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§36–206.

(a) In this section, “Fund” means the Cannabis Regulation and Enforcement Fund.

(b) There is a Cannabis Regulation and Enforcement Fund.

(c) The purpose of the Fund is to provide funds to cover the costs of:

(1) the operation of the Administration; and

(2) administering and enforcing this title.

(d) The Comptroller shall administer the Fund at the direction of the Administration.

(e) (1) The Fund is a special, nonlapsing fund that is not subject to § 7–302 of the State Finance and Procurement Article.

(2) The State Treasurer shall hold the Fund separately, and the Comptroller shall account for the Fund.

(f) The Fund consists of:

(1) fees distributed to the Fund under § 36–205 of this subtitle;

(2) revenue distributed to the Fund under § 2–1302.2 of the Tax – General Article;

(3) interest earnings of the Fund; and

(4) any other money from any other source accepted for the benefit of the Fund, in accordance with any conditions adopted by the Commission for the acceptance of donations or gifts to the Fund.

(g) The Fund may be used only for carrying out this title.

(h) (1) The State Treasurer shall invest the money of the Fund in the same manner as other State money may be invested.

(2) Any interest earnings of the Fund shall be credited to the Fund.

(i) The Fund is subject to audit by the Office of Legislative Audits as provided for in § 2–1220 of the State Government Article.

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

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

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§36–410.

(a) Beginning July 1, 2023, a cannabis licensee that is operating a dispensary shall:

(1) ensure that it has adequate supply for qualifying patients and caregivers;

(2) set aside operating hours or dedicated service lines to serve only qualifying patients and caregivers; and

(3) ensure that at least 25% of cannabis and cannabis products in the dispensary are from social equity licensees and growers and processors that do not share common ownership with the dispensary.

(b) Except as provided in subsection (d) of this section, a licensed dispensary may not locate within:

(1) 500 feet of:

(i) a pre-existing primary or secondary school in the State, or a licensed child care center or registered family child care home under Title 9.5 of the Education Article; or

(ii) a playground, recreation center, library, or public park; or

(2) 1,000 feet of another dispensary under this title.

(c) A political subdivision may adopt an ordinance reducing the distance requirements under subsection (b) of this section.

(d) The distance requirements under subsection (b) of this section do not apply to a dispensary license that was:

(1) converted under § 36–401(b)(1)(ii) of this subtitle; and

(2) properly zoned and operating before July 1, 2023.

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§36–404.

(a) (1) On or before January 1, 2024, the Administration shall begin issuing first round licenses in accordance with subsection (d) of this section.

(2) On or after May 1, 2024, the Administration shall begin issuing second round licenses in accordance with subsection (e) or (f) of this section.

(3) Subject to paragraphs (1) and (2) of this subsection, the Administration may issue licenses in accordance with subsection (g) of this section.

(b) (1) The Administration shall:

(i) conduct extensive outreach to small, minority, and women business owners and entrepreneurs who may have an interest in applying for a cannabis license before accepting and processing cannabis license applications;

(ii) connect potential social equity applicants with the Office of Social Equity;

(iii) accept and process applications for licenses:

1. in response to a request for applications issued under this section;

2. for a period of 30 calendar days; and

3. beginning on a date that is at least 60 calendar days after the date on which the Administration issued the request for applications;

(iv) award cannabis licenses in at least two separate rounds in accordance with this section; and

(v) reserve a reasonable number of licenses to allow micro licenses to transition to standard licenses, as determined in regulations by the Administration.

(2) The Administration may suspend, fine, restrict, or revoke a cannabis license if it is determined that a cannabis licensee has not complied with

statements in the application, including statements about standards of operation or employment practices related to diversity, equity, and inclusion.

(3) The Administration may not:

(i) accept more than one application per license type from an applicant in any round;

(ii) accept more than two applications from an applicant in any round;

(iii) require that an applicant possess or own a property or facility to operate a cannabis business at the time of application;

(iv) regardless of the number of license awards authorized in each round, award more licenses than the total number of licenses authorized under § 36–401(d) of this subtitle; or

(v) conduct a market demand study before the first round licenses are issued.

(4) The Administration may adopt regulations concerning the equity and fairness of the pool of applicants throughout the application process.

(c) To be licensed, an applicant shall submit to the Administration:

(1) an application fee in accordance with § 36–403 of this subtitle;
and

(2) an application developed by the Administration under this title.

(d) (1) For the first round, subject to paragraphs (2) and (3) of this subsection, the Administration shall enter each social equity applicant that meets the minimum qualifications established by the Administration into a lottery and issue to social equity applicants not more than:

(i) for standard licenses:

1. 20 grower licenses;

2. 40 processor licenses; and

3. 80 dispensary licenses;

- (ii) for micro licenses:
 - 1. 30 grower licenses;
 - 2. 30 processor licenses; and
 - 3. 10 dispensary licenses; and
- (iii) 10 incubator space licenses.

