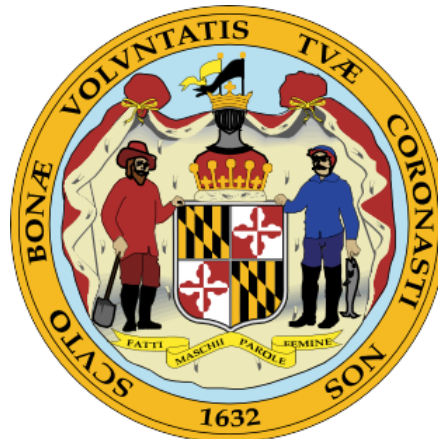


Joint Report on the Transition of Medical Cannabis Personnel to the Alcohol and Tobacco Commission

House Cannabis Referendum and Legalization Workgroup

October 18, 2022



Report Requirements

SECTION 8. AND BE IT FURTHER ENACTED, That, if the voters ratify Chapter 26 (H.B. 1) of the Acts of the General Assembly of 2022, legalizing cannabis in the State, it is the intent of the General Assembly that:

(1) the Office of the Executive Director of the Alcohol and Tobacco Commission shall be the successor of the Natalie M. LaPrade Medical Cannabis Commission in matters concerning the regulation of medical cannabis;

(2) the transfer of personnel from the Natalie M. LaPrade Medical Cannabis Commission to the Office of the Executive Director of the Alcohol and Tobacco Commission shall be studied jointly by the Commissions; and

(3) on or before January 1, 2023, the Commissions shall make a recommendation to the General Assembly, in accordance with § 2–1257 of the State Government Article, on how to transfer personnel in a manner that:

(i) will minimize the costs of the transfer and result in a more cost–efficient operation for the regulation of cannabis for the protection of the public health, safety, and welfare of the State;

(ii) does not result in any diminution of pay, working conditions, benefits, rights, or status; and

(iii) allows personnel to retain any merit system and retirement status they may have on the date of transfer.



Alcohol and Tobacco Commission

- An independent commission est. through the passage of HB 1052/Ch. 12 of the Acts of 2019 and became effective in January 2021.
- The law created the Commission, Office of the Executive Director (OED), and the Field Enforcement Division.
- The Commission consists of five (5) individuals appointed to a five-year term by the Governor of Maryland, with the advice and consent of the Senate.
- The OED is responsible for oversight and regulation of the alcoholic beverages and tobacco industries within the State of Maryland, including processing licensing applications, issues rules and regulations, and enforcing laws that govern the manufacture and distribution of alcoholic beverages and tobacco products within the State.
- The Field Enforcement Division (“FED”) is a statewide law enforcement agency under the supervision of the OED, staffed by both sworn police officers and civilian personnel. The FED is responsible for the enforcement of Maryland’s laws related to the sale, manufacture, transportation, storage, and importation of alcohol, tobacco and ESD products within the State.



Alcohol and Tobacco Commission

- OED consists of a budgeted staff of 39 FTE for FY23, who work across specialized divisions related to enforcement and legal support.
- Under the Field Enforcement Division there are two bureaus: the Field Operations Bureau (22 sworn law enforcement agents, including leadership), and the Regulatory and Administrative Bureau (14 investigators, inspectors, and supporting staff).
- OED is also supported by 2 FTE attorneys, and one contractual position in the Legal and Legislative Division who provide legislative, regulatory, and administrative hearings support.
- ATC is funded by the Maryland general fund, and the FY 2023 budget is \$5.3 million.
- ATC is physically located within the Treasury building alongside the Comptroller in Annapolis. The ATC's offices consist of approximately 22 office and cubicle workspaces housed within 6,000 sq. ft. of office space. In addition, the ATC stores seized contraband and evidence of violations within secure space of approximately 3,500 sq. ft on the same campus.



Maryland Medical Cannabis Commission

- **Independent commission within the Maryland Department of Health**
- **100% specially funded; FY 2023 budget: \$9.5 million**
- **Mission:** Provide a safe, effective, and consumer-friendly medical cannabis program for qualifying patients (Health-General Article §13-3302)
- **Major program functions:**
 - Licensing and regulation of medical cannabis businesses
 - Registration and regulation of patients, caregivers, and certifying providers
 - Enforcement of authorizing statutes and regulations to ensure product and patient safety and licensee compliance
 - Public education on the medical cannabis program and its laws and regulations
- **HB 2 (2018) Medical Cannabis Commission Reform Act re-constituted the commission and program in 2019**
- **13 volunteer commission members who serve 4-year terms**
 - 9 appointed by Governor with advice and consent of the Senate
 - 3 selected from list provided by Senate President/Speaker of the House
 - 1 Secretary of Health or designee



Maryland Medical Cannabis Commission

- Commission members supported by more 77 full-time staff (including 10.0 FTE vacancies)
 - **46 out of 77 (60%)** positions are temporary/contractual roles
- In 2018, MMCC signed a 10-year lease for 10,000 sq. ft. of commercial office space in Linthicum Heights. Earlier this year, MMCC secured an additional 3,900 sq. ft. in the same building to establish a state reference laboratory for cannabis testing and provide office space for laboratory personnel.
- MMCC accommodates 77.0 FTE across 16 offices and 41 cubicles by utilizing shared offices/cubicles, hybrid work schedules, and not requiring personnel with field assignments to maintain office space.
- All available office space is allocated to current MMCC personnel. MMCC also maintains a fleet of 16 vehicles for use by enforcement inspectors and other staff.



