

SENATE BILL 628

J1

2lr2821

By: **Senator Patterson**

Introduced and read first time: February 3, 2022

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Medical Cannabis – Grower License – Number and Licensed Processors**

3 FOR the purpose of altering the maximum number of medical cannabis growers that may
4 be licensed by the Natalie M. LaPrade Medical Cannabis Commission; providing that
5 a grower may operate in a facility that does not exceed a certain number of square
6 feet; authorizing a licensed processor to apply for licensure as a medical cannabis
7 grower; and generally relating to grower licenses issued by the Natalie M. LaPrade
8 Medical Cannabis Commission.

9 BY repealing and reenacting, with amendments,
10 Article – Health – General
11 Section 13–3306(a)(2) and (d)
12 Annotated Code of Maryland
13 (2019 Replacement Volume and 2021 Supplement)

14 BY adding to
15 Article – Health – General
16 Section 13–3309.1
17 Annotated Code of Maryland
18 (2019 Replacement Volume and 2021 Supplement)

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

21 **Article – Health – General**

22 13–3306.

23 (a) (2) (i) Subject to subparagraph (ii) of this paragraph, the Commission
24 may license no more than [22] 42 medical cannabis growers.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(ii) 1. If an applicant for licensure that received Stage One preapproval in calendar year 2016 for a medical cannabis grower license fails to satisfy the requirements for licensure established by the Commission, the Commission shall rescind the applicant's Stage One preapproval.

2. If the Commission rescinds the Stage One preapproval for a license of an applicant under subparagraph 1 of this subparagraph, the maximum number of medical cannabis grower licenses authorized under subparagraph (i) of this paragraph shall be reduced by one medical cannabis grower license.

(iii) 1. Subject to subparagraph 2 of this subparagraph, beginning December 1, 2024, the Commission may report to the General Assembly, in accordance with § 2-1257 of the State Government Article, on the number of licenses necessary to meet the demand for medical cannabis by qualifying patients and caregivers issued identification cards under this subtitle in an affordable, accessible, secure, and efficient manner.

2. Before the Commission determines to submit the report described under subparagraph 1 of this subparagraph, the Commission shall provide the Legislative Policy Committee at least 30 days to submit comments to the Commission.

(iv) The Commission shall establish an application review process for granting medical cannabis grower licenses in which applications are reviewed, evaluated, and ranked based on criteria established by the Commission.

(v) A person may not have an ownership interest in or control of, including the power to manage and operate, more than one grower.

(vi) A grower shall pay an application fee in an amount to be determined by the Commission consistent with this subtitle.

(d) An entity licensed to grow medical cannabis under this section [shall]:

(1) SHALL ensure that safety precautions established by the Commission are followed by any facility operated by the grower; AND

(2) MAY OPERATE IN A FACILITY THAT DOES NOT EXCEED 10,000 SQUARE FEET.

13-3309.1.

(A) A PROCESSOR LICENSED BY THE COMMISSION UNDER § 13-3303 OF THIS SUBTITLE MAY APPLY FOR LICENSURE AS A GROWER.

(B) TO BE LICENSED AS A GROWER, A LICENSED PROCESSOR APPLICANT

1 SHALL SUBMIT TO THE COMMISSION:

2 (1) PROOF OF ADEQUATE CAPITAL THROUGH A CERTIFIED
3 FINANCIAL STATEMENT;

4 (2) IF APPLICABLE, PROOF THAT THE APPLICANT QUALIFIES AS A
5 MINORITY BUSINESS ENTERPRISE, AS DEFINED IN § 14-301 OF THE STATE FINANCE
6 AND PROCUREMENT ARTICLE, OR IS A SMALL, MINORITY, OR
7 WOMEN-OWNED BUSINESS ENTITY;

8 (3) PROOF OF CONTROL OF THE PREMISES AT WHICH THE APPLICANT
9 WILL OPERATE AS A GROWER THROUGH OWNERSHIP OR A LEASE WITH A MINIMUM
10 TERM OF 5 YEARS;

11 (4) A SECURITY PLAN THAT INCLUDES LIGHTING, ALARMS, AND
12 PERSONNEL;

13 (5) A STANDARD OPERATING PROCEDURE PLAN THAT INCLUDES
14 CULTIVATION, GROWTH, AND PACKAGING;

15 (6) A BUSINESS PLAN DEMONSTRATING THE APPLICANT'S ABILITY TO
16 SUCCEED; AND

17 (7) AN APPLICATION FEE IN THE AMOUNT OF \$10,000.

18 (C) (1) THE COMMISSION SHALL:

19 (I) TO THE EXTENT AUTHORIZED UNDER FEDERAL AND STATE
20 LAW, ACTIVELY SEEK TO ACHIEVE RACIAL, ETHNIC, GENDER, AND GEOGRAPHIC
21 DIVERSITY WHEN LICENSING PROCESSORS AS GROWERS; AND

22 (II) ENCOURAGE PROCESSORS WHO QUALIFY AS A MINORITY
23 BUSINESS ENTERPRISE, AS DEFINED IN § 14-301 OF THE STATE FINANCE AND
24 PROCUREMENT ARTICLE, OR AS A SMALL, MINORITY, OR WOMEN-OWNED BUSINESS
25 ENTITY TO APPLY FOR LICENSURE AS GROWERS.

26 (2) BEGINNING OCTOBER 1, 2022, A PROCESSOR LICENSED UNDER
27 THIS SECTION TO OPERATE AS A GROWER SHALL REPORT ANNUALLY TO THE
28 COMMISSION ON:

29 (I) THE NUMBER OF MINORITY AND WOMEN OWNERS OF THE
30 GROWER;

1 **(II) THE OWNERSHIP INTEREST OF ANY MINORITY AND WOMEN**
2 **OWNERS OF THE GROWER; AND**

3 **(III) THE NUMBER OF MINORITY AND WOMEN EMPLOYEES OF**
4 **THE GROWER.**

5 **(D) A GROWER LICENSED UNDER THIS SECTION:**

6 **(1) MAY OPERATE IN A FACILITY THAT DOES NOT EXCEED 25,000**
7 **SQUARE FEET; AND**

8 **(2) IS SUBJECT TO THE LICENSED GROWER REQUIREMENTS UNDER §**
9 **13-3306 OF THIS SUBTITLE.**

10 **(E) THE COMMISSION SHALL ADOPT REGULATIONS TO CARRY OUT THIS**
11 **SECTION.**

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 October 1, 2022.