

SB894_Sponsor_SlidePresentation

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Position: FAV

Office of Social Equity – Community Reinvestment
and Repair Fund – Advisory Board and
Modifications (SB 894)

Finance Committee

March 6, 2025

Senator Mary Washington

Constitutional Amendment – Cannabis – Adult Use and Possession (2022)

- **SESSION 2022:** The Maryland General Assembly passed HB 1 “FOR the purpose of establishing that, on or after a certain date, an individual in the State who is at least a certain age may use and possess cannabis.” (November 2022, Maryland approved by referendum to after the passage of
- **SESSION 2023:** Cannabis Reform Act (H.B. 556/S.B. 516) was passed by the MD General Assembly to allow and create the framework for the licensing, sale and taxing of adult use cannabis tax adult use began July 1, 2023
- **Maryland Cannabis Administration (MCA).** Authorized in May 2023 to establish operating requirements for cannabis licensees, or cannabis registrants, including requirements for security, lighting, physical security, video, and alarms; safe and secure delivery, transport, and storage of cannabis.^t

Cannabis Reform Act 2023

Regulatory and Administrative Agencies

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graph TD; Root[ ] --- A[Maryland Cannabis Administration]; Root --- B[Alcohol, Tobacco, and Cannabis Commission]; Root --- C[Office of Social Equity];
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**Maryland
Cannabis
Administration**

**Alcohol, Tobacco,
and Cannabis
Commission**

**Office of Social
Equity**

Sales and Collection and Distribution of Tax Revenues

- Total retail sales in Maryland have increased since adult-use legalization with \$1.1 billion in calendar 2024, an increase of \$345 million over calendar 2023.
- **Maryland law imposes a 9% sales and use tax** on retail sales of adult use cannabis and cannabis products (same as alcohol).
- The **Office of the Comptroller** is the agency that administers the state's sales and use tax from retail sales of adult use cannabis.
 - Third Quarter 2024 Revenue Remitted: \$18,292,024
- The Comptroller is also responsible for the accounting of the funds created through the Cannabis Reform Act and distributing the required funds.

How the Revenue is Allocated

A portion of revenue from the 9% sales and use tax on adult-use cannabis sales is allocated to the Maryland Cannabis Administration to offset administrative costs. The Balance of the Revenue is then allocated as follows:

- **5% to the Cannabis Public Health Fund.**
- **35% to the Community Reinvestment and Repair Fund.**
- **5% of taxes collected in each jurisdiction to that jurisdiction.**
- **5% to the Cannabis Business Assistance Fund (through fiscal year 2028).**
- **50% of adult-use tax dollars after these distributions are deposited into the State General Fund.**

Office of Social Equity

OSE, an independent executive agency established by the Cannabis Reform Act of 2023. Charged with administering two programs:

- Community Reinvestment and Repair Fund (CRRF)
- Social Equity Partnership Grant Program.

OSE: Guidance and Recommendations

The Cannabis Reform Act of 2023 requires each eligible local jurisdiction to adopt a law establishing how funds received from the CRRF may be used.

“OSE encourages each county and city to establish an advisory committee inclusive of community leaders and individuals that have shared lived experiences of those that were subject to the disproportionate enforcement of cannabis prohibition.”

EXISTING LAW

Reporting Requirements § 2–1257- State Government Article

Beginning in 2024, on or before December 1 every 2 years, each local jurisdiction that receives an allocation from the CRRF shall submit a report to the Governor and, the Senate Budget and Taxation Committee, the Senate Finance Committee, the House Judiciary Committee, and the House Health and Government Operations Committee and the House Appropriations Committee on how funds received from the Fund were spent during the immediately preceding 2 fiscal years.

EXISTING LAW

Section 1-322 - Community Reinvestment and Repair Fund

(2)(i) Subject to the limitations under subsection (a)(6) of this section, each county shall **adopt a law establishing the purpose for which money received from the Fund may be used.**

((6) (i) The Fund may be used only for: **1. funding community-based initiatives intended to benefit low-income communities, 2. funding community-based initiatives that serve disproportionately impacted areas, as defined in § 36-101 of this article; and 3. any related administrative expenses**

ACCOUNTABILITY AND TRANSPARACUY FOR STATE DISTRIBUTTED CANNIBUS REVENUES

State law does not yet establish meaningful administrative, procedural, or regulatory frameworks **for the accounting, management and distribution of funds within a county**, nor does it require or authorize a jurisdictions to do so.

