

Chapter 242

(House Bill 272)

AN ACT concerning

Cannabis Licensing and Registration – Use of Straw Ownership – Prohibition

FOR the purpose of prohibiting a person from applying for or holding a cannabis license or registration under certain circumstances if an ownership interest in the license or registration is for the limited purpose of satisfying certain requirements of registration or licensure; requiring the Maryland Cannabis Administration to deny a certain application or revoke a cannabis license or registration if the applicant, licensee, or registrant is determined by the Administration to be in violation of this Act or convicted of a violation of this Act; and generally relating to straw ownership and cannabis licensing and registration.

BY repealing and reenacting, without amendments,

Article – Alcoholic Beverages and Cannabis

Section 36–101(a) and (o)

Annotated Code of Maryland

(2016 Volume and 2023 Supplement)

BY adding to

Article – Alcoholic Beverages and Cannabis

Section 36–1103

Annotated Code of Maryland

(2016 Volume and 2023 Supplement)

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

Article – Alcoholic Beverages and Cannabis

36–101.

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

(o) (1) “Control” means:

(i) the decision-making authority over the management, operations, or policies that guide a business; or

(ii) authority over the operation of the technical aspects of a business.

(2) “Control” includes:

- (i) holding a right to veto significant events;
- (ii) the right or authority to make or veto decisions regarding operations and strategic planning, capital allocations, acquisitions, and divestments;
- (iii) the right or authority to appoint or remove directors, corporate-level officers, or their equivalent;
- (iv) the right or authority to make major marketing, production, and financial decisions; and
- (v) the right or authority to execute exclusive contracts or significant contracts in the aggregate of \$10,000 or greater on behalf of the licensee.

36-1103.

(A) IN THIS SECTION, “GENUINE OWNERSHIP” MEANS AN OWNERSHIP INTEREST IN AN APPLICANT, A CANNABIS LICENSEE, OR A REGISTRANT THAT IS EVIDENCED BY RECORD OWNERSHIP IN WHICH THE OWNER, REGARDLESS OF THE AMOUNT OF CAPITAL OR ASSETS THAT THE OWNER CONTRIBUTES TO THE APPLICANT, LICENSEE, OR REGISTRANT, ENJOYS THE CUSTOMARY INCIDENTS OF OWNERSHIP AND SHARES IN THE PROFITS AND LOSSES OF THE CANNABIS LICENSE OR REGISTRATION PROPORTIONATE TO THE PERCENTAGE OF THE OWNER’S INTEREST IN THE CANNABIS LICENSE OR REGISTRATION.

(B) A PERSON MAY NOT APPLY FOR OR HOLD A CANNABIS LICENSE OR REGISTRATION UNDER THIS TITLE IF AN OWNERSHIP INTEREST IN THE LICENSE OR REGISTRATION IS:

- (1) NOMINAL OR WITHOUT THE BENEFITS AND RISKS OF GENUINE OWNERSHIP OR CONTROL; AND**
- (2) FOR THE LIMITED PURPOSE OF SATISFYING THE REQUIREMENTS UNDER THIS TITLE FOR CANNABIS LICENSEES OR REGISTRANTS, INCLUDING REQUIREMENTS FOR SOCIAL EQUITY LICENSEES OR REGISTRANTS.**

~~(B)~~ (C) A PERSON WHO VIOLATES SUBSECTION ~~(A)~~ (B) OF THIS SECTION IS GUILTY OF A MISDEMEANOR AND ON CONVICTION IS SUBJECT TO A FINE OF NOT MORE THAN \$2,500 OR IMPRISONMENT FOR NOT MORE THAN 1 YEAR OR BOTH.

~~(C)~~ (D) SUBJECT TO THE HEARING PROVISIONS OF § 36-202 OF THIS TITLE, THE ADMINISTRATION SHALL DENY AN APPLICATION FOR A CANNABIS

LICENSE OR REGISTRATION OR REVOKE A CANNABIS LICENSE OR REGISTRATION UNDER THIS TITLE IF THE APPLICANT, CANNABIS LICENSEE, OR REGISTRANT IS:

(1) DETERMINED BY THE ADMINISTRATION TO BE IN VIOLATION OF SUBSECTION (B) OF THIS SECTION; OR

(2) CONVICTED OF VIOLATING SUBSECTION ~~(A)~~ (B) OF THIS SECTION.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect ~~October~~ June 1, 2024.

Approved by the Governor, April 25, 2024.