

HB0253/473324/1

BY: Economic Matters Committee

AMENDMENTS TO HOUSE BILL 253
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 4, after “develop;” insert “altering the membership of the Commission;”; strike beginning with “Governor” in line 7 down through the second “the” in line 8; in line 8, after “Board” insert “to elect a chair;”; in line 18, after “cannabis;” insert “providing that certain violations may be charged by a citation;”; in line 19, after “Fund;” insert “authorizing the sharing of certain tax information with the Administration;”; and in line 24, after “1-101(a),” insert “1-322(a)(1) and (8).”.

On page 2, in line 2, after “1-101(d),” insert “1-202, 1-303(a)(1) and (3).”; in the same line, strike “and (f)(2)” and substitute “, (e), and (f).”; in the same line, after “1-309.2,” insert “1-322(a)(7) and (b)(2).”; in the same line, after “36-101(j)” insert “, (aa).”; in line 3, after “(2)” insert “, (e), and (g).”; in line 4, strike “36-402(d)(1)(vi)” and substitute “36-402(b)(2)(i) and (d)(1)(vi).”; in the same line, after “36-404(i)(3),” insert “36-407(a)(3) and (b).”; in the same line, strike the second “and”; in line 5, after “36-903(a)” insert “, and 36-1102(e) and (f).”; and after line 27, insert:

“BY repealing and reenacting, with amendments,

Article - Tax - General

Section 10-208(bb)(1), 10-308(b)(6), and 13-203(c)(10), (14), and (15)

Annotated Code of Maryland

(2022 Replacement Volume and 2023 Supplement)

BY adding to

Article - Tax - General

Section 13-203(c)(16)

Annotated Code of Maryland

(2022 Replacement Volume and 2023 Supplement)”.

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AMENDMENT NO. 2

On page 3, after line 9, insert:

“1–202.

(a) To the extent that a statement of a general rule of law conflicts or is inconsistent with an exception or a qualification applicable to a special area, particular person, or set of circumstances, the exception or qualification prevails.

(b) A provision in Division II of this article prevails over a conflicting or inconsistent provision in Division I of this article or a provision in the Tax – General Article relating to alcoholic beverages.

(c) A provision in Division III of this article prevails over a conflicting or inconsistent provision in Division I OR DIVISION II of this article or a provision in the Tax – General Article relating to cannabis.

1–303.

(a) (1) The Commission consists of [seven] FIVE members to be appointed by the Governor with the advice and consent of the Senate.

(3) Of the Commission members:

(i) one shall be knowledgeable and experienced in public health matters;

(ii) one shall be knowledgeable and experienced in law enforcement matters;

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(iii) one shall be knowledgeable and experienced in the alcoholic beverages industry; AND

(iv) [one shall have expertise in cannabis research and policy;

(v) one shall have expertise in alcohol and tobacco policy; and

(vi)] two shall be members of the public who are knowledgeable and experienced in fiscal matters and shall have substantial experience:

1. as an executive with fiduciary responsibilities in charge of a large organization or foundation;

2. in an academic field relating to finance or economics;
or

3. as an accountant, an economist, or a financial analyst.”;

and after line 28, insert:

“(e) (1) On or before March 1 each year, the Office of Social Equity shall produce and make publicly available a report on how the funds in the Community Reinvestment and Repair Fund under § 1–322 of this subtitle were allocated during the immediately preceding calendar year.

(2) The report shall also be submitted to the General Assembly in accordance with § 2–1257 of the State Government Article.

(Over)

(3) THE OFFICE MAY REQUEST INFORMATION FROM POLITICAL SUBDIVISIONS AND ENTITIES RECEIVING DISTRIBUTIONS FROM THE FUND TO ASSIST WITH THE COMPLETION OF THE REPORT.

(f) (1) On or before November 1 [each year] EVERY 2 YEARS, BEGINNING IN 2024, the Office of Social Equity shall solicit public input on the uses of the funds in the Community Reinvestment and Repair Fund under § 1–322 of this subtitle.”.