Report Background

- ATC and MMCC personnel met more than 12 times between April and October
- Evaluated existing personnel, office space, vehicles, and operations
- Reviewed previous personnel transfers in the State, including transfer of Field Enforcement personnel from the Comptroller to ATC
- Reviewed cannabis regulatory approaches in other states, with a focus on the limited number of jurisdictions that regulate alcohol and cannabis under one combined agency (Oregon, Washington)

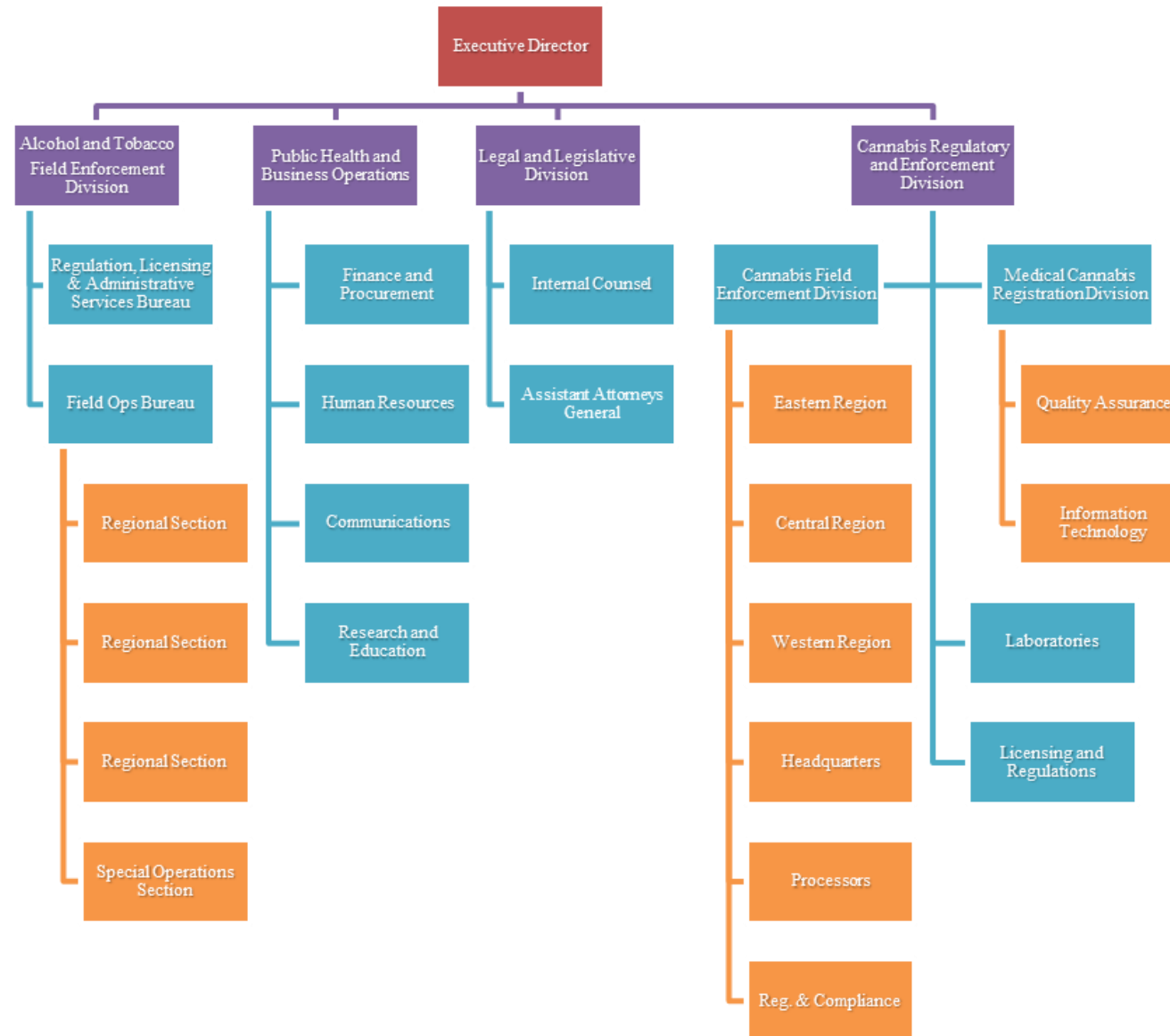


Report Recommendations

1. MMCC personnel will either transfer to a newly established Cannabis Regulatory and Enforcement Division or merge into existing shared administrative and operational functions under the Office of the Executive Director of the Alcohol and Tobacco Commission on or after July 1, 2023;
2. All MMCC personnel will transfer without any change or loss of pay, working conditions, benefits, rights, or status, and shall retain any merit system and retirement status they may have on the date of transfer;
3. Effective July 1, 2023, ATC and MMCC will merge common administrative and operational functions and units, including communications, human resources, budget and finance, procurement, legal and legislative, and research and education;
4. ATC and MMCC will retain existing office space and study the need for any additional office space and secure storage to accommodate organizational growth and the regulation of adult-use cannabis; and
5. Paper materials (letterhead, business cards, envelopes, etc.) and other documents reflecting the renaming of the MMCC to be the Office of the Executive Director of ATC may not be used until all paper materials and other documents already in print and reflecting the name or logo of the MMCC before the effective date of this Act have been used.



Proposed Organizational Chart



Merged Functions/Units

Function/Unit	Scope of Work	ATC	MMCC	Merge
Communications	Manage Commission website and social media, respond to Public Information Act requests, develop and disseminate press releases, bulletins, and other informational materials to stakeholders; and respond to constituent inquiries	No dedicated personnel, handled across the agency based on subject matter expertise	3.0 FTE	MMCC staff can assist with alcohol- and tobacco-related communication needs
Human Resources	Administer personnel duties, including timekeeping, payroll, discipline, and onboarding/offboarding	1.0 FTE	1.0 FTE	Combined unit may need additional 1.0 FTE to assist with expanded staff needs, given the MOU with the Comptroller's Office.
Budget and Finance	Develop annual and supplemental budget, manage accounts payable and accounts receivable, expense reports, etc.	Combined with HR and Procurement Position and supported by the Comptroller	1.0 FTE	Combined unit likely able to manage with existing resources, given the MOU with the Comptroller's Office.
Procurement	Develop/issue/manage Requests for Proposals (RFPs), supervise Commission contracts, serve as liaison to BPW, DBM, and other state agencies on procurement-related matters	Combined with Budget and Finance and HR Position and supported by the Comptroller	1.0 FTE	Combined unit likely able to manage with existing resources, given the MOU with the Comptroller's Office.