There are no provisions which guide compliance, transparency and accountability concerning **local grassroots community or legislative intent** for the “**equitable and strategic allocation**” funds and participation in use and , decision-making . which reflects beyond general statements, policies

SB894 Establishes State Accountability and Legislative and Community Intent Regarding the CRRF Program

- Clarifies OSE responsibility for providing guidance and support for the CRRF program and recipients.
- Codifies General Assembly findings, intent and public interest.
- Stands up a Community Reinvestment And Reinvestment Fund Board at the state level.
- Establishes a maximum amount a local government can spend on administrative expenses.
- Protects public funds and transparency by requiring certain retention and accounting practices local governments such a “lock box,” reporting and plan and lock box for CRRF disbursed by Comptroller. (Does not include the 5% of local cannabis taxes received under state law,

OSE SB894 Office of Social Equity - Community Rein

Uploaded by: Audrey Johnson

Position: FWA



March 3, 2025

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

SB894 - Office of Social Equity - Community Reinvestment and Repair Fund - Advisory Board and Modifications

Favorable with Amendment

Chair Beidle, Vice Chair Hayes, and distinguished members of the Senate Finance Committee:

The Office of Social Equity respectfully submits this testimony for Senate Bill 894 – *Community Reinvestment and Repair Fund - Advisory Board and Modifications*.

The Office of Social Equity supports this legislation, which strengthens the administration and oversight of the Community Reinvestment and Repair Fund (CRRF) to ensure that it effectively serves communities disproportionately impacted by the war on drugs. I urge the committee to adopt an amendment to strike Section (b)(2)(I) on page 9, line 9, which imposes overly prescriptive restrictions on how counties may allocate these funds.

At its core, the CRRF was established to repair the harms inflicted by decades of geographic and demographic disparate enforcement of cannabis laws. The reinvestment of tax revenue into these communities is a necessary and long-overdue step toward rectifying those injustices. However, true repair must be community-led and responsive to the unique needs of each locality. While the list of allowable uses in the bill was derived from the 2023 CRRF report, we believe strongly that counties should have the flexibility to work in deep partnership with impacted communities to determine the most effective and meaningful investments.

Transparency and oversight remain critical to ensuring that CRRF dollars are spent equitably and with accountability. SB 894 appropriately reinforces these principles by requiring counties to develop publicly reviewed distribution plans, conduct stakeholder engagement, and submit annual reports on fund usage. These mechanisms will ensure that counties remain stewards of the public trust while allowing them the necessary latitude to be responsive and adaptive to the evolving needs of their communities.



A key component of this legislation is the establishment of the Community Reinvestment and Repair Advisory Council, which will play a vital role in ensuring that funding decisions align with the needs of impacted communities. By providing oversight and recommendations, the Advisory Council will help guide equitable distribution and assess whether investments are achieving their intended impact. This structure is essential to maintaining transparency, fostering accountability, and ensuring that the CRRF fulfills its purpose of repairing past harms.

Additionally, we recognize the importance of aligning CRRF resources with broader state funding initiatives that seek to address systemic inequities. Programs such as ENOUGH and Blueprint for Maryland's Future are tackling longstanding disparities in education, public safety, and economic mobility. Ensuring that CRRF investments are integrated within this broader funding landscape will help maximize their impact and avoid inefficiencies or duplication. Counties should be empowered to make these strategic connections in ways that reflect the specific challenges and opportunities within their jurisdictions.

We reaffirm the commitment to a community-driven approach that does not impose rigid limitations but instead centers the voices of those most affected by past injustices. We urge the committee to support SB894 to uphold the core principles of equity, accountability, and restorative justice.