On page 4, in line 1, strike “(f)”; in the same line, strike “each year” and substitute “EVERY 2 YEARS, BEGINNING IN 2024”; after line 3, insert:

“(3) THE OFFICE SHALL INCLUDE IN THE REVIEW INFORMATION ON HOW THE FUNDS RECEIVED FROM THE FUND WERE SPENT DURING THE IMMEDIATELY PRECEDING 2 CALENDAR YEARS.”;

strike beginning with “on” in line 12 down through “Administration” in line 16 and substitute “STUDY AND MAKE RECOMMENDATIONS ON:

(I) THE IMPACT ON THE LEGAL MEDICAL AND ADULT-USE CANNABIS INDUSTRY IN THE STATE IF THE FEDERAL GOVERNMENT:

1. RESCHEDULES CANNABIS FROM SCHEDULE I TO SCHEDULE III UNDER THE FEDERAL CONTROLLED SUBSTANCES ACT; OR

2. REMOVES CANNABIS FROM THE LIST OF CONTROLLED SUBSTANCES UNDER THE FEDERAL CONTROLLED SUBSTANCES ACT;

(II) MEASURES TO PROTECT AND PROMOTE THE LEGAL MEDICAL AND ADULT-USE CANNABIS INDUSTRY IN THE STATE IF CANNABIS IS:

III; OR

1. RESCHEDULED FROM SCHEDULE I TO SCHEDULE
2. REMOVED FROM THE FEDERAL CONTROLLED
SUBSTANCES ACT;

(III) MEASURES TO ENABLE STANDARD AND MICRO CANNABIS
LICENSEES AND SMALL BUSINESSES TO COMPETE IN INTERSTATE COMMERCE
RELATED TO THE CULTIVATION, MANUFACTURE, DISTRIBUTION, AND TESTING
OF CANNABIS AND CANNABIS PRODUCTS;

(IV) METHODS TO ENSURE THAT THERE IS AN ADEQUATE
SUPPLY OF AFFORDABLE CANNABIS AND CANNABIS PRODUCTS FOR QUALIFYING
PATIENTS, INCLUDING CANNABIS AND CANNABIS PRODUCTS CONTAINING
VARYING LEVELS OF POTENCY; AND

(V) METHODS TO ASSIST SOCIAL EQUITY APPLICANTS,
SOCIAL EQUITY LICENSEES, AND SMALL, MINORITY, AND WOMEN-OWNED
BUSINESSES TO:

1. ACCESS FUNDS FOR OPERATING OR CAPITAL
EXPENSES ASSOCIATED WITH A BUSINESS PARTICIPATING IN THE MEDICAL AND
ADULT-USE CANNABIS INDUSTRY;

2. OBTAIN FINANCING FROM A LENDER, AS DEFINED
IN § 36-1401 OF THIS ARTICLE; AND

(Over)

3. PARTNER WITH OPERATIONAL CANNABIS LICENSEES IN WAYS THAT THE SOCIAL EQUITY APPLICANTS OR LICENSEES OR SMALL, MINORITY, OR WOMEN-OWNED BUSINESSES RETAIN OWNERSHIP AND CONTROL OF THE LICENSES AND BUSINESSES.

On page 5, in line 25, strike “FROM AMONG THE MEMBERS OF THE” and substitute “**THE**”; strike beginning with the comma in line 25 down through “GOVERNOR” in line 26; in line 26, strike “APPOINT” and substitute “**ELECT**”; and in the same line, after “CHAIR” insert “**FROM AMONG ITS MEMBERS**”.

On page 6, after line 14, insert:

“(J) THE MARYLAND CANNABIS ADMINISTRATION SHALL PROVIDE STAFF FOR THE ADVISORY BOARD.

1-322.

(a) (1) There is a Community Reinvestment and Repair Fund.

(7) (I) The State Treasurer shall invest the money of the Fund in the same manner as other State money may be invested.

(II) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO THE GENERAL FUND OF THE STATE.

(8) No part of the Fund may revert or be credited to:

(i) the General Fund of the State; or

(ii) any other special fund of the State.

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(b) (2) [(i)] Subject to the limitations under subsection (a)(6) of this section, each county shall adopt a law establishing the purpose for which money received from the Fund may be used.

[(ii) On or before December 1 every 2 years, beginning in 2024, each political subdivision that receives funds from the Fund under paragraph (1) of this subsection shall submit a report to the Governor and, in accordance with § 2-1257 of the State Government Article, the Senate Budget and Taxation Committee and the House Appropriations Committee on how funds received from the Fund were spent during the immediately preceding 2 fiscal years.]”.

AMENDMENT NO. 3

On page 6, after line 24, insert:

“(aa) “Ownership interest” means a direct or indirect equity interest in a cannabis licensee, including in its PROFITS, REVENUES, shares, or stock.”.

On page 9, after line 27, insert:

“(e) (1) This subsection applies to all licenses, including licenses converted under subsection (b)(1)(ii) of this section.

