or joining a union. By having both parties sign an LPA, and binding both sides to neutrality, workers really will get a free and fair opportunity to do what's right for them, their coworkers, their families, and companies.

Unfortunately, what we have seen in the cannabis industry when workers decide to organize is typical union busting tactics. Managers and companies will try to influence workers' decisions through intimidation, fear, retaliation, or misinformation. Workers whose rights have violated have few options to correct these wrongs, and the current administration is further eroding the few choices that did exist.

We believe cannabis workers deserve to have a true free and fair choice in whether or not to organize their workplace, and the only way to do that is to make sure companies remain neutral through signing a LPA as a condition on licensure.

We ask the state to protect cannabis workers and urge a favorable report on SB 0726.

UFCW 400 Favorable Written Testimony for SB 0726 -

Uploaded by: Kayla Mock

Position: FAV

Testimony in Support of SB 0726

Cannabis Licensees - Bona Fide Labor Organizations and Labor Peace Agreements

March 3, 2025

To: Honorable Chair Pamela Beidle, Vice Chair Antonio Hayes, and members of the Senate
Finance Committee

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We ask the state to protect cannabis workers and urge a favorable report on SB 0726.

Hill, Testimony Support SB 726 Letter (2).pdf

Uploaded by: Nelson Hill

Position: FAV



WRITTEN TESTIMONY IN SUPPORT OF SB 726

Cannabis Licensees Bona Fide Labor Organizations Labor Peace Agreements

March 6, 2025
Finance Committee

TO: Hon. Pamela Beidle, Chair,
Hon. Antonio Hayes, Vice-Chair, and
Members of the Finance Committee

FR: Nelson L. Hill
Vice President, United Food & Commercial Workers International Union, Local 27
21 West Road, Towson, MD 21204

On behalf of the 23,000 working men and women represented by the United Food & Commercial Workers International Union (UFCW) Local 27, I am submitting this testimony in strong support of SB 726.

Nationally, UFCW represents over 1.3 million hard-working individuals employed in highly regulated industries, including the emerging legal cannabis industry. Our cannabis members work across multiple states in growing and cultivating facilities, manufacturing and processing facilities, laboratories, and dispensaries, including right here in Maryland.


UFCW Local 27 believes it is essential to consider certain factors when determining whether an organization qualifies as a bona fide labor organization. Ensuring that officers are elected by membership is a critical measure that helps guarantee a union remains free from employer domination or interference. Additionally, we support the inclusion of labor peace agreements as a requirement for the renewal of cannabis licenses in Maryland.

Labor peace agreements are a crucial regulatory tool that protect businesses, workers, and consumers alike. These agreements help maintain stability in the workforce, ensuring that labor disputes do not disrupt operations, while also safeguarding workers' rights. Given the significant weakening of the National Labor Relations Board (NLRB), workers must increasingly rely on state legislatures to uphold fundamental protections that have been eroded at the federal level.

We commend Senator Ellis for sponsoring this legislation, which aligns with the growing national and state-level recognition of the importance of labor rights in the cannabis industry. Including labor peace provisions in Maryland's cannabis regulations closes a loophole that some employers have exploited to deny workers their rights. By doing so, the state ensures that cannabis industry employees enjoy the same protections as other workers across Maryland.

Finally, the inclusion of labor peace language allows employees to exercise their right to unionize without fear of intimidation or coercion, ensuring a fair and democratic process.

For these reasons, we strongly urge the Committee to SUPPORT SB 726.

A handwritten signature in cursive script that reads "Nelson L. Hill".

Nelson Hill
VP & Executive Assistant to the President

2025 MDDA SB 726 Peace Labor Agreements.pdf

Uploaded by: Ashlie Bagwell

Position: UNF



Senate Bill 726: Cannabis Licenses—Bona Fide Labor Organizations and Labor Peace Agreements

On behalf of the Maryland Wholesale Cannabis Trade Association (CANMD) and Maryland Dispensary Association (MDDA)
Senate Finance Committee

Oppose

March 6, 2025

The Maryland Dispensary Association (MDDA) and the Maryland Wholesale Cannabis Trade Association (CANMD) appreciate the opportunity to provide comments on Senate Bill 726: Cannabis Licenses—Bona Fide Labor Organizations and Labor Peace Agreements. Together, our organizations represent a majority of the cannabis dispensary, processor, and grower licensees in Maryland.

