

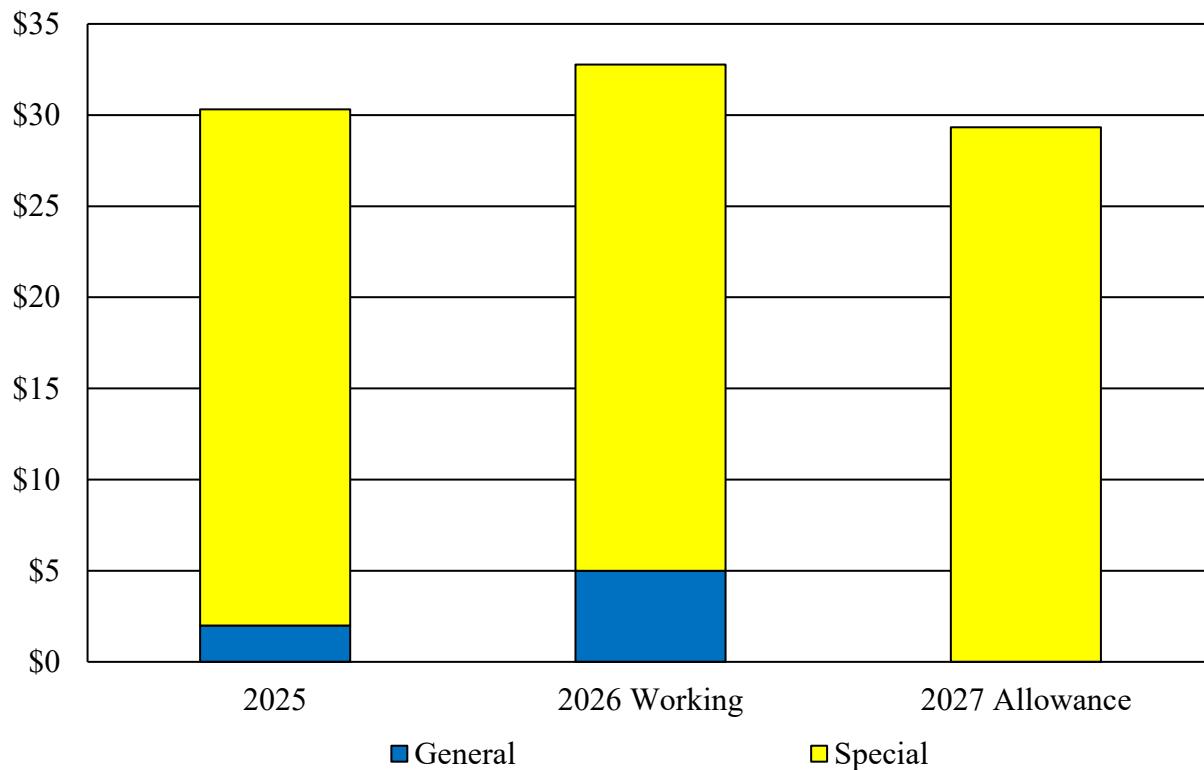
D23
Maryland Cannabis Administration

Program Description

The Maryland Cannabis Administration (MCA) works to create an equitable, safe, and accessible medical and adult-use cannabis program. MCA includes the former Maryland Medical Cannabis Commission, which was established in 2014 to develop policies, procedures, and regulations to implement Maryland's medical cannabis program. MCA was established as an independent agency in Chapters 254 and 255 of 2023 and oversees all licensing, registration, inspection, and testing measures relating to the State's medical and adult-use cannabis industry and provides program information to relevant stakeholders.

Operating Budget Summary

Fiscal 2027 Budget Decreases \$3.4 Million, or 10.5%, to \$29.3 Million
(\$ in Millions)



Note: The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

For further information contact: Victoria Martinez

victoria.martinez@mga.maryland.gov

- Beginning in fiscal 2027, MCA is entirely funded with special funds from the Cannabis Regulation and Enforcement Fund (CREF). The CREF is primarily funded through cannabis sales tax revenues but also includes revenues from licensing and fees. Cannabis sales tax revenues are deposited into the fund on a quarterly basis by the Comptroller as provided by statute.
- The fiscal 2027 allowance decreases by \$3.4 million from the fiscal 2026 working appropriation after accounting for a proposed deficiency appropriation. This change is primarily due to the cannabis incubator project not receiving additional funding in the fiscal 2027 allowance after receiving \$2 million in fiscal 2025 and \$5 million in fiscal 2026 – reflecting the entire general fund appropriation in each of these years.

Fiscal 2026

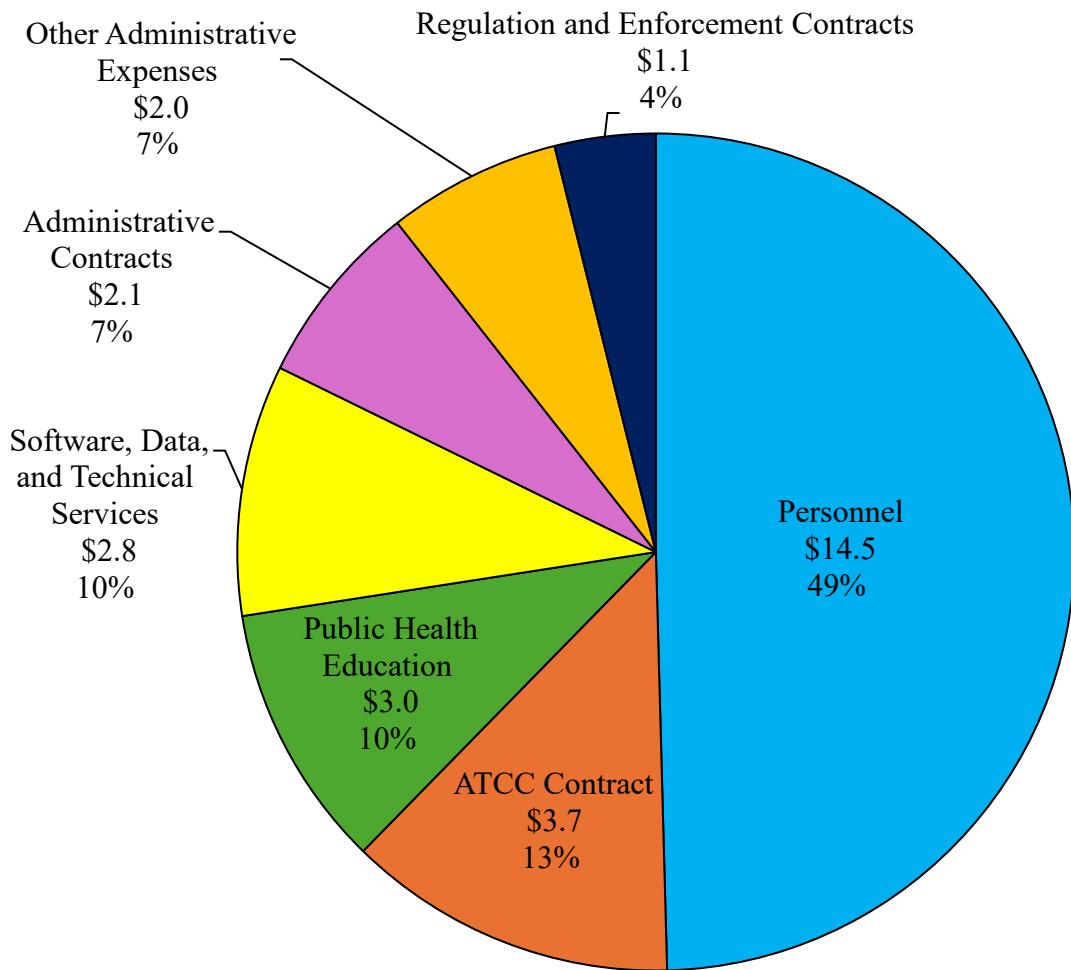
Proposed Deficiency and Transfer of the Office of Social Equity