This bill is necessary to continue to strengthen the bold vision of economic opportunity and equity established by the Cannabis Reform Act. We thank you for your time and consideration of this bill. I hope this information is useful. If you would like to discuss this further, please contact me at (443) 610-1666 or audrey.johnson1@maryland.gov or Courtney Davis, Deputy Director at (443) 610-1730 or courtney.davis@maryland.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Audrey Johnson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Audrey Johnson
Executive Director, Office of Social Equity

SB0894-FIN-FWA.pdf

Uploaded by: Nina Themelis

Position: FWA



BRANDON M. SCOTT
MAYOR

*Office of Government Relations
88 State Circle
Annapolis, Maryland 21401*

SB894

March 6, 2025

TO: Members of the Senate Finance Committee

FROM: Nina Themelis, Director of Mayor's Office of Government Relations

RE: Senate Bill 894 - Office of Social Equity - Community Reinvestment and Repair Fund - Advisory Board and Modifications

POSITION: SUPPORT WITH AMENDMENTS

Chair Beidle, Vice Chair Hayes, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports with amendments** Senate Bill (SB) 894.

SB 894 transfers the administration of the Community Reinvestment and Repair Fund (CRRF) from the Comptroller to the Office of Social Equity (OSE). It requires OSE to oversee fund appropriation and recipient training. The bill also changes the authorized uses of CRRF, repeals some existing reporting requirements for OSE, and creates a new reporting requirement for counties receiving CRRF funds. Additionally, it establishes the Community Reinvestment and Repair Advisory Board (CRRAB), includes findings related to the cannabis industry and social equity, and mandates OSE to adopt regulations for implementing the bill's changes to CRRF.

The BCA supports certain elements of this bill such as transferring the oversight of the fund appropriation and recipient training to the Office of Social Equity if the Office of the Comptroller and the Office of Social Equity support the shift. As the largest recipient by jurisdiction in the State due to our disproportionately negatively impacted population in the war on drugs, we are acutely aware of the harm of overincarceration and the legacy needs of our communities. SB 894 raises concerns for the BCA in several areas throughout the remainder of the bill. First, the City created a Community Reinvestment and Reparations Commission following the passage of the Cannabis Reform Act in order to advise the Administration on appropriate uses of the Community Reinvestment and Repair funding directed to the City of Baltimore. Based on the way SB 894 is currently written, it is unclear whether that Commission would be able to continue to exist.

SB894 further restricts the eligible uses for the funds and requires the local governing body to submit plans for disbursement in advance of awarding funds. These additions cause two main problems for the BCA. First, by setting blanket restrictions across the state, the legislation does not provide for each jurisdiction to identify the needs of its residents based on the specific ways in which each jurisdiction was impacted by the war on drugs. Second, by requiring plan approval in addition to the existing reporting requirement, there is additional administrative burden being placed on the City that would likely delay the ability to ensure these funds are disbursed to those who need it most as quickly as possible. At the same time that the administrative burden is being increased, the legislation also restricts the amount of the fund that can be used for administering the fund. The BCA can support SB 894 if it is amended to only include the transfer of oversight to the Office of Social Equity and does not further restrict or delay the ability of local jurisdictions to disburse this highly impactful funding. We believe that if the Office of Social Equity supports the transfer of the oversight of the fund that the office should be able to establish rules and regulations for compliance.

For the above stated reasons, the BCA respectfully requests a **favorable with amendments** report on SB 894.

*Annapolis – phone: 410.269.0207 • fax: 410.269.6785
Baltimore – phone: 410.396.3497 • fax: 410.396.5136
<https://mogr.baltimorecity.gov/>*

SB0894-FIN_MACo_OPP.pdf

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Position: UNF



Senate Bill 894

*Office of Social Equity - Community Reinvestment and Repair Fund -
Advisory Board and Modifications*

MACo Position: **OPPOSE**

To: Finance Committee

Date: March 6, 2025

From: Karrington Anderson

The Maryland Association of Counties (MACo) **OPPOSES** SB 894. This bill would shift the administration of the Community Reinvestment and Repair Fund from the Comptroller to the Office of Social Equity and impose additional rigid oversight and procedural requirements on counties regarding the distribution and use of these funds, potentially upending local best practices.

Counties are already taking meaningful steps to ensure that Community Reinvestment and Repair Fund dollars are allocated equitably and effectively. Several counties have established commissions to recommend fund allocations to local leadership and contract with nonprofit organizations to assist in administration and grant management. These arrangements allow for efficiency and expertise while maintaining local decision-making authority. SB 894 introduces unnecessary complexity and burdensome requirements that could disrupt existing county-led efforts. Counties should retain the flexibility to tailor fund administration to local needs without excessive state-mandated procedures.