(2) The Administration shall determine whether an application meets the minimum qualifications for the lottery on a pass–fail basis, as determined by the Administration, after evaluating:

- (i) a detailed operational plan for the safe, secure, and effective cultivation, manufacture, or dispensing of cannabis;
- (ii) a business plan demonstrating a likelihood of success and sufficient business ability and experience on the part of the applicant, and providing for appropriate employee working conditions; and
- (iii) a detailed diversity plan.

(3) (i) If an applicant seeking social equity status is from out of state, the applicant must submit with the application evidence that the applicant meets the criteria for a social equity applicant established under this title before the Administration may consider the application.

(ii) First round application submissions for all license types are limited to social equity applicants.

(4) (i) On or before January 1, 2024, the Administration shall submit an interim report to the General Assembly, in accordance with § 2–1257 of the State Government Article, on the ability of micro dispensary licensees to safely and securely dispense cannabis.

(ii) On or before December 31, 2024, the Administration shall submit a final report to the General Assembly, in accordance with § 2–1257 of the State Government Article, on the ability of micro dispensary licensees to safely and securely dispense cannabis.

(e) For the second round of licensing, the Administration shall issue licenses in accordance with subsection (f) or (g) of this section.

(f) (1) Subject to paragraph (2) of this subsection, if the Administration, in consultation with the certification agency designated by the Board of Public Works under § 14–303(b) of the State Finance and Procurement Article, the Governor’s Office of Small, Minority, and Women Business Affairs, the General Assembly, and the Office of the Attorney General, determines that a disparity study demonstrates a strong basis in evidence of business discrimination against firms owned by minorities and women in the Maryland cannabis market, the Administration shall issue a second round of licenses, applying minimum licensing qualifications and employing remedial measures consistent with constitutional requirements, for not more than:

- (i) for standard licenses:
 - 1. 25 grower licenses;
 - 2. 25 processor licenses; and
 - 3. 120 dispensary licenses;
- (ii) for micro licenses:
 - 1. 70 grower licenses; and
 - 2. 70 processor licenses;
- (iii) 10 incubator space licenses; and
- (iv) 15 on–site consumption licenses.

(2) If the Administration, in consultation with the certification agency designated by the Board of Public Works under § 14–303(b) of the State Finance and Procurement Article, the Governor’s Office of Small, Minority, and Women Business Affairs, the General Assembly, and the Office of the Attorney General, determines that a lottery system employing remedial measures established in accordance with a disparity study can be conducted consistent with constitutional requirements, the Administration shall award licenses under paragraph (1) of this subsection through a lottery process that employs remedial measures.

(g) (1) Subject to paragraphs (2) and (3) of this subsection, if the Administration, in consultation with the certification agency designated by the Board of Public Works under § 14–303(b) of the State Finance and Procurement Article, the Governor’s Office of Small, Minority, and Women Business Affairs, the General Assembly, and the Office of the Attorney General, determines that a disparity study does not demonstrate a strong basis in evidence of business discrimination against firms owned by minorities and women in the Maryland cannabis market, the

Administration shall enter each applicant that meets the minimum qualifications established by the Administration into a lottery and issue to the applicants not more than:

- (i) for standard licenses:
 - 1. 25 grower licenses;
 - 2. 25 processor licenses; and
 - 3. 120 dispensary licenses;
- (ii) for micro licenses:
 - 1. 70 grower licenses; and
 - 2. 70 processor licenses;
- (iii) 10 incubator space licenses; and
- (iv) 15 on-site consumption licenses.

(2) The Administration shall determine whether an application meets the minimum qualifications for a lottery based on a pass-fail basis, as determined by the Administration, after evaluating:

- (i) a detailed operational plan for the safe, secure, and effective cultivation, manufacture, or dispensing of cannabis;
- (ii) a business plan demonstrating a likelihood of success and sufficient business ability and experience on the part of the applicant, and providing for appropriate employee working conditions; and
- (iii) a detailed diversity plan.

(3) Application submissions for micro licenses under this subsection are limited to social equity applicants.

(h) (1) For cannabis license awards subsequent to the round specified under subsection (f) or (g) of this section, the Administration shall award licenses in accordance with this subsection.

(2) The Administration shall award licenses as needed in accordance with a market demand study.

(3) The Administration may:

(i) limit some or all of the licenses issued under this paragraph to social equity applicants; and

(ii) employ remedial measures, consistent with constitutional requirements, if the Administration, in consultation with the certification agency designated by the Board of Public Works under § 14–303(b) of the State Finance and Procurement Article, the Governor’s Office of Small, Minority, and Women Business Affairs, the General Assembly, and the Office of the Attorney General, determines that a disparity study demonstrates a strong basis in evidence of business discrimination against firms owned by minorities and women in the Maryland cannabis market.

