



**TITLE SENATE BILL:** SB 925 - Sales and Use Tax - Distribution of Cannabis Sales Tax Revenue - Maryland Veterans Trust Fund

**COMMITTEE:** Senate Budget & Taxation, Chair Guy Guzzone

**DATE:** March 4, 2026

**POSITION:** Letter of Information

**SUMMARY OF BILL:** As introduced, Senate Bill 925 restructures how Maryland allocates revenue from the cannabis sales and use tax by establishing a dedicated source of funding for the Maryland Veterans Trust Fund. Currently, tax proceeds are first used to cover administrative costs of the Maryland Cannabis Administration and its partners, and then dolled out to specific community funds via the Cannabis Regulation and Enforcement Fund (CREF), including the Community Reinvestment and Repair Fund, the Cannabis Business Assistance Fund, and the Cannabis Public Health Fund. The remaining revenue is then distributed, with 25% going into the State's General Fund. SB 925 lowers the General Fund allocation to 22% and directs the remaining 3% to the Veterans Trust Fund.

**INFORMATION:** A 3% adjustment to the cannabis sales and use tax distribution formula would result in an estimated annual reduction of approximately \$4 million to the State's General Fund. Moreover, MCA believes that the Maryland General Assembly expressly intended for cannabis tax revenues to be directed toward the statutorily defined, cannabis-related community partnership and development programs enumerated in Md. Code, Tax-General § 2-1302.2(1)(ii)(2). As proposed, SB 925 would present a significant departure from this legislatively established purpose.

**CONCLUSION:** Though SB 925 does not directly affect MCA's operational capacity, the Administration, in consideration of projected General Fund deficits beginning in fiscal year 2027 and continuing thereafter, offers this context to underscore the potentially significant fiscal implications of CREF expenditures on the State's General Fund.