(2) Subject to paragraph (3) of this subsection, a person may have an ownership interest in or control of, including the power to manage and operate:

(i) for standard licenses and micro licenses:

1. one grower licensee;
2. one processor licensee; and
3. not more than four dispensary licensees;

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(ii) for incubator space licenses, not more than two licensees; and

(iii) for on-site consumption licenses, not more than two licensees.

(3) (i) A person who owns or controls an incubator space licensee or an on-site consumption licensee may not own or control any [other] cannabis licensee LISTED UNDER PARAGRAPH (2)(I) OF THIS SUBSECTION.

(ii) The Administration shall adopt regulations limiting a person or fund from acquiring a nonmajority ownership interest in multiple cannabis businesses beyond the limitations established under this subsection.

(4) The restrictions in paragraph (2) of this subsection do not apply to a person or an entity who holds an ownership interest only as a passive investor.

(g) Notwithstanding any provisions of this title, the holder of a dispensary license issued by the Natalie M. LaPrade Medical Cannabis Commission who converts the license or a registrant with the Natalie M. LaPrade Medical Cannabis Commission may continue to deliver medical cannabis until July 1, [2024] 2025.”;

and after line 28, insert:

“(b) (2) (i) Except as provided in subparagraph (ii) of this paragraph and subject to subparagraph (iii) of this paragraph, on or before January 1, [2026] 2027, an operational business that holds a grower license issued before December 31, 2022, may expand the canopy of its operations as it existed on December 31, 2022, and based on facility square footage of indoor canopy space or its equivalent, as calculated by the Administration in accordance with subsection (d) of this section, only as follows:

1. if the canopy is under 25,000 square feet, to 25,000 square feet or by 20%, whichever is greater;

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2. if the canopy is at or above 25,000 square feet, by 20%;
or

3. if the cannabis licensee has a square footage expansion that was preapproved before December 31, 2022, the preapproved expansion or 20%, whichever is greater.”.

On page 10, after line 13, insert:

“36–407.

(a) (3) An on–site consumption establishment may operate only if the [county and, if applicable, the municipality,] POLITICAL SUBDIVISION where the business is located [have] HAS issued a permit or license that expressly allows the operation of the on–site consumption establishment.

(b) Subject to the limitations in § 36–405 of this subtitle, a [county and, if applicable, a municipality] POLITICAL SUBDIVISION may:

(1) prohibit the operation of on–site consumption establishments;

(2) prohibit or restrict the smoking or vaping of cannabis at on–site consumption establishments; or

(3) adopt zoning and planning requirements for on–site consumption establishments.”.

On page 13, after line 3, insert:

“36–1102.

(Over)

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(e) A person who violates subsection (b) of this section:

(1) MAY BE CHARGED BY A CITATION; AND

(2) is guilty of a misdemeanor and on conviction is subject to a fine not exceeding \$5,000.

(f) A person who violates subsection (c) of this section:

(1) MAY BE CHARGED BY A CITATION; AND

(2) is guilty of a misdemeanor and on conviction is subject to a fine not exceeding \$10,000.”;

and after line 21, insert:

“Article – Tax – General

10–208.

(bb) (1) The subtraction under subsection (a) of this section includes the amount of ordinary and necessary expenses paid or incurred during the taxable year in carrying on a trade or a business as a [medical] cannabis grower, processor, dispensary, or any other cannabis establishment licensed **OR REGISTERED** by the State, if the deduction for ordinary and necessary expenses is disallowed under § 280E of the Internal Revenue Code.

10–308.

(b) The subtraction under subsection (a) of this section includes the amounts allowed to be subtracted for an individual under:

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(6) § 10–208(bb) of this title (Trade or business expenses of [medical] A LICENSED OR REGISTERED cannabis grower, processor, dispensary, or any other cannabis establishment).

13–203.

(c) Tax information may be disclosed to:

(10) the Alcohol [and], Tobacco, AND CANNABIS Commission;

(14) a hospital, the Health Services Cost Review Commission, the Department of Human Services, the Maryland Department of Health, and the State Department of Education, to the extent necessary to administer § 19–214.4 of the Health – General Article; [and]

(15) subject to subsection (e) of this section, the Maryland Small Business Retirement Savings Board and its authorized contractors for the purpose of administering the Maryland Small Business Retirement Savings Program and Trust as authorized under Title 12 of the Labor and Employment Article; AND

(16) THE MARYLAND CANNABIS ADMINISTRATION.”.