Public Health Research and Education	Conduct statutorily mandated research on public health, safety, and feasibility matters related to alcohol, tobacco, and cannabis; develop reports and educational materials on alcohol, tobacco, and cannabis use	2.0 FTE	4.0 FTE	Combined unit likely able to manage with existing resources, given the MOU the Comptroller's Office.



Units Remaining Separate Post-Transfer

Unit/Function	Specific to ATC or MMCC	Barriers to Consolidating Operations
Enforcement	No.	<ul style="list-style-type: none"> - Under statute ATC Field Enforcement Division personnel have sworn law enforcement officers, authorized to enforce civil and criminal provisions. MMCC Bureau of Enforcement and Compliance (BEC) personnel are not sworn law enforcement officers and are only authorized to levy civil penalties. - There are significant differences between alcohol/tobacco and cannabis inspections. Due to these differences, states with shared alcohol, tobacco, and cannabis oversight, such as Oregon and Washington, maintain separate enforcement units for alcohol/tobacco and cannabis. - Enforcement structure and authority (e.g., civil and criminal) are areas where additional study is warranted to determine the feasibility and cost of future consolidation. - A merger of secure contraband storage could be beneficial to both agencies but will depend on the respective office space requirements.
Laboratories	No.	<ul style="list-style-type: none"> - ATC receives laboratory support from the Comptroller. These laboratories are equipped to analyze suspected alcohol substances. - MMCC secured a reference laboratory for cannabis testing in 2022. MMCC laboratory personnel are not trained in alcohol or tobacco testing and current laboratory equipment may be inadequate to perform testing on alcohol or tobacco products. - Laboratory testing is an area where additional study is warranted to determine the feasibility and cost of future consolidation.
Information Technology	No.	<ul style="list-style-type: none"> - ATC receives IT support from the Comptroller. - MMCC IT personnel (3.0 FTE) provide maintenance and support for MMCC's medical cannabis licensing and registration system. MMCC also receives network and technical support from DoIT. - ATC and MMCC use different licensing and registration software. Additional study is required to determine whether it is technically feasible and/or cost-efficient to merge licensing operations under a single IT platform in the future.
Quality Assurance	Yes. MMCC only.	<ul style="list-style-type: none"> - MMCC Quality Assurance department manages the medical cannabis patient and provider registry, processes patient, caregiver, and provider applications, prints and mails identification cards, educates patients and providers on the medical cannabis program, and hosts a call center for patient, caregiver, and provider issues.



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