The Office of Social Equity (OSE) was established in fiscal 2024 as an independent office within MCA that is responsible for the promotion of social equity initiatives around the State’s cannabis program, including the management of the Social Equity Partnership Grant Program and the Community Reinvestment and Repair Fund (CRRF). Effective October 1, 2025, Chapter 605 of 2025 transferred all staff and funding from OSE to the Department of Social and Economic Mobility (DoSEM), a new principal department established by the Act. A fiscal 2026 budget amendment effectuated this change and transferred \$8.0 million from MCA to DoSEM, leaving \$489,185 in MCA for OSE activities in the first quarter of fiscal 2026. The fiscal 2027 allowance includes one deficiency appropriation of \$161,299 in special funds for additional OSE expenditures prior to the office’s transfer to DoSEM. OSE accounts for 7 regular positions transferred in fiscal 2026 and 4.40 contractual positions transferred in the fiscal 2027 allowance.

Fiscal 2027 Overview of Agency Spending

MCA’s fiscal 2027 allowance totals \$29.3 million. As shown in **Exhibit 1**, approximately half of agency spending supports regular and contractual personnel, constituting \$14.5 million. Most of the remaining allowance is used for a variety of contractual services, with the largest two including \$3.7 million for the cannabis enforcement contract with the Alcohol, Tobacco, and Cannabis Commission (ATCC) and \$3.0 million for public health education. The allowance also includes \$2.8 million for software, technical, and data services for MCA’s general administration and \$1.1 million for laboratory services and licensee financial auditing used in the regulation and enforcement program. Additionally, \$2.1 million is budgeted for various administrative contracts for purposes such as cost allocations, consulting services, research and education efforts, and a workforce development program. Administrative expenses including rent, routine travel, office supplies, and equipment account for 7% (\$2.0 million) of spending.

Exhibit 1
Overview of Agency Spending
Fiscal 2027 Allowance
(\$ in Millions)



ATCC: Alcohol, Tobacco, and Cannabis Commission

Note: The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

Source: Department of Budget and Management

Proposed Budget Change

As shown in **Exhibit 2**, the fiscal 2027 allowance decreases by \$3.4 million compared to the fiscal 2026 working appropriation after accounting for a proposed deficiency appropriation. The largest change is a decrease of \$5.0 million in general funds for the cannabis incubator project, which is discussed in further detail in Key Observation 4. Other program-related changes include an overall decrease of \$650,484 due to the transfer of OSE to DoSEM. Despite the personnel decreases relating to the OSE transfer, personnel expenditures still increase by a net \$1.1 million. The fiscal 2027 budget plan also includes various decreases for administrative expenses for data analysis and data integration contracts, office equipment, and savings available relating to rent costs. These decreases were partially offset by an increase in software-related expenses. Additionally, the fiscal 2027 budget provides funding for research initiatives that include clinical expertise on medical cannabis use; research on cannabis-impaired driving; cannabis use disorder screening and cessation services; and health claims on cannabis packaging.

Exhibit 2
Proposed Budget
Maryland Cannabis Administration
(**\$ in Thousands**)

How Much It Grows:	General Fund	Special Fund	Total
Fiscal 2025 Actual	\$2,000	\$28,321	\$30,321
Fiscal 2026 Working	5,000	27,766	32,766
Fiscal 2027 Allowance	<u>0</u>	<u>29,338</u>	<u>29,338</u>
Fiscal 2026-2027 \$ Change	-\$5,000	\$1,572	-\$3,428
Fiscal 2026-2027 % Change	-100.0%	5.7%	-10.5%
Where It Goes:			Change
Personnel Expenses			
Salary increases and associated fringe benefits			\$879
Employee and retiree health insurance			500
Turnover rate decreases from 4.6% to 4.5%.....			19
One quarter of personnel costs for 7 positions within OSE prior to transfer to DoSEM effective October 1, 2025, per Chapter 605 of 2025			-273
Other fringe benefit adjustments.....			6
General Administration			
Clinical expertise, support, and guidance on medical cannabis use			250
Resources for technical initiatives and support.....			200

Where It Goes:

