

HOUSE BILL 253

A3

EMERGENCY BILL
(PRE-FILED)

4r4578
CF 4r4579

By: **Chair, Economic Matters Committee (By Request – Maryland Cannabis Administration)**

Requested: October 19, 2023

Introduced and read first time: January 10, 2024

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Cannabis Reform – Alterations**

3 FOR the purpose of altering the best practices that the Alcohol, Tobacco, and Cannabis
4 Commission is required to develop; making alterations and clarifications related to
5 the duties of the Commission, the Office of Social Equity, the Advisory Board on
6 Medical and Adult-Use Cannabis, and the Maryland Cannabis Administration;
7 altering the composition of the Advisory Board; requiring the Governor to appoint
8 the chair of the Advisory Board and removing the Director of the Administration as
9 chair; authorizing processors to provide cannabis to cannabis licensees; requiring the
10 Administration to register and regulate cannabis nurseries; authorizing the
11 Administration to impose certain penalties on a cannabis license or registration for
12 the violation of certain laws and regulations; requiring the Administration rather
13 than the Comptroller to administer the Cannabis Regulation and Enforcement Fund;
14 altering the amount of cannabis that a qualifying patient may possess; altering the
15 amount of cannabis that processors may process; altering certain provisions of law
16 related to the registration of cannabis agents; providing for the temporary
17 registration of cannabis agents; altering certain provisions of law related to
18 advertising and cannabis; authorizing the use of the Cannabis Business Assistance
19 Fund for the administrative costs of the Fund; extending the period of time that the
20 Administration is exempt from procurement requirements under certain
21 circumstances; and generally relating to medical and adult-use cannabis.

22 BY repealing and reenacting, without amendments,
23 Article – Alcoholic Beverages and Cannabis
24 Section 1-101(a), 36-101(a) and (h), and 36-206(b)
25 Annotated Code of Maryland
26 (2016 Volume and 2023 Supplement)

27 BY repealing and reenacting, with amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Article – Alcoholic Beverages and Cannabis
2 Section 1–101(d), 1–308(8) and (9), 1–309.1(d)(5) and (f)(2), 1–309.2, 36–101(j) and
3 (dd), 36–202, 36–206(d) and (j)(1), 36–302(g), 36–401(c)(1) and (2),
4 36–402(d)(1)(vi), 36–404(i)(3), 36–409(a), 36–501(a) and (d), 36–505, and
5 36–903(a)
6 Annotated Code of Maryland
7 (2016 Volume and 2023 Supplement)

8 BY repealing
9 Article – Alcoholic Beverages and Cannabis
10 Section 1–308(10) and (11)
11 Annotated Code of Maryland
12 (2016 Volume and 2023 Supplement)

13 BY adding to
14 Article – Alcoholic Beverages and Cannabis
15 Section 36–101(h–1)
16 Annotated Code of Maryland
17 (2016 Volume and 2023 Supplement)

18 BY repealing and reenacting, without amendments,
19 Article – Economic Development
20 Section 5–1901(b)
21 Annotated Code of Maryland
22 (2018 Replacement Volume and 2023 Supplement)

23 BY repealing and reenacting, with amendments,
24 Article – Economic Development
25 Section 5–1901(g)(1)
26 Annotated Code of Maryland
27 (2018 Replacement Volume and 2023 Supplement)

28 BY repealing and reenacting, with amendments,
29 Chapter 254 of the Acts of the General Assembly of 2023
30 Section 10

31 BY repealing and reenacting, with amendments,
32 Chapter 255 of the Acts of the General Assembly of 2023
33 Section 10

34 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
35 That the Laws of Maryland read as follows:

36 **Article – Alcoholic Beverages and Cannabis**

37 1–101.

1 (a) In this article the following words have the meanings indicated.

2 (d) (1) “Cannabis” means the plant *Cannabis sativa* L. and any part of the
3 plant, including all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of
4 isomers, whether growing or not, with a delta-9-tetrahydrocannabinol concentration
5 greater than 0.3% on a dry weight basis.

6 (2) “Cannabis” includes cannabis products, **SEEDS, SEEDLINGS,**
7 **IMMATURE PLANTS, AND CLONES.**

8 (3) “Cannabis” does not include hemp or hemp products, as defined in §
9 14-101 of the Agriculture Article.