(i) (1) To the extent practicable and authorized by the U.S. Constitution, a cannabis licensee shall comply with the State’s Minority Business Enterprise Program.

(2) The Administration, in consultation with the certification agency designated by the Board of Public Works under § 14–303(b) of the State Finance and Procurement Article, the Governor’s Office of Small, Minority, and Women Business Affairs, the General Assembly, and the Office of the Attorney General, shall review the disparity study required by Chapter 26 of the Acts of 2022 to evaluate whether application of the State’s Minority Business Enterprise Program to cannabis licenses would comply with the City of Richmond v. J.A. Croson Co., 488 U.S. 469, and any subsequent federal or constitutional requirements.

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

(4) To the extent practicable, the goals and procedures specified in paragraph (3) of this subsection shall be based on the requirements of Title 14, Subtitle 3 of the State Finance and Procurement Article and the regulations implementing that subtitle.

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§36–410.

(a) Beginning July 1, 2023, a cannabis licensee that is operating a dispensary shall:

(1) ensure that it has adequate supply for qualifying patients and caregivers;

(2) set aside operating hours or dedicated service lines to serve only qualifying patients and caregivers; and

(3) ensure that at least 25% of cannabis and cannabis products in the dispensary are from social equity licensees and growers and processors that do not share common ownership with the dispensary.

(b) Except as provided in subsection (d) of this section, a licensed dispensary may not locate within:

(1) 500 feet of:

(i) a pre-existing primary or secondary school in the State, or a licensed child care center or registered family child care home under Title 9.5 of the Education Article; or

(ii) a playground, recreation center, library, or public park; or

(2) 1,000 feet of another dispensary under this title.

(c) A political subdivision may adopt an ordinance reducing the distance requirements under subsection (b) of this section.

(d) The distance requirements under subsection (b) of this section do not apply to a dispensary license that was:

(1) converted under § 36–401(b)(1)(ii) of this subtitle; and

(2) properly zoned and operating before July 1, 2023.

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§36–505.

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

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

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

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

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

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

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

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

(1) confidential and may not be redisseminated; and

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

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

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§36–902.

An advertisement for cannabis and cannabis products or cannabis–related services that makes therapeutic or medical claims shall:

- (1) be supported by competent and reliable scientific evidence; and
- (2) include information on the most serious and most common side effects or risks associated with the use of cannabis.

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§36–903.

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

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

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

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

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

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

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

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

4. is obscene;

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

(v) engage in advertising by means of placing an advertisement on the side of a building or another publicly visible location of any form, including a sign, a poster, a placard, a device, a graphic display, an outdoor billboard, or a freestanding signboard.

(b) (1) (i) Subject to subparagraph (ii) of this paragraph, each cannabis–related website shall employ a neutral age–screening mechanism that

verifies that the user is at least 21 years old, including by using an age–gate, age–screen, or age verification mechanism before the user may access or view any content and before the website may collect the user’s address, e–mail address, phone number, or contact information to disseminate advertisements.

(ii) If a website is appropriate for a qualifying patient who is under the age of 21 years, the website shall provide an alternative screening mechanism for the qualifying patient.

(2) An advertisement placed on social media or a mobile application shall include a notification that an individual must be at least 21 years old to view the content.

(3) The provisions of this subtitle applicable to cannabis licensees may not be avoided by hiring or contracting with a third party, or outsourcing advertisements that do not comply with this subtitle.

(4) A cannabis licensee may not allow the use of the licensee’s trademarks, brands, names, locations, or other distinguishing characteristics for third–party use for advertisements that do not comply with this subtitle.

(c) The Administration shall adopt regulations to establish procedures for the enforcement of this section.

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§36–1101.

(a) A cannabis licensee may not sell, transfer, or deliver cannabis or cannabis products unless the licensee verifies by means of a valid driver's license or other government-issued photo identification containing the bearer's date of birth that:

- (1) for adult-use cannabis, the consumer is at least 21 years old; or
- (2) for medical cannabis, the patient or caregiver is:
 - (i) registered with the Administration; and
 - (ii) at least 18 years old.

(b) (1) (i) Except as provided in subparagraph (ii) of this paragraph, a licensee that sells, transfers, or delivers cannabis or cannabis products in violation of subsection (a) of this section is subject to a civil penalty of:

1. \$500 for a first violation;
2. \$1,000 for a second violation occurring within 24 months after the first violation; and
3. \$5,000 for each subsequent violation occurring within 24 months after the immediately preceding violation.

(ii) A violation of subsection (a) of this section that occurs more than 24 months after the immediately preceding violation shall be treated as a first violation.

