

TESTIMONY OF HOPE WISEMAN Founder and Operator, Mary and Main

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

Before the House Economic Matters Committee March 4, 2026

POSITION: FAVORABLE

Dear Chair Valderrama and Members of the Committee,

My name is Hope Wiseman. I am the founder and Chief Executive Officer of Mary & Main, a licensed cannabis dispensary in District 25. I have worked with management services agreements from multiple positions: as a provider of dispensary management and operational services to other licensees, and as a business owner who has sought capital and expertise to grow my own operations. I submit this testimony in support of House Bill 1519.

I believe this bill has the potential to be one of the most impactful pieces of cannabis legislation Maryland has passed since legalization. If enacted, it will provide the structural changes necessary to get a significant number of social equity licensees from conditional status to operational, and it will do so without dismantling the protections this legislature put in place.

I. THE PROBLEM: SOCIAL EQUITY LICENSEES CANNOT ACCESS CAPITAL UNDER THE CURRENT FRAMEWORK

Maryland's legal cannabis market generated \$1.17 billion in sales in 2025 across 187 operating businesses. However, the social equity licensing program that was designed to diversify this industry has produced a roughly 10% operational success rate.

The Maryland Cannabis Administration awarded 192 conditional social equity licenses in 2024. As of early 2026, approximately 20 of those businesses have become operational. The Administration extended the conditional license timeline from 18 to 24 months in response to macroeconomic pressures, and has indicated it may seek a further statutory extension. The state has invested over \$45 million through the Cannabis Business Assistance Fund to assist these licensees. Despite this investment, the vast majority remain unable to open because they cannot secure sufficient private capital.

The reason is structural. Under current law, a social equity licensee must retain 51% ownership, and a separate social equity partner may hold 14%, leaving a maximum of 35% available for a non-social equity investor. The licensee must hold the license for five years before any transfer of ownership or control is permitted. The current definition of "control" is broad enough to encompass major marketing decisions, production decisions, financial decisions, and the execution of contracts totaling \$10,000 or more. As a result, an investor providing millions of

dollars in capital has no meaningful mechanism for operational oversight or protection of their investment.

I have personally spent over \$100,000 in legal fees attempting to structure arrangements that comply with Maryland's regulatory framework while providing capital partners with sufficient confidence to invest. In practice, my team has had to describe arrangements as "consulting and administrative services" rather than "management services agreements" to avoid triggering regulatory scrutiny, even when the underlying arrangement preserved complete control for the licensee. The current environment does not merely discourage investment. It makes standard business partnerships functionally unworkable.

II. MANAGEMENT SERVICES AGREEMENTS ARE NOT NEW. THIS BILL MAKES THEM FAIR.

It is important for this Committee to understand that management services agreements already exist in Maryland's cannabis industry. The Maryland Cannabis Administration maintains a management agreement submission form on its website and requires licensees to submit the form prior to entering into any such agreement. Larger multi-state operators that entered the Maryland market during the original 2015 medical cannabis licensing round have operated under management-style arrangements for years. Emergency regulations adopted in 2024 defined these agreements as a transfer of control only if they grant unilateral authority to make significant marketing, production, and financial decisions.

The practical effect of the current framework is that established operators with existing relationships and sophisticated legal counsel can structure management agreements that pass regulatory review, while newer and smaller licensees, including social equity licensees with the greatest need for operational support and capital, face a system that is far more difficult and expensive to navigate. I know this firsthand, having spent over \$100,000 in legal fees attempting to structure compliant arrangements.

HB 1519 does not create something new. It creates a clear, regulated, and equitable framework for something that already exists. Specifically, the bill does three things.

First, it narrows the definition of "control." The bill removes from the definition the right to make major marketing, production, and financial decisions, and the right to execute contracts of \$10,000 or more. The revised definition focuses on the decisions that genuinely determine who runs a business: capital allocations, acquisitions, divestments, and the appointment or removal of directors and officers. This allows investors and operational partners to participate in day-to-day business decisions without that participation being classified as an impermissible transfer of control.

Second, it creates a statutory framework for management services agreements. The bill defines an MSA as an arrangement under which a licensee contracts with a third party for managerial, administrative, operational, or advisory services; financing, including equity investments and convertible debt; commercial real property; or intellectual property. It establishes that these agreements do not constitute "control" provided the total annual payment does not exceed the

greater of 25% of gross revenue or 50% of gross profit. Agreements must be submitted to the Administration for review and approval, with a 45-day review window. If the Administration does not act within 45 days, the agreement is deemed approved.