Senate Bill 726 requires cannabis licensees to execute a peace labor agreement as a part of the license renewal process and maintain and abide by the labor peace agreement as a condition of licensure. In addition, it allows a bona fide labor union standing in a protest against a cannabis license renewal.

The National Labor Relations Act guarantees employees the right to organize, form, and join unions, bargain collectively with their employers, and engage in other protected activities to improve their working conditions, all while protecting them from employer retaliation for exercising these rights. This means workers in the cannabis industry can unionize now. In fact, there are already cannabis licensees in Maryland who have been unionized. We believe the current system works and this bill is not necessary.

The only industry that has required labor peace agreements in Maryland as a condition of licensure is the gaming industry. This requirement, though, was a part of the licensing process from day one. Therefore, those seeking a license knew the ground rules and knew what was required of them prior to bidding, including the labor peace agreement requirement. That is not the case here. This bill would impose a new and costly licensing requirement *after* licenses have been issued, either on a permanent or conditional basis. This will be particularly challenging for

independent and social equity licensees, who may have a harder time managing the additional administrative burdens, legal fees and, potentially, higher labor costs.

Finally, this bill gives labor unions the ability to file a protest against a license renewal. Currently, only those who are residents or commercial tenants within 1000 feet of a licensed premises may file substantiated protests. These protests include violations of civil or criminal law, littering, vandalism and overall disturbances of peace. This process, which was established last year, was meant to provide a way for impacted neighbors to weigh in on potential regulatory non-compliance. This process was not meant to handle disputes with labor unions.

For this reason, we urge an unfavorable vote on Senate Bill 726.

Opposition to Senate Bill 726 (003).pdf

Uploaded by: Brandon Butler

Position: UNF



Opposition to Senate Bill 726

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

On behalf of Grow West, MD, a licensed cannabis cultivator in Western Maryland, I write to express our strong opposition to Senate Bill 726 (Cannabis Licensees – Bona Fide Labor Organizations and Labor Peace Agreements). While we support fair labor practices, this bill would create unintended burdens that harm businesses, employees, and the state's economy.

SB 726 mandates that cannabis licensees enter and maintain a labor peace agreement as a condition for license renewal. This requirement places undue financial and legal strain on businesses, particularly small and minority-owned operators, by increasing compliance costs, legal fees, and bargaining expenses. Rather than promoting labor stability, the bill jeopardizes business growth, job creation, and reinvestment in employees and local communities.

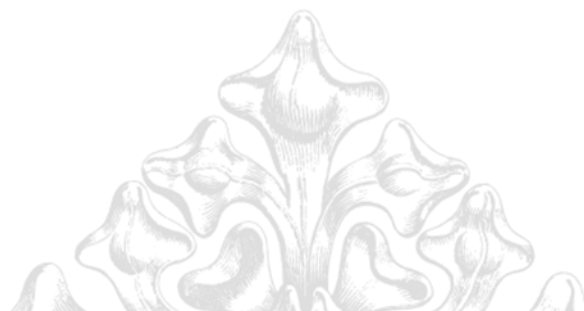
Additionally, the bill grants labor organizations the power to protest license renewals, creating regulatory uncertainty and potential legal battles—as seen in Oregon, where similar provisions are being challenged in court. This would increase administrative burdens on the state, delay licensing processes, and reduce tax revenue from a key economic sector.

Maryland's cannabis industry is still evolving, and policies should foster stability, not hinder it. SB 726 imposes a one-size-fits-all mandate that disrupts successful employer-employee relations, discourages investment, and risks market consolidation—ultimately harming workers, businesses, and the state's financial interests.

For these reasons, we strongly urge the Committee to vote unfavorably on SB 726.

Thank you for your time and consideration

Susan Valois, President
Grow West, MD LLC



SB0726 - Cannabis Licensees - Bona Fide Labor Orga

Uploaded by: Danna Blum

Position: UNF



Date: February 5, 2025

Finance Committee
Senator Pamela Beidle
3 East
Miller Senate Office Building
Annapolis, Maryland 21401

Re: SB0726 - Cannabis Licensees - Bona Fide Labor Organizations and Labor Peace Agreements - Oppose

Dear Senator Beidle:

SB0726 would require cannabis licensees to execute and keep in place a labor peace agreement with a labor union.