	<u>Change</u>
Consolidated operational software subscription and enterprise system costs supporting a variety of business units.....	185
Research on cannabis-impaired driving including events supporting education on cannabis impairment to law enforcement, employers, and the community	50
Education initiatives including cannabis use disorder screening, cannabis cessation services research, and Cannabis Public Health Advisory Council recommendations	50
Study of health claims on cannabis packaging to inform packaging and labeling procedures	50
Assistance to establish policies, procedures, and inspection guidelines for licensed growers as well as associated retaliation and whistleblower protections	15
Savings available in rent costs	-75
Data integration with the seed-to-sale tracking system	-90
Office equipment	-176
Data analysis contract	-200
Regulation, Enforcement, and Compliance	
Contract with ATCC to assist with legal and illicit cannabis enforcement increase to account for salary increases	261
Housekeeping costs.....	28
Other Changes	
Cost allocations	325
Routine travel and travel for conferences	-40
Transfer of nonpersonnel costs for OSE to DoSEM, effective October 1, 2025, per Chapter 605.....	-378
One-time PAYGO funds for cannabis incubator project.....	-5,000
Other changes.....	-16
Total	-\$3,428

ATCC: Alcohol, Tobacco, and Cannabis Commission

DoSEM: Department of Social and Economic Mobility

OSE: Office of Social Equity

PAYGO: pay-as-you-go

Note: Numbers may not sum to total due to rounding. The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

Personnel Data

	FY 25	FY 26	FY 27	FY 26-27
	Actual	Working	Allowance	Change
Regular Positions	110.00	101.00	101.00	0.00
Contractual FTEs	8.90	10.40	6.00	-4.40
Total Personnel	118.90	111.40	107.00	-4.40

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	4.95	4.49%
Positions and Percentage Vacant as of 12/31/2025	6.00	5.83%
Vacancies Above Turnover	1.05	

- On October 22, 2025, the Board of Public Works approved a reduction of 2 positions in MCA as part of the Administration’s cost containment effort. Abolished positions include 1 vacant community health educator position and 1 administrator position through the Voluntary Separation Program.
- As of December 31, 2025, MCA had a vacancy rate of 5.8% with 6 vacant positions. The vacant positions include 2 senior program manager roles, 3 administrator positions, and 1 information technology support specialist position. Half of these vacant positions have been vacant for roughly six to eight months, and another position has been vacant for about three months. One vacant position has been vacant for over three years but has since been reclassified, and MCA reported that position is planned to be filled in February 2026. Apart from this position, the longest vacancy is a senior program manager role that has been vacant for over two years.
- Statewide salary expenses in the fiscal 2027 allowance include an increase of \$13,101 in special funds for Annual Salary Review adjustments for a one-grade increase applied to 2 community health educator positions within MCA. These funds are centrally budgeted in the Department of Budget and Management.

Key Observations

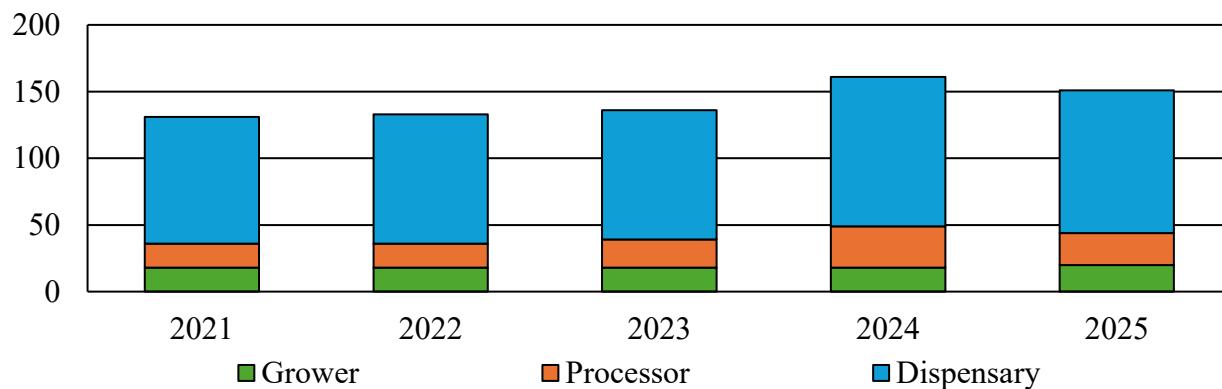
1. Issued Licenses Decrease Slightly and Most Social Equity Applicants Remain in Conditional Licensure

Licenses Issued Decrease by 6% in Fiscal 2025

MCA issues standard and micro grower licenses, processor licenses, and dispensary licenses. Grower licenses authorize the licensee to cultivate or package cannabis and provide cannabis to other licensees for sale. A processor license allows the licensee to convert cannabis into another product or extract and package and label the product for a licensed dispensary or independent testing laboratory. For grower and processor licenses, the classification as a standard license allows for the operation or processing of larger amounts of cannabis, while micro licenses are subject to quantity limitations (up to 2,000 pounds of cannabis per year for micro processors and up to 10,000 square feet of indoor flowering cannabis plants or the outdoor equivalent for micro growers). A standard dispensary license authorizes the holder to operate a physical retail establishment that sells cannabis or cannabis products, while a micro dispensary license allows the sale of cannabis or cannabis products as a delivery service without a physical storefront and may only employ up to 10 staff.

Exhibit 3 shows the number of licenses issued in each fiscal year. The total number of licenses issued by MCA decreased from 161 in fiscal 2024 to 151 in fiscal 2025. The decrease in fiscal 2025 includes the loss of 7 processor licenses and 5 dispensary licenses, which offsets an increase of 2 grower processors. Licenses in fiscal 2025 include a total of 107 dispensary licenses, 24 processor licenses, and 20 grower licenses.

Exhibit 3
Licenses Issued by the Maryland Cannabis Administration
Fiscal 2021-2025



Source: Department of Budget and Management; Maryland Cannabis Administration

First Licensing Round Awarded 205 Conditional Licenses to Social Equity Applicants

The first licensing round for all business categories was only open for social equity applicants with applications closing in December 2023 and lotteries for the licensing round conducted in March and June 2024. To qualify, at least 65% ownership and control must be held by one or more individuals who meet certain requirements determined by OSE, including having lived and attended a public school in a disproportionately impacted area for at least five years and attended for at least two years a four-year institution of higher education in Maryland where at least 40% of students are eligible for a Pell Grant. Applicants were required to submit operational, business, and diversity plans. Applications were reviewed on a pass-fail basis, and any applicant that met minimum qualifications was placed in a lottery conducted by region and license category and type. MCA then reviewed the applicants selected in the lottery and issued conditional awards. MCA selected 205 applications in fiscal 2024 to be moved to conditional licensure. The awarded conditional licenses included those in micro and standard categories, including 51 grower, 71 processor, and 84 dispensary conditional licenses. The standard dispensary licenses were awarded by jurisdiction, while all other categories were awarded by region. If all conditional licenses are converted to operational status, the total number of licenses in the State would more than double.

