

HOUSE BILL 1501

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By: **Delegates Vogt, Arentz, Buckel, Conaway, McKay, C. Wilson, and Wivell**

Introduced and read first time: February 10, 2017

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Natalie M. LaPrade Medical Cannabis Commission – Grower and Processor**
3 **Licenses and Local Impact Grants**

4 FOR the purpose of requiring the Natalie M. LaPrade Medical Cannabis Commission to
5 distribute a certain amount in local impact grants among certain counties and
6 municipalities for a certain purpose; requiring a local development council to be
7 established in certain geographic areas and to consist of certain members appointed
8 in a certain manner; requiring a county or municipality to develop a certain plan, in
9 consultation with a certain local development council, before any expenditure of local
10 impact grant funds; requiring a county or municipality to submit the plan to the local
11 development council for review and comment before taking certain actions; requiring
12 the local development council to advise the county or municipality on certain issues;
13 providing that a local development council has a certain amount of time to review,
14 comment, and make recommendations on the plan; requiring a county or
15 municipality to hold a public hearing under certain circumstances; requiring a
16 county or municipality to make best efforts to accommodate certain
17 recommendations and address certain testimony before adopting a certain plan;
18 requiring a grower or processor to provide a certain master plan to a certain local
19 development council; requiring, instead of authorizing, the Commission to issue no
20 more than a certain number of licenses to medical cannabis growers; increasing the
21 maximum number of medical cannabis licenses that may be issued by the
22 Commission; requiring the Commission to award certain preapproval to certain
23 applicants for certain licenses; requiring the Commission to establish a certain
24 application review process for a certain purpose; requiring the Commission to license
25 a certain number of medical cannabis processors; authorizing the Commission,
26 beginning on a certain date, to issue a certain number of medical cannabis processor
27 licenses; defining a certain term; and generally relating to the Natalie M. LaPrade
28 Medical Cannabis Commission, grower and processor licenses, and local impact
29 grants.

30 BY adding to

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Article – Health – General
Section 13–3303.1
Annotated Code of Maryland
(2015 Replacement Volume and 2016 Supplement)

BY repealing and reenacting, with amendments,
Article – Health – General
Section 13–3306 and 13–3309
Annotated Code of Maryland
(2015 Replacement Volume and 2016 Supplement)

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

Article – Health – General

13–3303.1.

(A) EACH YEAR, THE COMMISSION SHALL DISTRIBUTE \$250,000 IN LOCAL
IMPACT GRANTS AMONG THE COUNTIES AND MUNICIPALITIES IN WHICH GROWERS
AND PROCESSORS ARE LOCATED.

(B) LOCAL IMPACT GRANTS PROVIDED UNDER THIS SECTION SHALL BE
USED FOR IMPROVEMENTS PRIMARILY IN THE COMMUNITIES IN IMMEDIATE
PROXIMITY TO A GROWER OR PROCESSOR AND SHALL BE USED FOR THE FOLLOWING
PURPOSES:

(1) INFRASTRUCTURE IMPROVEMENTS;

(2) FACILITIES;

(3) PUBLIC SAFETY;

(4) SANITATION;

(5) ECONOMIC AND COMMUNITY DEVELOPMENT, INCLUDING
HOUSING; AND

(6) OTHER PUBLIC SERVICES AND IMPROVEMENTS.

(C) (1) A LOCAL DEVELOPMENT COUNCIL SHALL BE ESTABLISHED IN
EACH GEOGRAPHIC AREA IN WHICH A GROWER OR PROCESSOR IS LOCATED.