Labor peace agreements all have one essential purpose: to apply pressure to employers to grant organizing concessions to labor unions. This can include card checks (an employer recognizes a union based on signed cards rather than by the results of a secret ballot election), neutrality (an employer refrains from expressing negative opinions about a union and intervening in an organizing campaign), and workplace access (an employer allows outside union organizers into the workplace). In exchange, unions typically must promise not to strike, picket or otherwise disrupt an employer's operations, at least at this point.

Under the National Labor Relations Act (NLRA), all employees have the right to engage in concerted activities for mutual aid or protection, which is any effort by two or more employees to improve pay, benefits, or working conditions, whether in the presence of a labor union, or not. The NLRA also outlines the employer's rights to present its interest in not being unionized. SB0726 would negate those primary rights under the NLRA.

We see no purpose, and no upside to employers in any industry to give up their rights and to essentially be forced into accepting a labor union.

The Carroll County Chamber of Commerce, a business advocacy organization of nearly 700 members, strongly opposes this bill. We therefore request that you give this bill an unfavorable report.

Sincerely,

A handwritten signature in black ink that reads "Mike McMullin". The signature is written in a cursive, flowing style.

Mike McMullin
President
Carroll County Chamber of Commerce

CC: Delegate Chris Tomlinson
Senator Justin Ready

Carroll County Chamber of Commerce • 9 East Main Street • Westminster, MD 21157
Phone: 410-848-9050 • Fax: 410-876-1023 • www.carrollcountychamber.org

SB726_MCA_INFO

Uploaded by: Alison Butler

Position: INFO



March 6, 2025

The Honorable Pamela Beidle
Chair, Senate Finance Committee
3E Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

SB 726 - Cannabis Licensees - Bona Fide Labor Organizations and Labor Peace Agreements
Letter of Information

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

The Maryland Cannabis Administration (MCA) is submitting this **Letter of Information** (LOI) for Senate Bill 726 Cannabis Licensees - Bona Fide Labor Organizations and Labor Peace Agreements.

SB 726 requires all cannabis licensees to execute a labor peace agreement with a bona fide labor organization prior to their first license renewal and to maintain and abide by that agreement as a condition of licensure. Additionally it requires the MCA to adopt regulations implementing these requirements and to evaluate whether a labor organization is “bona fide” based on a number of factors specified in the bill. Finally it offers a bona fide labor organization standing to file a complaint against a license renewal.

A labor peace agreement permits employees to engage a labor organization without interference or retaliation by their employer. It is not a collective bargaining agreement; rather, it is an agreement between a bona fide labor organization and a cannabis licensee which prohibits the organization from engaging in picketing, work stoppages, or boycotts against the licensed entity. In exchange, the employer agrees to maintain neutrality during labor union organizing efforts.

Applying this to Maryland’s current cannabis market landscape, cannabis licensees may already enter labor peace agreements and the MCA is aware of at least 14 cannabis business locations who have already unionized. However, it is currently at the discretion of each cannabis business owner whether its employees may establish labor peace agreements.

Maryland cannabis licenses are renewed every 5 years. Under this bill, MCA’s 142 licensees that converted from a medical-only license to medical and adult-use in 2023 would be required to execute a labor peace agreement prior to their first renewal in 2028 or early 2029. Assuming 205 social equity conditional licensees become operational in 2026, an equal number will be due to renew by 2031. Under this legislation, the MCA would evaluate any labor organization with which a cannabis licensee enters a labor peace agreement to determine whether the labor organization is bona fide. Only two labor organizations are currently active in the Maryland cannabis industry, but MCA would need to do its due diligence to ensure that any additional labor organizations meet the bona fide criteria.



Beyond the initiation of labor peace agreements, MCA would be responsible for ensuring licensees maintain compliance with the labor peace agreement and taking action against the licensee should it fail to meet this standard. In other jurisdictions, labor peace agreements have assisted agencies with improving working conditions and product quality. Labor peace agreements may provide a safety net to Maryland cannabis employees to balance any potential changes in federal labor protections.

The MCA respectfully submits this LOI on labor peace agreements and the impact they may have on agency operations for consideration by the body. We are dedicated to collaborating with the Finance Committee and broader General Assembly on this legislation as the body considers its determination.

If you would like to discuss further or have any questions, please contact Tabatha Robinson at tabatha.robinson@maryland.gov or Alison Butler at alison.butler@maryland.gov.