Most Social Equity Licenses Remain in Conditional Status and Due to Become Operational in Calendar 2026

Of the 205 conditional licenses that were awarded, 9 have been awarded final licensure and 12 either withdrew from the process or were denied final licensure. Conditional licenses are awarded on a rolling basis, and licensees have 18 months to become operational. The first 9 licenses were awarded in July 2023 to existing businesses to convert their medical cannabis licenses to medical and adult-use cannabis licenses. Other than these licenses, the next group was awarded in July 2024 and is due to become operational in January 2026, and the most recent group awarded in February 2025 is due to become operational in August 2026. Although most licenses remain in conditional status, licensees are still within the given timeframe to become operational and may also be granted a 6-month extension under certain circumstances.

Timeline for Second Licensing Round Not Announced

The second licensing round could be held any time after May 1, 2024. In determining whether this round will be limited to social equity applicants, as the first round was, MCA will consider the findings of a disparity study that was completed by the Maryland Department of Transportation (MDOT) in September 2025. Now that the disparity study has been finalized, MDOT, the Office of the Attorney General, and the Office of Small, Minority and Women Business Affairs within DoSEM will evaluate the study and the results of the first licensing round to determine whether remedial measures are necessary for the second round of licensure awards. If remedial measures are determined to be needed, MCA will need to include race- and gender-conscious licensing. As of January 2026, MCA reported that it does not have a timeline for

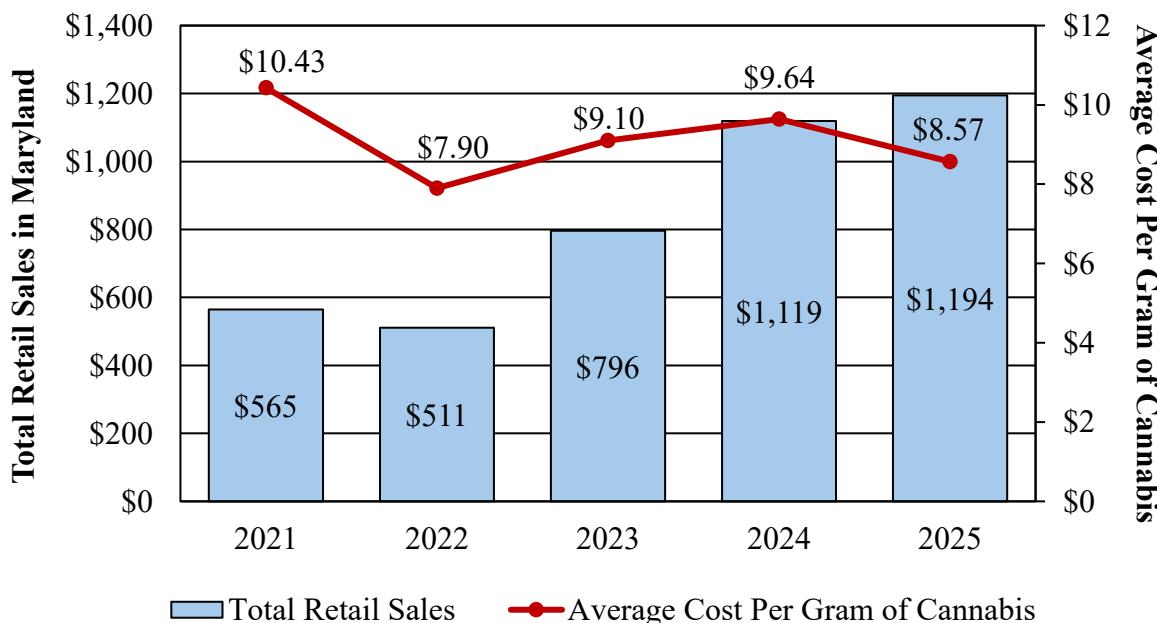
the second round of licensing, as they will need to consult with relevant agencies on the findings of the disparity study.

2. Market Trends Show Increase in Cannabis Sales

Cannabis Sales Increase at a Slower Growth Rate Than Prior Years

Cannabis sales continued to increase in calendar 2025 but at a slower growth rate than in prior years. **Exhibit 4** provides information on the total retail sales and average cost of cannabis. Total retail sales in Maryland have increased since adult-use legalization to \$1.2 billion in calendar 2025, an increase of \$75 million over calendar 2024. The 7% year-over-year growth rate in calendar 2025 retail sales is significantly lower than the 41% growth rate in calendar 2024 and the 56% growth rate in calendar 2023. This trend is expected as adult-use cannabis was legalized in the middle of calendar 2023, and calendar 2024 represents the first full year of adult-use cannabis sales. The average cost per gram of cannabis shows a fluctuating trend throughout these years but decreased slightly from \$9.64 in calendar 2024 to \$8.57 in calendar 2025.

Exhibit 4
Total Retail Sales and Average Cost Per Gram of Cannabis
Calendar 2021-2025
(Sales \$ in Millions)