Many counties rely on nonprofit organizations to support commissions and administer grant programs. The bill's language is unclear as to whether these partnerships could continue. If counties are prohibited from contracting with nonprofits for staffing and administration, they may face significant new costs by needing to hire additional county personnel. SB 894 caps administrative expenses at 5%. This threshold may be too low to accommodate both county administration and recipient administrative costs. Without adequate administrative funding, effective program oversight and implementation could be compromised.

No county is motivated to create and support an inefficient system – they share the goal to create maximum community impact. The Community Reinvestment and Repair Fund is still in its early stages, and counties are working through initial implementation challenges. Instead of introducing a major structural change, the focus should be on identifying and addressing existing issues through clear guidance and best practices.

Before overhauling the system, counties ask the Committee to consider allowing time for growing pains to be addressed and for counties to refine their processes for public input and partnerships. Sweeping changes now could create more confusion and inefficiencies rather than improving outcomes.

For these reasons, MACo respectfully requests an **UNFAVORABLE** report on SB 894.

SB0894 MALMB Testimony.docx.pdf

Uploaded by: Lisa Kovacs

Position: UNF



**Local power, collective voice
for Maryland's children, youth and families**

March 6, 2025

OPPOSE – SB0894 – Office of Social Equity - Community Reinvestment and Repair Fund - Advisory Board and Modifications

Dear Senators:

On behalf of the Maryland Association of Local Management Boards, I am writing in opposition to **SB0894 – Office of Social Equity - Community Reinvestment and Repair Fund - Advisory Board and Modifications**, because it create more burdens for local governments administering funding through the Community Reinvestment and Repair Fund. Some Local Management Boards have been identified to administer CRRF Funds, as LMBs have the mechanism to grant to programs like we do for the Children's Cabinet Interagency Fund. SB0894 will take away decisions that should be made at the local level where services and needs vary by jurisdiction.

The funding used for the CRRF Fund aligns with programs in areas LMBs seek to address. We know our areas with the highest poverty are also the areas that have been impacted negatively by over-zealous and disproportionately administered drug policies. We oppose the requirement to develop a plan before spending funds. Every county has different procedures for how they are engaging their communities to decide where the investment is needed - taking away the local decision will impede the impact of this funding.

Some counties have said this bill would create more burdens for them. Under this bill an additional report would be required to the Office of Social Equity, creating more administrative work. The fiscal note finds that there would be an increase of administrative costs, while at the same time predicting a decrease in revenue for the CRRF fund.

We urge you to oppose SB0894 – Office of Social Equity - Community Reinvestment and Repair Fund - Advisory Board and Modifications, as it will negatively impact the administration of the CRRF Funds at the county level.

Sincerely,

Pamela M. Brown, PhD
Chair

SB 894.pdf

Uploaded by: Randy Guy

Position: UNF

ST. MARY'S COUNTY GOVERNMENT
**COMMISSIONERS OF
ST. MARY'S COUNTY**



James R. Guy, President
Michael R. Alderson, Jr., Commissioner
Eric S. Colvin, Commissioner
Michael L. Hewitt, Commissioner
Scott R. Ostrow, Commissioner

**SB 894 - Office of Social Equity - Community Reinvestment and Repair Fund –
Advisory Board and Modifications
OPPOSE**

February 25, 2025

The Honorable Pamela Beidle, Chairman
Finance Committee
3 East Miller Senate Office Building
Annapolis, Maryland 21401


**RE: Senate Bill 894 - Office of Social Equity - Community Reinvestment and
Repair Fund – Advisory Board and Modifications**

Dear Chairman Beidle:

The Commissioners of St. Mary's County **OPPOSE** **Senate Bill 894 - Office of Social
Equity - Community Reinvestment and Repair Fund – Advisory Board and Modifications**
which is being heard in the Finance Committee.

We urge an unfavorable report on Senate Bill 894. We do not support the
introduction of this legislation and do not believe it would benefit the citizens of St. Mary's
County. Thank you for your consideration as well as your attention to this matter.