(2) A LOCAL DEVELOPMENT COUNCIL SHALL CONSIST OF THE
FOLLOWING MEMBERS APPOINTED BY THE CHIEF EXECUTIVE OF THE COUNTY IN

1 WHICH THE LOCAL DEVELOPMENT COUNCIL IS LOCATED, IN CONSULTATION WITH
2 THE SENATORS AND DELEGATES WHO REPRESENT THE COMMUNITIES
3 SURROUNDING THE GROWER OR PROCESSOR AND THE RESPECTIVE COUNTY
4 COUNCILS, CITY COUNCILS, OR COUNTY COMMISSIONERS:

5 (I) ONE SENATOR WHO REPRESENTS THE DISTRICT IN WHICH
6 THE GROWER OR PROCESSOR IS LOCATED;

7 (II) TWO DELEGATES WHO REPRESENT THE DISTRICTS IN
8 WHICH THE COMMUNITIES SURROUNDING THE GROWER OR PROCESSOR IS
9 LOCATED;

10 (III) ONE REPRESENTATIVE OF THE GROWER OR PROCESSOR;

11 (IV) SEVEN RESIDENTS OF THE COMMUNITIES IN IMMEDIATE
12 PROXIMITY TO THE GROWER OR PROCESSOR; AND

13 (V) FOUR REPRESENTATIVES OF BUSINESSES OR INSTITUTIONS
14 LOCATED IN IMMEDIATE PROXIMITY TO THE GROWER OR PROCESSOR.

15 (D) (1) BEFORE ANY EXPENDITURE OF LOCAL IMPACT GRANT FUNDS, A
16 COUNTY OR MUNICIPALITY SHALL DEVELOP, IN CONSULTATION WITH THE LOCAL
17 DEVELOPMENT COUNCIL, A MULTIYEAR PLAN FOR THE EXPENDITURE OF THE
18 LOCAL IMPACT GRANT FUNDS FOR SERVICES AND IMPROVEMENTS.

19 (2) A COUNTY OR MUNICIPALITY SHALL SUBMIT THE PLAN TO THE
20 LOCAL DEVELOPMENT COUNCIL FOR REVIEW AND COMMENT BEFORE ADOPTING
21 THE PLAN OR EXPENDING ANY GRANT FUNDS.

22 (3) THE LOCAL DEVELOPMENT COUNCIL SHALL ADVISE THE COUNTY
23 OR MUNICIPALITY ON THE IMPACT OF THE GROWER OR PROCESSOR ON THE NEEDS
24 AND PRIORITIES OF THE COMMUNITIES IN IMMEDIATE PROXIMITY TO THE GROWER
25 OR PROCESSOR.

26 (4) (I) A LOCAL DEVELOPMENT COUNCIL SHALL HAVE 45 DAYS TO
27 REVIEW, COMMENT, AND MAKE RECOMMENDATIONS ON THE PLAN REQUIRED
28 UNDER THIS SUBSECTION.

29 (II) ON THE REQUEST OF A LOCAL DEVELOPMENT COUNCIL, A
30 COUNTY OR MUNICIPALITY SHALL HOLD A PUBLIC HEARING ON THE PLAN.

31 (5) A COUNTY OR MUNICIPALITY SHALL MAKE BEST EFFORTS TO
32 ACCOMMODATE THE RECOMMENDATIONS OF THE LOCAL DEVELOPMENT COUNCIL

1 AND ADDRESS ANY TESTIMONY PRESENTED AT THE HEARING BEFORE ADOPTING
2 THE PLAN REQUIRED UNDER THIS SUBSECTION.

3 (E) A GROWER OR PROCESSOR SHALL PROVIDE TO THE LOCAL
4 DEVELOPMENT COUNCIL A MASTER PLAN FOR THE DEVELOPMENT OF THE SITE ON
5 WHICH THE GROWER OR PROCESSOR WILL BE LOCATED.

6 13-3306.

7 (a) IN THIS SECTION, "DISADVANTAGED CLASS" MEANS A CLASS OF
8 INDIVIDUALS WHO ARE ECONOMICALLY DISADVANTAGED, INCLUDING WOMEN,
9 VETERANS, AFRICAN AMERICANS, ASIANS, LATINOS, AND PACIFIC ISLANDERS.