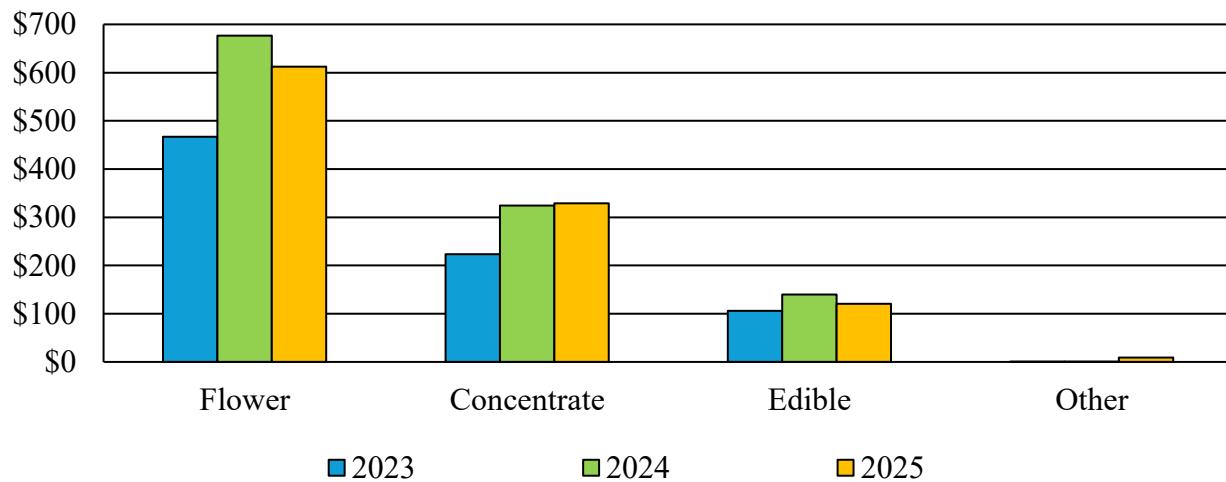


Source: Department of Budget and Management; Maryland Cannabis Administration

Cannabis Flower Product Drives Market Sales, Followed by Concentrate and Edible

MCA classifies cannabis product types as one of four categories: (1) flower; (2) concentrate; (3) edible; or (4) other. Flower product refers to the dried flowers, leaves, stems, and seeds of the cannabis plant and accounts for the highest portion of market sales. The second most popular product was cannabis concentrate, which include vapes. Finally, edible cannabis products include a variety of products, such as chewable bars; infused products; and oils, solutions, or tinctures for oral administration. **Exhibit 5** shows market sales across different product types. In fiscal 2025, cannabis flower products accounted for 57% of market sales, while concentrate products accounted for 31% of market sales and edible products consisted of 11% of market sales. A small portion of market sales are categorized as “other,” such as cannabis seeds. MCA reported that the data indicates that as the market matures, producers are redirecting raw flower into more processed products such as concentrates and vapes.

Exhibit 5
Market Sales by Product Type
Calendar 2023-2025



Note: Calendar 2025 does not include December 2025 market sales due to data availability.

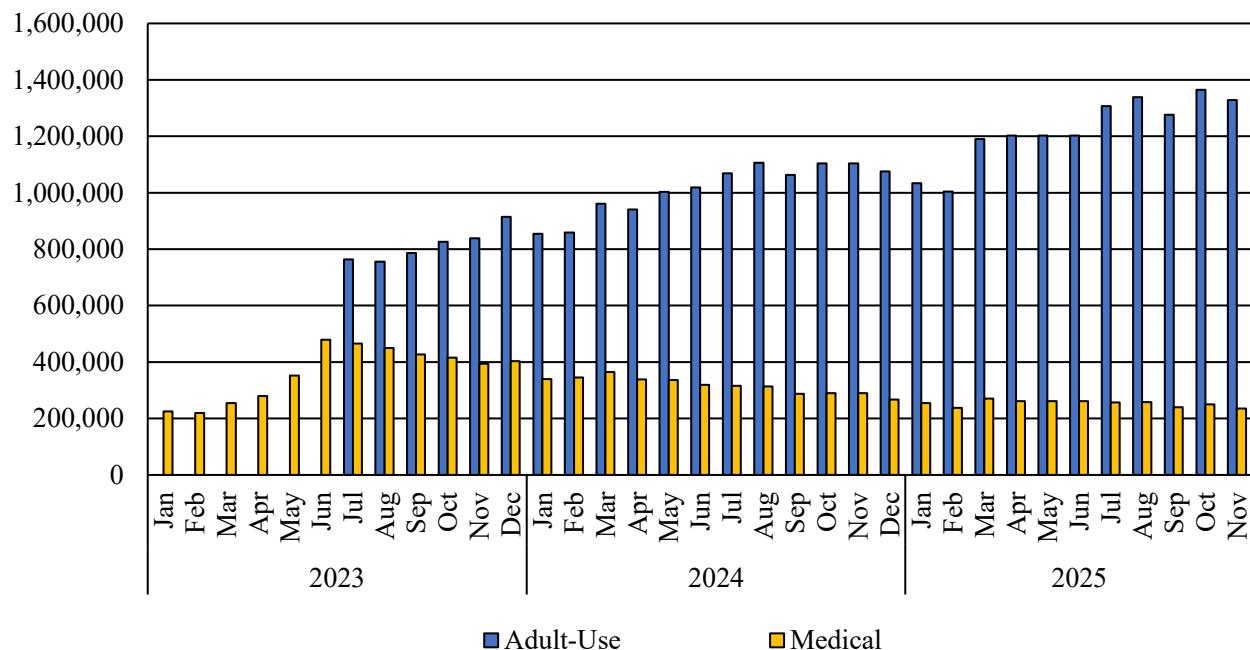
Source: Maryland Cannabis Administration; Department of Legislative Services

Dispensary Transactions Increase for Adult-use Cannabis and Decrease for Medical Cannabis

The growth in total retail sales is largely attributed to a growth in adult-use cannabis purchases, which offset a decrease in medical cannabis purchases. **Exhibit 6** shows monthly

dispensary transactions of medical and adult-use cannabis, showing that adult-use cannabis transactions increased, while medical cannabis use decreased from adult-use legalization in July 2023 to the latest data available in November 2025. During this timeframe, average month-to-month dispensary transactions increased by 2% for adult-use cannabis transactions but decreased by 2% for medical cannabis. In the first fiscal year of adult-use cannabis legalization (fiscal 2024), adult-use cannabis transactions totaled 10.5 million and increased by 27% in the second fiscal year (fiscal 2025) to 13.4 million. Total medical cannabis sales, on the other hand, decreased by 28% in the same period from fiscal 2024 to 2025.