Sincerely,
COMMISSIONERS OF ST. MARY'S COUNTY


James Randy Guy, President

CSMC/AB/tr
T:/Consent/2025/040

Cc: Senator Jack Bailey
Delegate Todd Morgan
Delegate Matthew Morgan
Delegate Brian Crosby
Commissioner Mike Alderson, Jr.
Commissioner Eric Colvin
Commissioner Michael Hewitt
Commissioner Scott R. Ostrow
David Weiskopf, County Administrator
David Yingling, Deputy County Administrator
Buffy Giddens, County Attorney
John Sterling Houser, Deputy County Attorney

P.O. BOX 653 ♦ CHESAPEAKE BUILDING ♦ 41770 BALDRIDGE ST., LEONARDTOWN, MD 20650
PHONE 301.475.4200 *1350 ♦ FAX 301.475.4935 ♦ www.stmaryscountymd.gov ♦ CSMC@STMARYSCOUNTYMD.GOV

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Uploaded by: Brooke Lierman

Position: INFO



Letter of Information

Senate Bill 894 – Office of Social Equity - Community Reinvestment and Repair Fund - Advisory Board and Modifications
Finance Committee
March 6, 2025

We thank Senator Mary Washington for introducing SB894 with the goal in mind to strengthen oversight of counties for the use of the Cannabis Reinvestment and Repair Fund (CRRF). With the passage of this bill and its sponsor amendments, the role of the Comptroller's Office in distributing the funds remains unchanged from current law. The Comptroller's role in the CRRF is limited to making distributions from the CRRF to the counties according to the percentages reported by OSE as per ABC § 1-322(b)(1).

This letter is to offer some clarifying amendments to ensure the Comptroller's role is aligned with the intent of the bill. The **funds distributed from the CRRF** (the Fund) to the counties are subject to the oversight of the new CRR Advisory Board, subject to the use to funds provisions in ABC 1-3A-04, etc. The only acceptable use of the funds remaining in the CRRF after following the distributions detailed in Subtitle 13 of the Tax-General Article is to distribute those remaining funds to the counties. We feel it is beneficial to distinguish references to the funds when they are the responsibility of the Comptroller's Office from instances where the funds are the responsibility of the counties. ***As such, there are a number of places in SB894 where the language currently referring to the Fund should be clarified to say "the funds distributed to the counties from the Fund."***

We attached the specific locations of these amendments to this testimony. Once again, we thank you for allowing us to provide input on this bill. If you have any questions, please do not hesitate to contact State Affairs Director Matthew Dudzic at MDudzic@marylandtaxes.gov.



Accordingly, The Comptroller's Office is recommending the following amendments:

Page 2, lines 23-25 This section describes what is required of the OSE. The OSE doesn't have any direct responsibility with regard to funds when they are in the CRRF. Their responsibility kicks in after the funds have been distributed to the counties. We recommend either striking (d)(2) altogether or replacing it with a more accurate description, such as their role in providing staffing and administrative support for the Advisory Board.

Page 3, line 2 change "from the Community Reinvestment and Repair Fund" to "distributed to the counties from the Fund."

(5) Oversee:

(i) the counties' use and appropriation of funds distributed by the Comptroller from the Community Reinvestment and Repair Fund under § 1-3A-04(6); and

(ii) the training of the recipients of funds appropriated by the counties from the counties under § 1-3A-04(6)(i).

Page 5, lines 19-20 change "the Community Reinvestment and Repair Fund" to "funds distributed to the counties from the Community Reinvestment and Repair Fund".

Page 5, line 21, change "Fund's expenditures..." with "Counties' expenditures of funds from the Fund..."

Page 7 line 5, Change this to reflect that the purpose of the Fund is **to provide funding to the counties** to provide funds to community-based...

Page 7, line 9 The Comptroller shall distribute amounts in the Fund in accordance with Tax-General Article § 2-1302.2 and Alcoholic Beverages and Cannabis Article § 1-3A-04(b)(1).

Page 7, line 22 change "The Fund" to "funds distributed to the counties from the Community Reinvestment and Repair Fund" may only be used for:

Page 8, delete lines 27 & 28. Stating that the Comptroller shall pay out money from the Fund is redundant; simply keep the language on page 9 lines 1-6 to explain that the Comptroller is distributing funds from the CRRF to the counties.

Page 9, line 3, we agree with the amendment to replace "Executive Director" with "Comptroller": "the Comptroller shall distribute funds from the Fund to each county..."