(2) The Administration may deny a cannabis license to an applicant, reprimand a cannabis licensee, or suspend or revoke a cannabis license if the applicant or licensee violates subsection (a) of this section two or more times in a 24-month period.

(3) In a hearing for an alleged violation of this section, it is a defense that an agent of the defendant examined the consumer's, patient's, or caregiver's driver's license or other valid identification issued by a governmental unit that

positively identified the consumer, patient, or caregiver as meeting the minimum age specified in subsection (a) of this section.

(c) (1) A cannabis licensee may not:

(i) sell, transfer, or deliver cannabis to an individual who is visibly intoxicated;

(ii) offer cannabis or cannabis products as a prize, premium, or consideration for a lottery, contest, game of chance, game of skill, or competition of any kind; or

(iii) conduct direct-to-consumer Internet sales of adult-use cannabis on or before July 1, 2025.

(2) A cannabis licensee that violates paragraph (1) of this subsection is subject to a fine not exceeding \$1,000, suspension or revocation of a license, or both.

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§36–1102.

- (a) (1) In this section the following words have the meanings indicated.
- (2) “Hemp” has the meaning stated in § 14–401 of the Agriculture Article.
- (3) “Tetrahydrocannabinol” means:
 - (i) any tetrahydrocannabinol, including delta–8–tetrahydrocannabinol, delta–9–tetrahydrocannabinol, and delta–10–tetrahydrocannabinol, regardless of how derived;
 - (ii) any other cannabinoid, except cannabidiol that the Administration determines to cause intoxication; and
 - (iii) any other chemically similar compound, substance, derivative, or isomer of tetrahydrocannabinol, as identified by the Administration.
- (4) “Tincture” means a solution that is:
 - (i) dissolved in alcohol, glycerin, or vegetable oil; and
 - (ii) distributed in a dropper bottle of 4 ounces or less.
- (b) (1) A person may not sell or distribute a product intended for human consumption or inhalation that contains more than 0.5 milligrams of tetrahydrocannabinol per serving or 2.5 milligrams of tetrahydrocannabinol per package unless the person is licensed under § 36–401 of this title and the product complies with the:
 - (i) manufacturing standards established under § 36–203 of this title;
 - (ii) laboratory testing standards established under § 36–203 of this title; and
 - (iii) packaging and labeling standards established under § 36–203 of this title.

(2) A person may not sell or distribute a product described under paragraph (1) of this subsection to an individual under the age of 21 years.

(c) A person may not sell or distribute a cannabinoid product that is not derived from naturally occurring biologically active chemical constituents.

(d) (1) Notwithstanding subsection (b) of this section and subject to paragraph (2) of this subsection, it is not a violation of this section for a person to sell or distribute a hemp-derived tincture intended for human consumption that contains:

(i) a ratio of cannabidiol to tetrahydrocannabinol of at least 15 to 1; and

(ii) 2.5 milligrams or less of tetrahydrocannabinol per serving and 100 milligrams or less of tetrahydrocannabinol per package.

(2) To sell or distribute a hemp-derived tincture under this subsection, a person must provide, as required by the Administration, tincture samples for the purpose of testing to determine chemical potency and composition levels and to detect and quantify contaminants.

(e) A person who violates subsection (b) of this section 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 is guilty of a misdemeanor and on conviction is subject to a fine not exceeding \$10,000.

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§36–1201.

The following persons acting in accordance with the provisions of this title may not be subject to arrest, prosecution, revocation of mandatory supervision, parole, or probation, or any civil or administrative penalty, including a civil penalty or disciplinary action by a professional licensing board, or be denied any right or privilege, for the use of or possession of cannabis that is authorized under this title:

- (1) a qualifying patient;
- (2) a cannabis licensee or cannabis registrant that is licensed or registered under this title;
- (3) a certifying provider;
- (4) a caregiver;
- (5) an academic research representative purchasing medical cannabis under Subtitle 7 of this title;
- (6) a hospital, medical facility, or hospice program where a qualifying patient is receiving treatment; or
- (7) designated school personnel authorized to administer medical cannabis to a student in accordance with the guidelines established under § 7–446 of the Education Article unless the act or omission constitutes gross negligence or wanton or willful misconduct.

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§36–201.

(a) There is a Maryland Cannabis Administration established as an independent unit of State government.

(b) (1) There is a Director of the Administration.

(2) The Governor shall appoint the Director of the Administration with the advice and consent of the Senate.

(3) The Director serves at the pleasure of the Governor.

(c) The Director must have the training and experience, including knowledge of the State cannabis industry and regulatory system, that is needed to direct the work of the Administration.

(d) The Administration may employ staff and retain contractors as provided in the State budget.

(e) The Administration:

(1) shall be responsible for carrying out the requirements and duties established under this title; and

(2) may recommend changes to improve the administration of this title relating to the regulation of cannabis.

(f) The Administration shall administer and enforce this title.

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