10 1-308.

11 The Commission shall develop best practices for:

12 (8) the development of a public health impact statement for all changes to
13 the State alcoholic beverages laws; **AND**

14 (9) ensuring that:

15 (i) all license holders, managers, and servers receive certification
16 from an approved alcohol awareness program; and

17 (ii) at least one employee who is certified in an alcohol awareness
18 program be on the licensed premises at all times when alcoholic beverages are served[;

19 (10) regulating the cannabis industry and implementing public health
20 measures relating to cannabis; and

21 (11) regulating, to the extent possible, medical and adult-use cannabis in a
22 similar manner].

23 1-309.1.

24 (d) The Office of Social Equity shall:

25 (5) provide recommendations to the [Commission] **MARYLAND**
26 **CANNABIS ADMINISTRATION** on regulations related to:

27 (i) diversity; and

28 (ii) social equity applications;

1 (f) (2) On or before December 15 each year, the Office of Social Equity shall
2 publish a review of the input received under paragraph (1) of this subsection on a publicly
3 accessible part of the [Commission's] **OFFICE'S** website.

4 1-309.2.

5 (a) In this section, "Advisory Board" means the Advisory Board on Medical and
6 Adult-Use Cannabis.

7 (b) There is an Advisory Board on Medical and Adult-Use Cannabis.

8 (c) The Advisory Board shall:

9 (1) consider all matters submitted to it by the [Commission] **OFFICE OF**
10 **SOCIAL EQUITY**, the Governor, the Maryland Cannabis Administration, or the General
11 Assembly; and

12 (2) on its own initiative, provide recommendations to the [Commission]
13 **OFFICE OF SOCIAL EQUITY** or the Maryland Cannabis Administration established under
14 § 36-201 of this article regarding guidelines, rules, and regulations that the Advisory Board
15 considers important or necessary for review and consideration by the [Commission]
16 **OFFICE OF SOCIAL EQUITY** or the Maryland Cannabis Administration.

17 (d) **(1)** The Advisory Board consists of[:

18 (1) the Director of the Maryland Cannabis Administration, who shall serve
19 as Chair of the Advisory Board; and

20 **(2)]** the following members, appointed by the Governor with the advice and
21 consent of the Senate:

22 (i) three members that have substantial experience in one or more
23 of the following:

24 1. cannabis law, science, or policy;

25 2. public health or health care;

26 3. agriculture;

27 4. finance; or

28 5. addiction treatment;

29 (ii) one academic researcher with at least 5 years of experience in
30 social or health equity;

- 1 (iii) one representative of an independent testing laboratory
2 registered under § 36–408 of this article;
- 3 (iv) two representatives who hold a standard grower license under §
4 36–401 of this article;
- 5 (v) two representatives who hold a standard processor license under
6 § 36–401 of this article;
- 7 (vi) two representatives who hold a standard dispensary license
8 under § 36–401 of this article;
- 9 (vii) two representatives who hold a micro grower license under §
10 36–401 of this article;
- 11 (viii) two representatives who hold a micro processor license under §
12 36–401 of this article;
- 13 (ix) two representatives who hold a micro dispensary license under §
14 36–401 of this article;
- 15 (x) one representative who holds an incubator space license under §
16 36–401 of this article;
- 17 (xi) one representative who holds an on–site consumption license
18 under § 36–401 of this article;
- 19 (xii) one representative of an organization that advocates on behalf of
20 patients who engage in the medical use of cannabis;
- 21 (xiii) one representative of an organization that advocates on behalf of
22 consumers who engage in the adult use of cannabis; and
- 23 (xiv) one health care provider who is registered to certify patients to
24 obtain medical cannabis under § 36–301 of this article.

25 **(2) FROM AMONG THE MEMBERS OF THE ADVISORY BOARD, THE**
26 **GOVERNOR SHALL APPOINT A CHAIR.**

27 (e) The President of the Senate and the Speaker of the House may recommend to
28 the Governor a list of individuals for appointment to the Advisory Board.

29 (f) (1) The term of a member of the Advisory Board is 4 years.

30 (2) At the end of a term, a member continues to serve until a successor is
31 appointed and qualifies.

1 (3) An appointed member may not serve more than two full terms.

