

Testimony in SUPPORT of 2026 HB 1519 Cannabis - Management Service Agreements, Advertising, and Penalties - Alterations (Cannabis Reform and Opportunity Act)

By: Eric Ross Chief Financial Officer District Cannabis

Date: March 4, 2026

Chair Valderama and Vice Chair Charkoudian, my name is Eric Ross, and I am the Chief Financial Officer of District Cannabis.

District is an independent cultivator and manufacturer in Hagerstown. We are locally owned, we are not part of a large, national, multistate organization.

My background is in the capital markets – I spent more than 30 years both raising debt and equity for my clients as an investment banker, and investing debt and equity directly into companies as a principal. I was brought into District in 2018 for my capital markets experience – we had to raise more than \$20m to open our Maryland growing facility.

We support HB1519 because it contains important provisions that will help the remaining social equity dispensary licensees get up and running. Ensuring that those social equity licensees successfully open is in the interests of the applicants that won the social equity license lottery, in the interests of the program itself, and in the interests of independent cultivators like District that look forward to having them as customers.

It is my personal and professional opinion that the reason these licenses cannot get open is because of how capital markets and capital formation work - debt lenders and equity investors, the important capital markets here, protect their downside first and they are not willing to take the risk – to provide capital to inexperienced operators - unless that have certain levels of control to address their risks and concerns. That's where Management Agreements come in.

Prior to 2023, the regulations in Maryland allowed for Management Agreements. And those Management Agreements allowed licensees who are often new to the industry to partner with experienced investors/operators who also brought the capital and the operating experience that the startup business needed. Prior to 2023, a significant number of the original medical cannabis licensees were able to enter into Management Agreements that allowed them to get open and to create generational wealth. And I am certain Management Agreements will work again. But the capital coming in requires a significant level of control over the day-to-day operations of that business in order to invest. That is how the capital markets work and that won't change. And if we can allow that level of operational control, I am certain more licensees would be open now and will open in the future.

Getting open is the key first step in creating the generational wealth that the General Assembly envisioned in establishing this program.

Thank you.