Exhibit 6
Monthly Dispensary Transactions of Adult-use and Medical Cannabis
January 2023 to November 2025



Source: Maryland Cannabis Administration; Department of Legislative Services

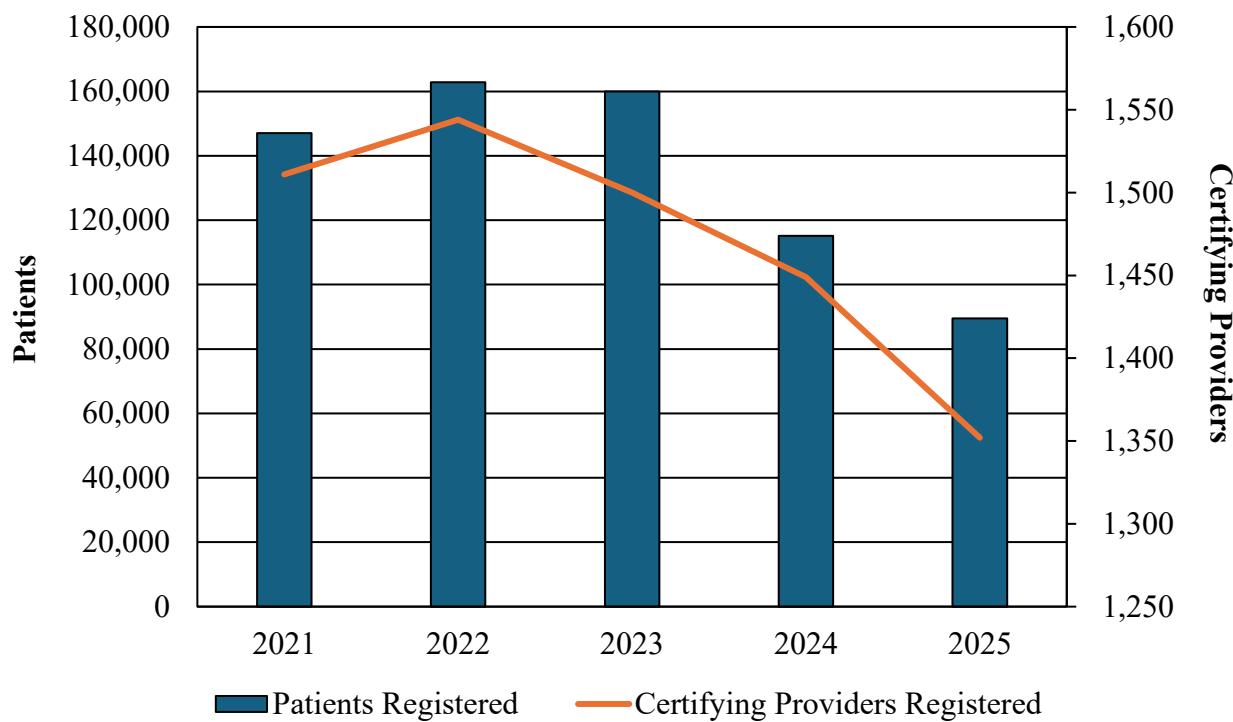
Decrease in Patients and Certifying Providers Registering

MCA reported that a decrease in medical sales was expected considering trends in other markets that have transitioned from medical only to medical and adult-use sales. Medical cannabis patient registration is valid for six years and renewed through the online Maryland OneStop portal. Although there is no cost to renew registration, MCA charges a fee of \$25 to print physical patient ID cards though patients can choose to download a digital patient ID card at no cost. The fee may also be waived for patients who receive Medicaid or Veterans Affairs Maryland Health Care. Additionally, patients must maintain an active written certification from a registered health

care provider, which is renewed annually. The annual renewal process typically involves scheduling a visit with a certifying provider who updates the patient's certification. As shown in **Exhibit 7**, the number of registered patients and certifying providers has decreased since adult-use legalization in 2023. Although trends show a decrease in registered patients, there are a variety of benefits from registering as a patient, including:

- not being subject to the cannabis sales and use tax;
- the ability to purchase higher potency products;
- being permitted to purchase higher amounts of product subject to certain limits; and
- receiving prioritization with patient-only lines and/or hours at dispensaries.

Exhibit 7
Patients and Certifying Providers
Calendar 2021-2025



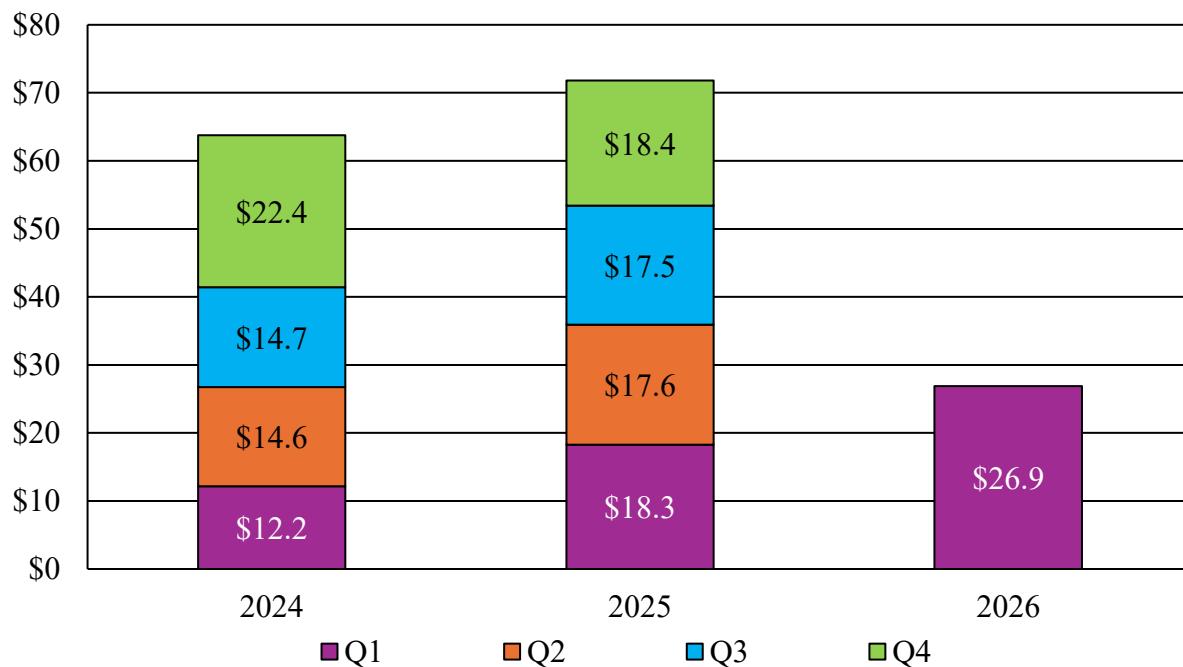
Source: Department of Budget and Management; Maryland Cannabis Administration

3. Cannabis Tax Revenue and Distributions

Tax Revenue Totaled \$71.8 Million in Fiscal 2025

Effective July 1, 2025, a provision in the Budget Reconciliation and Financing Act of 2025 increased the sales and use tax rate on cannabis from 9% to 12%. Tax revenues are collected and distributed by the Comptroller on a quarterly basis. **Exhibit 8** shows quarterly cannabis revenue from fiscal 2024 through the first quarter of fiscal 2026. In fiscal 2025, cannabis tax revenue totaled \$71.8 million, an increase of 13% (\$8.0 million) from the \$63.8 million in tax revenue collected in fiscal 2024. Tax revenue in the first quarter of fiscal 2026 surpassed revenue from the first quarter of fiscal 2025 by \$8.6 million, largely due to the tax rate increase. Cannabis tax revenue is remitted by region, with certain regions accounting for higher percentages of total tax revenue. Regions consist of Central region (45% of tax revenue), Capital region (22% of tax revenue), Western region (15% of tax revenue), Eastern region (13% of tax revenue), and Southern region (5% of tax revenue).