2 (4) The positions for members appointed under subsection [(d)(2)(vii)
3 through (xi)] **(D)(1)(VII) THROUGH (XI)** of this section become effective when the first
4 licenses are issued under those respective license types.

5 (g) An appointed member of the Advisory Board must be:

6 (1) at least 25 years old;

7 (2) a resident of the State who has resided in the State for at least the
8 immediately preceding 5 years before the appointment; and

9 (3) a registered voter of the State.

10 (h) The Advisory Board shall establish at least two subcommittees to focus on
11 medical and adult-use cannabis.

12 (i) To the extent practicable and consistent with federal and State law, the
13 membership of the Advisory Board shall reflect the racial, ethnic, and gender diversity of
14 the State.

15 36-101.

16 (a) In this title the following words have the meanings indicated.

17 (h) "Cannabis licensee" means a business licensed by the Administration to
18 operate in the cannabis industry.

19 **(H-1) "CANNABIS NURSERY" MEANS A BUSINESS THAT PROVIDES CANNABIS**
20 **SEEDS, SEEDLINGS, IMMATURE PLANTS, OR CLONES TO A CANNABIS BUSINESS.**

21 (j) "Cannabis registrant" means an independent testing laboratory, a
22 transporter, a security guard company, a waste disposal company, **A CANNABIS NURSERY**,
23 and any other type of cannabis business registered under this title and authorized by the
24 Administration.

25 (dd) "Processor" means an entity licensed under this title that:

26 (1) transforms cannabis into another product or an extract and packages
27 and labels the cannabis product; and

28 (2) is authorized by the Administration to provide cannabis to [licensed
29 dispensaries] **CANNABIS LICENSEES** and registered independent testing laboratories.

1 36–202.

2 (a) The Administration shall:

3 (1) develop and maintain a seed–to–sale tracking system that tracks
4 cannabis from either the seed or immature plant stage until the cannabis is sold to a
5 patient, caregiver, or consumer;

6 (2) conduct financial and criminal background investigations of any person
7 who submits an application for a cannabis license or a cannabis licensee, as required under
8 this title;

9 (3) develop a process for consumers and qualifying patients to purchase
10 clones and seeds, seedlings, stalks, roots, and stems of the cannabis plant for cultivation in
11 accordance with § 5–601.2 of the Criminal Law Article;

12 (4) solicit, evaluate, and issue or deny applications for cannabis licenses
13 and cannabis registrations, including:

14 (i) licenses to operate a cannabis business in accordance with this
15 title; and

16 (ii) registration for independent testing laboratories, transporters,
17 security guard companies, [and] waste disposal companies, **CANNABIS NURSERIES**;

18 (5) award or deny:

19 (i) a license to operate a cannabis business in accordance with this
20 title; and

21 (ii) registration to independent testing laboratories, transporters,
22 security guard companies, waste disposal companies, **CANNABIS NURSERIES**, and any
23 other type of cannabis business authorized by the Administration;

24 (6) conduct announced and unannounced inspections of any business
25 licensed or registered under this title to ensure compliance with this title;

26 (7) after a determination that a violation of this title or a regulation
27 adopted under this title has occurred, suspend, fine, restrict, or revoke cannabis licenses
28 and cannabis registrations, whether active, expired, or surrendered, or impose any other
29 penalty authorized by this title or any regulation adopted under this title;

30 (8) (i) give notice and hold a hearing in accordance with Title 10,
31 Subtitle 2 of the State Government Article, for any:

32 1. contested cannabis license or registration denial; or

1 (j) (1) On or before March 15 each year, the [Comptroller] **ADMINISTRATION**
2 shall publish on its website a detailed report on revenue distributed to and expenditures
3 from the Fund.

4 36–302.

5 (g) A qualifying patient may **NOT** possess [up to:

6 (1) 120 grams of usable cannabis; or

7 (2) 36 grams of delta–9–tetrahydrocannabinol (THC) in the case of a
8 cannabis–infused product] **MORE THAN THE AMOUNT OF CANNABIS OR**
9 **CANNABIS–INFUSED PRODUCT THAT IS AUTHORIZED IN THE WRITTEN**
10 **CERTIFICATION OF THE PATIENT.**

11 36–401.

