



TESTIMONY ON BEHALF OF THE MARYLAND DISPENSARY
ASSOCIATION (MDDA) AND THE MARYLAND WHOLESALE CANNABIS
TRADE ASSOCIATION

House Bill 1519—Cannabis—Management Service Agreements, Advertising and Penalties—
Alterations (Cannabis Reform and Opportunity Act)

SUPPORT with AMENDMENTS

House Economic Matters Committee

March 4, 2026

The Maryland Medical Dispensary Association (MDMDA) was established in May, 2017 in order to promote the common interests and goals of the Cannabis Dispensaries in Maryland. MDDA advocates for laws, regulations and public policies that foster a healthy, professional and secure cannabis industry in the State. MDDA works on the State and local level to advance the interests of licensed dispensaries as well as to provide a forum for the exchange of information in the Cannabis Industry. We appreciate the opportunity to support House Bill 1519—Cannabis—Management Service Agreements, Advertising and Penalties—Alterations (Cannabis Reform and Opportunity Act).

When the Maryland General Assembly passed legislation legalizing cannabis for adult use, they also included comprehensive advertising restrictions and requirements. In fact, Maryland's restrictions are among the strictest in the country. Advertisements cannot target minors or use imagery appealing to youth. Advertisements must be placed only in media where at least 85 percent of the audience is 21 years of age or older. Websites and social media must include age-verification mechanisms. MDDA has worked closely with the General Assembly in previous years during advertising-related discussions, hoping to balance public health and youth protections with the ability of licensees to advertise responsibly.

Advertising is important for Maryland's cannabis licensees, especially at dispensaries. Unlicensed sellers of intoxicating products already market themselves aggressively online and in person, unhindered by regulation. Allowing licensees to advertise helps drive consumers to regulated, lab-tested products with accurate labeling and safety disclosures. It also allows

licensees – especially at the point of sale at licensed dispensaries - to counter misinformation and unsafe claims commonly found in the illicit, unregulated market. Licensed cannabis businesses and their staff play an important role in educating the public, customers, patients and caregivers. Despite legalization having passed four years ago, there are still people who do not know cannabis is available for adult use purchase in Maryland. Additionally, they are unfamiliar with benefits of cannabis for medical use. Allowing for regulated advertising, then, enables licensees to shape consumer understanding and reduce misuse.

Over the past year, licensees have seen increased advertising-related citations and fines over activities and actions that previously have been allowed. As a result, confusion about what is and is not allowed under Maryland’s advertising laws and regulations has increased. Even when fines have not actually been issued, questions have been raised such that licensees have become increasingly nervous about advertising for fear that doing so may result in a fine/citation. For that reason, we strongly believe more clarity is required in the law such that licensees know what they can and cannot do. This clarity is also important for the Maryland Cannabis Administration, so that they can enforce the law in a standardized way, consistent with what the General Assembly intends.

We support House Bill 1519 with amendments. The bill provides a practical solution to ongoing challenges related to advertising and strengthens enforcement by increasing penalties for unlicensed locations selling unrelated, intoxicating hemp products. Currently, the maximum penalty is \$5,000—an amount some businesses can easily absorb while continuing to sell these products without meaningful consequence.

While the Dispensary Association supports easing certain requirements related to management agreements and permitting franchising, we firmly believe the existing cap of four dispensaries per license holder must be preserved. Raising this cap in any form would further consolidate the market, ultimately disadvantaging independent, unaffiliated dispensaries.

Medical and Therapeutic Claims

We appreciate clarifying language as it relates to medical and therapeutic claims. This language was originally intended to keep licensees from claiming products cure specific ailments or diseases. Product descriptions should, however, include language indicating specific product effects to ensure consumers can make informed choices based on safety and desired experience. In addition, product descriptions should be able to speak to specific cannabinoid or ingredient properties. Again, this is important from a consumer/patient education standpoint. Examples of product descriptions that have been flagged include “fast-acting effects...a refreshingly natural mood enhancer” and “cerebral stimulation with gentle body relaxation; sweet berry aroma jolts creativity.”

Appealing to Children

MDDA does not support advertising that is directed to children. Making changes to the advertising language in the statute is not an attempt to weaken this prohibition but rather provide clarity for licensees and for those responsible for enforcing the law. This is important as some licensees were warned at the end of last year that they should not decorate for the holidays as doing so would likely be deemed “appealing to children” and, therefore, subject to fines. Licensees have also been warned of signage *inside* of their dispensaries if it can be seen through a window from outside, where a child could be walking by, look inside and see it. What is proposed in House Bill 1519 is not so much an expansion of the advertising law but rather simply allowing for what was allowed when the program was medical-only. Understanding it is difficult to account for every situation and address it in statute, we would respectfully request consideration of this change in language as it draws a bit of a brighter line here. Absent explicit language or direction, an argument can be made that anything can be considered “appealing to children.”

Management Agreements and Franchising

When Maryland operated a medical-only cannabis program, the number of dispensaries permitted per license holder was increased from one to four. This change was intended to formally recognize and legally accommodate the widespread use of management agreements, which at the time were considered de-facto ownership arrangements. We opposed this expansion because of concerns that it would accelerate market consolidation and negatively impact independent, unaffiliated dispensaries. Immediately following that cap increase, consolidation indeed occurred, and independent dispensaries faced additional challenges, particularly during periods of product shortages—most notably flower shortages. We want to avoid additional consolidation and negative impacts of that consolidation by raising that cap higher brings.

House Bill 1519 proposes relaxing the definition of control to allow for expanded management service agreements. In addition, this bill allows for franchising. If doing this allows for more social equity licensees to open sooner, we support these as options. However, we strongly urge the committee to maintain the current cap of four dispensary licenses per license holder when it comes to management service agreements and franchising. Preserving this limit is essential to protecting independent, unaffiliated dispensaries, including the new social equity dispensaries now beginning to enter the market.