Exhibit 8
Quarterly Cannabis Tax Revenue
Fiscal 2024-2026
(\$ in Millions)



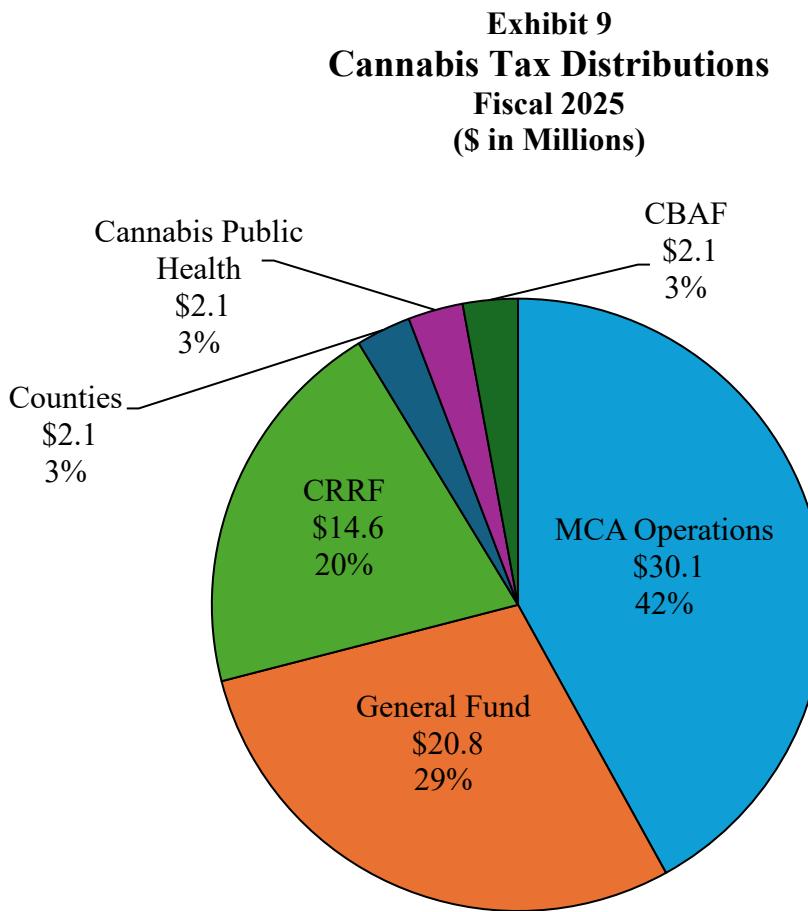
Source: Comptroller of Maryland; Department of Legislative Services

Fiscal 2025 Tax Revenue Distributed Mainly to MCA Operations and General Fund

Tax revenues from cannabis sales are distributed for certain purposes established in statute. Additional tax revenues from the 3% increase in the cannabis tax rate beginning in fiscal 2026 go directly to the General Fund. Because the 3% increase in the tax rate accounts for one-fifth of all cannabis tax revenues, one-fifth of tax revenues are first distributed to the General Fund, in addition to any remaining revenues after required distributions. In the first quarter of fiscal 2026, the cannabis tax increase provided an additional \$6.7 million to the General Fund. Revenues from the initial 9% cannabis sales and use tax are first distributed to MCA to cover its administrative and operating expenses. Following distribution to MCA, tax revenues are distributed by percentages for the following purposes:

- 35% to the CRRF for fiscal 2024 through 2033. OSE determines the amounts allocated to jurisdictions to support community-based initiatives that benefit low-income communities and those disproportionately impacted by cannabis enforcement laws;
- 5% to Maryland counties and municipalities, allocated to each county based on the percentage of revenue collected from that county (except that each county must distribute to a municipality located in the county 50% of the county's allocation that is attributable to the cannabis sales and use tax revenue generated by a dispensary located in that municipality);
- 5% to the Cannabis Public Health Fund to provide funding to address health effects associated with adult-use cannabis; and
- 5% to the Cannabis Business Assistance Fund to provide grants and loans to small minority-owned or women-owned businesses entering the adult-use cannabis industry, including to historically Black colleges and universities or other business development organizations for cannabis-related programs.

Exhibit 9 shows cannabis tax distributions in fiscal 2025 by purpose with MCA operations accounting for the largest portion. Since required distributions only account for 60% of distributions after covering for MCA operational costs, the second largest portion (\$20.8 million) is distributed to the General Fund.



CBAF: Cannabis Business Assistance Fund

CRRF: Community Reinvestment and Repair Fund

MCA: Maryland Cannabis Administration

Source: Comptroller of Maryland; Department of Legislative Services

4. Cannabis Incubator Project Delayed

Chapters 254 and 255 of authorize MCA to issue an incubator space license allowing a nonprofit entity to operate a cannabis incubator space, which is a licensed premise in which micro licensees may operate a cannabis business, including processing and storing cannabis or cannabis products for sale and delivery offsite. Micro licensees include micro growers, processors, or dispensaries whose operations are smaller than that of a standard licensee. The incubator space would provide small businesses access to equipment and space that may address operational or financial barriers and help them enter the cannabis market. The incubator space may also provide

business development support. Maryland's cannabis incubator space would be the first state-run cannabis incubator in the country.

