

Written Testimony on House Bill 1519
Position: Favorable with Amendments

Chair and Members of the Committee:

My name is Venus Hemachandra. I have been part of Maryland’s cannabis industry since 2017. I previously held a medical cannabis dispensary license from 2017–2023 and I am now in the process of establishing a new dispensary in Parkville, Maryland as a social equity licensee. I also serve as the current President of the Maryland Dispensary Association.

House Bill 1519 contains several thoughtful and necessary reforms. I respectfully offer support with targeted amendments.

Management Services Agreements

We strongly support the continued authorization and clarification of Management Services Agreements (MSAs). Clearer MSA frameworks protect both the licensee and the capital provider.

Cannabis operations are uniquely complex. Licensees must navigate extensive state regulations, federal tax burdens under 280E, local zoning hurdles, limited access to capital, and strict operational compliance standards. These barriers are particularly significant for social equity and first-time operators. Many licensees personally guarantee commercial leases and assume substantial personal financial risk in order to enter this industry. If capital falls through or operational timelines are delayed, they risk their homes, their savings, and even bankruptcy.

Management agreements provide a lawful and transparent mechanism for licensees to partner with experienced operators who can help them become operational, compliant, and financially stable. They restore flexibility without eliminating oversight. In a capital-intensive and highly regulated industry, MSAs are not workarounds — they are lifelines.

Moratorium on License Transfers

Licensees have operated under transfer restrictions since the inception of Maryland’s medical program. The addition of a five-year moratorium has significantly increased financial strain on both existing and newly issued licensees. While we understand the original intent — to prevent predatory flipping and build generational wealth — the current structure can unintentionally harm the very operators it seeks to protect. In my own case, investor concerns about being locked into a five-year restriction ultimately contributed to the loss of our dispensary operation. We were forced to sell in order to repay capital partners. Years of work were undone overnight.

Reducing the moratorium period would restore reasonable flexibility while maintaining regulatory oversight. It would allow licensees to make responsible business decisions, including exiting when necessary, without destabilizing their operations.

Definition of “Medical” and “Therapeutic” Claims

We also want to express support for the addition of a clear definition of “therapeutic” and “medical” claims within the statute or regulations. Currently, members are being cited or fined for statements on their age-gated websites in product descriptions that include general effect-based language such as “help promote stress relief” or “effects may include relaxation, hunger, or happiness.” These types of

descriptions are common industry terminology used to describe consumer-reported experiences with specific strains or products, so consumers can make informed choices. Clear regulatory definitions would provide guidance to licensees and ensure consistent enforcement, while still prohibiting inappropriate or unsupported medical claims.

Advertising and Signage Reform

We strongly support the proposed advertising reforms.

Maryland's cannabis industry already operates under highly restrictive advertising limitations. Since the transition to adult-use, dispensaries are effectively limited to a single exterior name sign and are prohibited from using certain basic directional signage tools that were previously permitted. This is especially challenging for newer dispensaries, many of which are social equity operators launching in a more restrictive environment without the benefit of prior brand recognition.

In my specific case, our dispensary is located within a multi-tenant shopping plaza. We are not a freestanding building. Without reasonable directional signage — such as inclusion on a plaza pylon sign or limited wayfinding signage — customers and registered patients may struggle to locate us. These are not promotional advertisements. They are basic tools that allow interested adults and patients to find a licensed, regulated business. At the same time, unlicensed operators advertise freely and without oversight. When licensed dispensaries are restricted from clearly communicating that we are regulated facilities, it creates confusion for consumers and undermines the legal marketplace the State has worked to build.

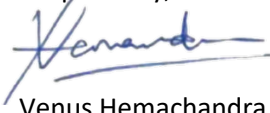
Reasonable signage and advertising adjustments strengthen the regulated system and help consumers identify lawful operators.

Opposition to Lifting License Caps

While we support many elements of HB1519, we are strongly opposed to any language that would lift or materially weaken existing license caps, including the proposed changes on Page 4, lines 9–11; Page 4, lines 13–14; and Page 4, lines 15–16. Lifting caps would accelerate market consolidation and disproportionately benefit large multi-state operators at the expense of independent businesses. Maryland has already experienced the risks associated with consolidation in earlier stages of the program. **While we support MSAs and Franchising, we firmly believe in maintaining the current license caps.** Maintaining caps preserves competitive balance, supports small and independent operators, and protects the industry from excessive market consolidation.

HB1519 contains meaningful reforms that can strengthen Maryland's regulated cannabis marketplace. We respectfully urge your support with amendments. Thank you for your consideration and for your continued commitment to building a fair, stable, and competitive cannabis industry in Maryland.

Respectfully,



Venus Hemachandra
CEO/Co-Founder, Verdant (Moment Dispensaries)
President, Maryland Dispensary Association