Respectfully,

Tabatha Robinson

Tabatha Robinson
Acting Executive Director, Maryland Cannabis Administration

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Senate Bill 726: Labor Peace Mandate Violates Federal Law

Prepared for: Chair Pamela Beidle
Maryland Senate Finance Committee

Prepared by: Geoff Lawrence, Director of Drug Policy, Reason Foundation

Date: March 06, 2025

Dear Chair Beidle and members of the committee:

On behalf of Reason Foundation, thank you for accepting these comments and making them part of the public record. Reason Foundation is committed to ensuring that state-regulated cannabis markets are designed in such a way that they remain dynamic and offer genuine economic opportunity to individuals from a range of backgrounds.

We are concerned that Senate Bill 726 would unconstitutionally usurp the exclusive jurisdiction of the National Labor Relations Board to govern private-sector labor relations. SB 726 would require a cannabis licensee to execute a labor peace agreement prior to seeking license renewal, and upon receiving said license renewal would require the licensee to maintain and abide by the labor peace agreement as a condition of licensure.

Senate Bill 726 also expands the definition of parties able to file a protest against a cannabis license renewal with the Maryland Cannabis Administration. Currently protests may only be filed by a group of at least 10 individuals directly impacted by the existence and presence of a cannabis licensee, such as residents, tenants, and neighbors. Senate Bill 726 would change the law to allow any “bona fide labor organization” to file a protest cannabis license renewals. This would open the door to any labor organization, for any reason, to delay license renewals and create an administrative burden, possibly without proper cause.

The Supremacy Clause to the U.S. Constitution elevates federal law above state and local laws that may be in conflict, and federal law reserves to the National Labor Relations Board the sole authority to regulate private-sector labor relations. Further, to the extent the Maryland Cannabis Administration would require an applicant to enter into a labor peace agreement as a condition of licensure, the agency would run afoul of relevant federal court precedents. In 1987 the U.S. Supreme Court ruled the city of Los Angeles could not withhold the license of a taxicab company (a privileged license type similar to those for cannabis) based solely on the condition that the company resolve a labor dispute.¹ The city’s regulation of private-sector labor disputes, noted the court, was preempted by the National Labor Relations Board’s authority and therefore no privileged license can be conditioned on a labor peace agreement. Similarly, in 2005, a U.S. Court of Appeals ruled that a provision in Wisconsin that would have required contractors with local governments to enter a labor peace agreement ran afoul of the National Labor Relations Act.²

¹ *Golden State Transit Corp. vs. City of Los Angeles*, 660 F Supp. 571 (1987).

² *Metro Milwaukee Commerce vs. Milwaukee County*. United States Court of Appeals, Seventh Circuit, 431 F 3d 277. Dec. 5,

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Proponents of Senate Bill 726 will likely point to a similar provision within California's cannabis licensing scheme as support for Maryland's proposed rule. California's rules require a marijuana licensee with more than 20 employees to enter a labor peace agreement. Many legal scholars expect the California rule to eventually be legally challenged and struck down as violative of the National Labor Relations Act.³ In the meantime, the rule is failing on the ground. Many licensed cannabis growers in California have avoided the requirement by contracting with farm labor services or structuring their operations such that no licensed entity exceeds the threshold of 20 direct employees.

Lawmakers in Michigan and Oregon considered rules similar to Maryland's Senate Bill 726, but did not advance them after Reason Foundation highlighted the nature of federal court precedent and primacy of federal law on this issue.

Federal law is clear on these issues and excludes states from enacting requirements such as those contained in Senate Bill 726. Even where states enact marijuana laws that may conflict with federal interpretation of the Controlled Substances Act, those states still have no leeway within such laws to simultaneously usurp or violate federal labor law. We are concerned that these actions—which have also been proposed elsewhere—could jeopardize Maryland's state-regulated cannabis markets overall.

Sincerely,

Geoffrey Lawrence, Director of Drug Policy
Reason Foundation

2005.

³ See, e.g., Keahn N. Morris, "AB 1291 Forces California Cannabis Companies to Sign 'Labor Peace Agreements' with Unions, but Statute May Be Unconstitutional," *The National Law Review*, October 23, 2019, <https://www.natlawreview.com/article/ab-1291-forces-california-cannabis-companies-to-sign-labor-peace-agreements-unions>; Chandler Armistead et al., "California Attempts to Weed Out Unfair Labor Practices at the State Level by Enacting Union-Friendly Regulation on Employers in the Cannabis Industry," *JD Supra*, November 18, 2019, <https://www.jdsupra.com/legalnews/california-attempts-to-weed-out-unfair-48662/>.

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