MCA, the Maryland Economic Development Corporation (MEDCO), and the Department of General Services (DGS) all have a role in establishing the cannabis incubator project. MEDCO is responsible for acquiring and building the space, while DGS will then assume ownership and issue a request for proposal to select a nonprofit to direct the day-to-day operations of the incubator. The nonprofit selected will manage facility operations, regulatory compliance, and site use scheduling. Finally, MCA will also ensure compliance, provide technical guidance, facilitate business development sessions, establish regulations, and issue licenses to use the space.

In December 2023, MEDCO submitted a report to the General Assembly analyzing potential sites by soliciting several jurisdictions for possible locations and reaching out to sites, although not all jurisdictions and sites responded. MEDCO also conducted research regarding the requirements for a viable site and reviewed DGS's clearinghouse for sites already owned by the State. Through the clearinghouse process, MEDCO selected the MG William J. Witte Armory located in Catonsville as the facility for the cannabis incubator space. Language in the fiscal 2026 Budget Bill required that MCA submit a report by September 1, 2025, that details MCA's community engagement efforts with neighborhood and community groups, local government officials, and private businesses impacted by the development of the cannabis incubator project. As of the writing of this report, MCA has not submitted the required report on the cannabis incubator project. However, MCA reported that upon further review, the Armory facility located in Catonsville was no longer a viable site.

Since then, MCA and MEDCO have begun a new site solicitation process in which they have engaged with county economic development offices for lists of available sites that could be converted for use as a cannabis incubator. As part of the selection process, applicants must assist MEDCO and MCA in facilitating community engagement relating to the cannabis incubator site. Applications for site selection were due on November 6, 2025, and MCA is currently in the process of reviewing the site submissions to identify the new site.

The cannabis incubator project was initially estimated to cost \$7.0 million. MCA received a capital appropriation of \$2 million in fiscal 2024, which was later deauthorized in the fiscal 2026 capital budget due to the incubator not being a capital-eligible project. The project received general fund pay-as-you-go (PAYGO) appropriations of \$2.0 million in fiscal 2025 and \$5.0 million in fiscal 2026. MCA encumbered \$2.0 million at the end of fiscal 2025 and reported that it will be used for due diligence, while the \$5.0 million appropriation will cover acquisition and buildout. Considering that the project has been delayed, and a site has not been selected, the timeline for spending the fiscal 2026 PAYGO funding is unclear. **MCA should provide an update on the status of site selection for the cannabis incubator project and any other developments with the project. Considering the project delays, the Department of Legislative Services (DLS) recommends reducing the fiscal 2026 appropriation of \$5.0 million in general funds budgeted for the cannabis incubator project to defer acquisition and buildout activities until a site has been selected and the \$2 million that was encumbered in fiscal 2025 has been spent.**

Operating Budget Recommended Actions

1. Section XX Cannabis Incubator Project

SECTION XX. AND BE IT FURTHER ENACTED, That \$5,000,000 in general funds made for the purpose of the cannabis incubator project is reduced immediately upon passage of this budget from the fiscal 2026 appropriation for program D23A01.04 Capital Appropriation within the Maryland Cannabis Administration.

Explanation: This action reduces the fiscal 2026 general fund appropriation for the cannabis incubator project due to project delays.

Appendix 1 **2025 Joint Chairmen's Report Responses from Agency**

The 2025 *Joint Chairmen's Report* (JCR) requested that MCA prepare two reports. Electronic copies of the full JCR responses can be found on the DLS Library website once the reports are submitted.

- ***Report on Cannabis Incubator Project:*** Language in the fiscal 2026 Budget Bill restricts funding from MCA pending the submission of a report with details on community engagement efforts with neighborhood and community groups, local government officials, and private businesses impacted by the development of the cannabis incubator project. As of January 20, 2026, this report has not been submitted, and the funding has not been released. More detail on the status of this project is discussed in Key Observation 4.
- ***Report on Cannabis Sales and Industry Data:*** The committees requested a review of how Maryland compares to other states in terms of medical and adult use cannabis sales; restrictions regarding marketing and advertisement; and product availability, control and transfer of ownership of licensees, and market dynamics. MCA was also asked to provide an analysis of how the State's restrictions on certain cannabis business practices impact industry profitability and cannabis tax revenue, in addition to providing recommendations for statutory or regulatory changes to improve economic viability. As of January 20, 2026, this report has not been submitted. More information on cannabis sales is discussed in Key Observation 2.

Appendix 2
Object/Fund Difference Report
Maryland Cannabis Administration

<u>Object/Fund</u>	<u>FY 25 Actual</u>	<u>FY 26 Wrk Approp</u>	<u>FY 27 Allowance</u>	<u>\$ Change</u>	<u>% Change</u>
Positions					
01 Regular	110.00	101.00	101.00	0.00	0.0%
02 Contractual	8.90	10.40	6.00	-4.40	-42.3%
Total Positions	118.90	111.40	107.00	-4.40	-3.9%
Objects					
01 Salaries, Wages, and Fringe Benefits	\$13,943,757	\$12,967,853	\$14,099,549	\$1,131,696	8.7%
02 Technical and Special Fees	793,710	682,051	594,336	-87,715	-12.9%
03 Communications	76,779	162,985	162,985	0	0.0%
04 Travel	224,676	426,582	357,785	-68,797	-16.1%
07 Motor Vehicle Operation and Maintenance	77,958	53,760	57,750	3,990	7.4%
08 Contractual Services	6,906,400	8,541,727	8,936,297	394,570	4.6%
09 Supplies and Materials	94,265	247,159	273,615	26,456	10.7%
10 Equipment – Replacement	9,321	11,752	11,752	0	0.0%
11 Equipment – Additional	304,406	361,254	185,686	-175,568	-48.6%
12 Grants, Subsidies, and Contributions	7,171,762	8,481,215	3,892,398	-4,588,817	-54.1%
13 Fixed Charges	718,206	830,006	766,036	-63,970	-7.7%
Total Objects	\$30,321,240	\$32,766,344	\$29,338,189	-\$3,428,155	-10.5%
Funds					
01 General Funds	\$2,000,000	\$5,000,000	\$0	-\$5,000,000	-100.0%
03 Special Funds	28,321,240	27,766,344	29,338,189	1,571,845	5.7%
Total Funds	\$30,321,240	\$32,766,344	\$29,338,189	-\$3,428,155	-10.5%

Note: The fiscal 2026 appropriation includes proposed deficiency appropriations. The fiscal 2027 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.