



HB 1519 — Cannabis – Market Structure & Transfers

House Economic Matters Committee

Hearing Date: Thursday, March 5, 2026

MCCE Position: Favorable with Amendments

Background

The Maryland Coalition for Cannabis Equity (MCCE) is a coalition of Maryland Social Equity Licensees formed to ensure that Social Equity Licensees have a meaningful, organized voice in Maryland's cannabis program. MCCE maintains active communication with Social Equity Licensees statewide to ensure that equity businesses are not only licensed, but supported in practice through clear rules, consistent enforcement, and real opportunities to participate in this growing industry.

Overview

MCCE supports HB 1519's efforts to modernize Maryland's cannabis framework. The bill contains important reforms that improve enforcement clarity and transactional predictability. However, modernization must be structured so that Social Equity licensees are not disadvantaged by consolidation before they have had a meaningful opportunity to operate and build enterprise value.

Provisions MCCE Supports

- Strengthening enforcement against unlicensed intoxicating hemp sales.
- Improving advertising clarity and administrative predictability.
- Providing statutory guidance on Management Services Agreements to reduce transactional uncertainty.

Amendments Requested

Transfer Moratorium – Fair Sequencing and Capital Access

No cannabis licensee may transfer a majority ownership interest prior to July 1, 2027. After that date, a majority transfer may occur only if the licensee has been operational for at least 12 consecutive months and is in good standing.

A Social Equity licensee may transfer up to 49% ownership at any time, subject to MCA approval, provided that the original Social Equity licensee retains majority ownership, retains proportional economic and voting rights, and continues serving as a corporate officer and board member with operational control for at least three years.

The MCA shall review all related agreements—including MSAs, franchise agreements, related-party contracts, and debt instruments—and may deny approval if the aggregate structure results in de facto control, excessive economic extraction, or circumvention of ownership caps.

Management Services Agreements – Economic Substance

MCCE requests aggregation of related-party arrangements, clear disclosure standards, and

preservation of meaningful MCA oversight to ensure MSAs support sustainability rather than extraction.

Franchising and Ownership Caps

Guardrails are needed to ensure franchise structures do not function as a workaround to statutory ownership limits in a capped market.

Conclusion

MCCE supports modernization and capital clarity while preserving the integrity of Maryland's Social Equity program. We respectfully request adoption of the proposed amendments to ensure fair sequencing, meaningful ownership, and responsible capital formation.

Respectfully submitted,
Maryland Coalition for Cannabis Equity (MCCE)