12 (c) (1) A standard license authorizes the holder of the license:

13 (i) for growers, to operate more than 10,000 square feet, but not
14 more than 300,000 square feet, of indoor canopy or its equivalent, as calculated by the
15 Administration;

16 (ii) for processors, to process more than [1,000] **2,000** pounds of
17 cannabis per year, as calculated by the Administration; and

18 (iii) for dispensaries, to operate a store at a physical location that
19 sells cannabis or cannabis products.

20 (2) A micro license authorizes the holder of the license:

21 (i) for growers, to operate not more than 10,000 square feet of indoor
22 canopy or its equivalent, as calculated by the Administration;

23 (ii) for processors, to process not more than [1,000] **2,000** pounds of
24 cannabis per year, as calculated by the Administration; and

25 (iii) for dispensaries, to operate a delivery service that sells cannabis
26 or cannabis products without a physical storefront, provided that the licensee employs not
27 more than 10 employees.

28 36–402.

29 (d) (1) (vi) If the amount of square feet of production for a licensed grower
30 exceeds the canopy authorized under this section and § 36–401 of this subtitle, the
31 [Commission] **ADMINISTRATION** may:

1 1. reduce the canopy of the licensed grower by the same
2 percentage as it exceeds the authorized canopy; and

3 2. seize, destroy, confiscate, or place an administrative hold
4 on any flowering cannabis plants produced in excess of the canopy.

5 36-404.

6 (i) (3) On or before 6 months after the issuance of a cannabis license under §
7 36-401 of this subtitle, the Governor's Office of Small, Minority, and Women Business
8 Affairs, in consultation with the Office of the Attorney General and the Office of Social
9 Equity within the [Alcohol, Tobacco, and Cannabis Commission] **ADMINISTRATION** and
10 the cannabis licensee, shall establish a clear plan for setting reasonable and appropriate
11 minority business enterprise participation goals and procedures for the procurement of
12 goods and services related to cannabis, including the cultivation, manufacturing, and
13 dispensing of cannabis.

14 36-409.

15 (a) The following businesses shall register with the Administration in order to
16 provide services to a cannabis licensee:

17 (1) a transporter;

18 (2) a security guard agency;

19 (3) a waste disposal company; [and]

20 (4) **A CANNABIS NURSERY; AND**

21 **(5)** any other type of cannabis business that is authorized by the
22 Administration to provide plant or product-touching services to cannabis licensees.

23 36-501.

24 (a) A cannabis agent [shall] **MUST** be registered with the Administration before
25 the agent may volunteer or work for a cannabis licensee or cannabis registrant.

26 (d) **(1)** The Administration may not register as a cannabis agent an individual
27 who[:

28 (1)] does not meet the criteria established under subsection (c) of this
29 section[; or].

1 (2) **THE ADMINISTRATION MAY DISQUALIFY AN INDIVIDUAL FROM**
2 **REGISTERING AS A CANNABIS AGENT IF THE INDIVIDUAL** has been convicted of or
3 pleaded nolo contendere to a crime involving moral turpitude, whether or not any appeal
4 or other proceeding is pending to have the conviction or plea set aside.

5 36–505.

6 (a) In this section, “Central Repository” means the Criminal Justice Information
7 System Central Repository in the Department of Public Safety and Correctional Services.

8 (b) As part of an application to the Central Repository for a State and national
9 criminal history records check, an applicant shall submit to the Central Repository:

10 (1) two complete sets of legible fingerprints taken on forms approved by the
11 Director of the Central Repository and the Director of the Federal Bureau of Investigation;

12 (2) the fee authorized under § 10–221(b)(7) of the Criminal Procedure
13 Article for access to State criminal history records; and

14 (3) the processing fee required by the Federal Bureau of Investigation for
15 a national criminal history records check.

16 (c) In accordance with §§ 10–201 through 10–228 of the Criminal Procedure
17 Article, the Central Repository shall forward to the Administration and to the applicant
18 the applicant’s criminal history record information.

19 (d) If an applicant has made two or more unsuccessful attempts at securing
20 legible fingerprints, the Administration may accept an alternate method of a criminal
21 history records check as permitted by the Director of the Central Repository and the
22 Director of the Federal Bureau of Investigation.