The inclusion of intellectual property in the MSA definition is particularly significant. Cannabis businesses invest hundreds of thousands of dollars over time in brand development, including graphic design, web presence, search engine optimization, and social media. Under current MCA policy, a licensee may not operate under the name of another company, but may operate under a name that indicates a relationship with another company and must submit branding agreements for review. HB 1519 provides a clearer legal basis for intellectual property and brand licensing arrangements through MSAs and the franchise relationship exclusion from the definition of "control." This allows businesses that have made significant investments in brand development to realize returns on those investments through licensing, rather than having that value locked inside a single operation.

Third, the bill reduces the transfer prohibition from five years to three years. The cannabis industry is cyclical. Periods of significant investor interest are followed by sharp contractions. A five-year prohibition on transfers of ownership or control is a substantial deterrent to investors who are already cautious about cannabis due to its federal legal status. A three-year period still prevents the immediate flipping of licenses while giving licensees and their investors flexibility to respond to market conditions.

The transfer restriction also reflects a narrow view of how wealth is built. For many social equity licensees, this is a first major entrepreneurial opportunity. Wealth building is often iterative: you build value, you exit at the right time, and you deploy the proceeds into your next venture on stronger terms. A five-year lock does not protect licensees from bad outcomes. It prevents them from capitalizing on good ones.

III. ADVERTISING REFORMS

The bill makes several practical improvements to cannabis advertising in Maryland.

Under current law, cannabis businesses face a near-total prohibition on outdoor advertising. HB 1519 permits outdoor advertising, including signs, billboards, and freestanding signboards, on the premises of the business and at any other location that is not within 500 feet of a primary or secondary school, a licensed child care center or registered family child care home, a playground, recreation center, library, or public park, a place of worship, or a substance use treatment facility. This approach mirrors the distance-based frameworks used for other regulated products and gives licensed businesses a means to compete against the illicit market for consumer awareness.

The bill also codifies a process under which licensees may submit advertisements to the Administration for an advisory opinion on compliance, with a required 30-day response timeline. An informal advisory opinion process has existed under the medical cannabis regulatory framework, but it has not been codified in statute and carries no mandatory response deadline. HB 1519 converts this from an informal accommodation into a statutory right with a defined

timeline. This is a meaningful improvement. When licensees bear the full risk of regulatory interpretation without a reliable path to guidance, legitimate marketing activity is discouraged. A statutory advisory opinion process allows compliant businesses to market with confidence.

The editorial content exception, which clarifies that use of a licensee's trademarks or identifying characteristics in news articles, interviews, or documentaries is not subject to the advertising restrictions, is a necessary fix that aligns Maryland law with standard First Amendment principles.

IV. PENALTIES FOR UNLICENSED SALES

HB 1519 increases the maximum fine for unlicensed sales of cannabis products from \$5,000 to \$10,000 and provides that each individually packaged product sold or distributed in violation constitutes a separate offense. Licensed operators invest significant resources in regulatory compliance, laboratory testing, and product safety. Stronger penalties for unlicensed sellers protect consumers and preserve the viability of the regulated market.

V. DATA TRANSPARENCY

The bill requires the Administration to publish patient and sales data by the 10th of each month, organized by month. Timely, consistent market data improves business decision-making, supports investor evaluation of the Maryland market, and reinforces public confidence in the regulatory system.

VI. CONCLUSION

The current regulatory framework for Maryland's cannabis industry has produced a 10% operational success rate among social equity conditional licensees despite over \$45 million in state investment. Management services agreements, brand licensing arrangements, and operational partnerships already exist in this industry, but they are primarily accessible to larger, better-capitalized operators with the legal resources to navigate a complex and uncertain regulatory environment. HB 1519 creates a clear, fair, and regulated pathway that extends these tools to the licensees who need them most.

I believe this bill will be the catalyst that moves a significant number of social equity businesses from conditional status to operational. The protections remain in place. The Administration retains review and approval authority over every management services agreement. What changes is that licensees finally have a workable framework to attract the capital and expertise they need to open their doors and compete.

I respectfully urge a favorable report on House Bill 1519.

Sincerely,

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