23 (e) Information obtained from the Central Repository under this section shall be:

24 (1) confidential and may not be disseminated; and

25 (2) used only for the purpose of registration under this title.

26 (f) **(1) THE ADMINISTRATION MAY ISSUE A TEMPORARY CANNABIS**
27 **AGENT REGISTRATION IF:**

28 **(I) AN ALTERNATE METHOD OF A CRIMINAL HISTORY RECORDS**
29 **CHECK, AS AUTHORIZED BY THE DIRECTOR OF THE CENTRAL REPOSITORY AND THE**
30 **DIRECTOR OF THE FEDERAL BUREAU OF INVESTIGATION, IS USED; AND**

31 **(II) THE APPLICANT HAS SUBMITTED AN APPLICATION TO THE**
32 **CENTRAL REPOSITORY, AS REQUIRED IN SUBSECTION (B) OF THIS SECTION.**

1 **(2) THE PERIOD OF A TEMPORARY CANNABIS AGENT REGISTRATION**
2 **ISSUED UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY NOT EXCEED 60**
3 **CALENDAR DAYS.**

4 **(G)** The subject of a criminal history records check under this section may contest
5 the criminal history record information disseminated by the Central Repository, as
6 provided in § 10–223 of the Criminal Procedure Article.

7 36–903.

8 (a) (1) [This subsection does not apply to an advertisement placed on property
9 owned or leased by a dispensary, grower, or processor.

10 (2)] An advertisement for a cannabis licensee, cannabis product, or
11 cannabis–related service may not:

12 (i) violate Title 13, Subtitle 3 of the Commercial Law Article;

13 (ii) directly or indirectly target individuals under the age of 21 years;

14 (iii) contain a design, an illustration, a picture, or a representation
15 that:

16 1. targets or is attractive to minors, including a cartoon
17 character, a mascot, or any other depiction that is commonly used to market products to
18 minors;

19 2. displays the use of cannabis, including the consumption,
20 smoking, or vaping of cannabis;

21 3. encourages or promotes cannabis for use as an intoxicant;
22 or

23 4. is obscene;

24 (iv) engage in advertising by means of television, radio, Internet,
25 mobile application, social media, or other electronic communication, **EVENT**
26 **SPONSORSHIP**, or print publication, unless at least 85% of the audience is reasonably
27 expected to be at least 21 years old as determined by reliable and current audience
28 composition data; or

29 (v) **EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**
30 **SUBSECTION**, engage in advertising by means of placing an advertisement on the side of a
31 building or another publicly visible location of any form, including a sign, a poster, a
32 placard, a device, a graphic display, an outdoor billboard, or a freestanding signboard.

1 (3) a consultant to support the Administration in the process for cannabis
2 licensure, including services related to investigations and the financial or criminal history
3 review of applicants;

4 (4) a consultant to provide technical assistance to social equity applicants;

5 (5) communication services for public and consumer education campaigns
6 on cannabis laws and regulations and potential health and safety risks associated with
7 cannabis use; and

8 (6) establishing a State cannabis testing laboratory at a preexisting site.

9 **Chapter 255 of the Acts of 2023**

10 SECTION 10. AND BE IT FURTHER ENACTED, That, notwithstanding any other
11 provision of law, from the date this Act takes effect to December 31, [2023] **2024**, both
12 inclusive, the Maryland Cannabis Administration is exempt from procurement
13 requirements under the State Finance and Procurement Article if the procurement is for:

14 (1) banking services for the Administration to collect fees and tax revenue;

15 (2) banking services to help support cannabis businesses to transition from
16 an all cash system;

17 (3) a consultant to support the Administration in the process for cannabis
18 licensure, including services related to investigations and the financial or criminal history
19 review of applicants;

20 (4) a consultant to provide technical assistance to social equity applicants;

21 (5) communication services for public and consumer education campaigns
22 on cannabis laws and regulations and potential health and safety risks associated with
23 cannabis use; and

24 (6) establishing a State cannabis testing laboratory at a preexisting site.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency
26 measure, is necessary for the immediate preservation of the public health or safety, has
27 been passed by a ye and nay vote supported by three-fifths of all the members elected to
28 each of the two Houses of the General Assembly, and shall take effect from the date it is
29 enacted.