10 (B) (1) The Commission shall license medical cannabis growers that meet all
11 requirements established by the Commission to operate in the State to provide cannabis to:

12 (i) Processors licensed by the Commission under this subtitle;

13 (ii) Dispensaries licensed by the Commission under this subtitle;

14 (iii) Qualifying patients and caregivers; and

15 (iv) Independent testing laboratories registered with the
16 Commission under this subtitle.

17 (2) (i) Except as provided in subparagraph (ii) of this paragraph, AND
18 SUBJECT TO SUBPARAGRAPHS (IV) AND (V) OF THIS PARAGRAPH, the Commission
19 [may] SHALL license no more than [15] 25 medical cannabis growers.

20 (ii) Beginning June 1, 2018, the Commission may issue the number
21 of licenses necessary to meet the demand for medical cannabis by qualifying patients and
22 caregivers issued identification cards under this subtitle in an affordable, accessible,
23 secure, and efficient manner.

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

27 (IV) IN ADDITION TO THE 15 APPLICANTS THAT WERE AWARDED
28 STAGE-ONE PREAPPROVAL FOR A MEDICAL CANNABIS GROWER LICENSE IN
29 AUGUST 2016, THE COMMISSION SHALL AWARD STAGE-ONE PREAPPROVAL TO THE
30 APPLICANTS RANKED 16 THROUGH 21 BY THE REGIONAL ECONOMIC STUDIES
31 INSTITUTE IN 2016.

1 (v) 1. IN ADDITION TO LICENSES AWARDED UNDER
2 SUBPARAGRAPH (IV) OF THIS PARAGRAPH, THE COMMISSION SHALL ESTABLISH AN
3 APPLICATION REVIEW PROCESS TO AWARD FOUR MEDICAL CANNABIS GROWER
4 LICENSES.

5 2. THE APPLICATION REVIEW PROCESS ESTABLISHED
6 UNDER THIS SUBPARAGRAPH SHALL INCLUDE A SCORING SYSTEM THAT PROVIDES
7 ADDITIONAL POINTS FOR THE FOLLOWING:

8 A. FIVE ADDITIONAL POINTS FOR APPLICANTS WITH
9 50% OR MORE EQUITY OWNERSHIP BY MEMBERS OF A DISADVANTAGED CLASS;

10 B. FOUR ADDITIONAL POINTS FOR APPLICANTS WITH
11 30% TO 49% EQUITY OWNERSHIP BY MEMBERS OF A DISADVANTAGED CLASS AND
12 50% OF BOARD OF DIRECTORS MEMBERS FROM A DISADVANTAGED CLASS;

13 C. THREE ADDITIONAL POINTS TO APPLICANTS WITH
14 20% TO 29% EQUITY OWNERSHIP BY MEMBERS OF A DISADVANTAGED CLASS;

15 D. TWO ADDITIONAL POINTS TO APPLICANTS WITH 10%
16 TO 19% EQUITY OWNERSHIP BY MEMBERS OF A DISADVANTAGED CLASS; AND

17 E. ONE ADDITIONAL POINT TO APPLICANTS WITH AT
18 LEAST 10% EQUITY OWNERSHIP BY MEMBERS OF A DISADVANTAGED CLASS.

19 [(iv)] (VI) The Commission may not issue more than one medical
20 cannabis grower license to each applicant.

21 [(v)] (VII) A grower shall pay an application fee in an amount to be
22 determined by the Commission consistent with this subtitle.

23 (3) The Commission shall set standards for licensure as a medical cannabis
24 grower to ensure public safety and safe access to medical cannabis, which may include a
25 requirement for the posting of security.

26 (4) Each medical cannabis grower agent shall:

27 (i) Be registered with the Commission before the agent may
28 volunteer or work for a licensed grower; and

29 (ii) Obtain a State and national criminal history records check in
30 accordance with § 13–3312 of this subtitle.

(5) (i) A licensed grower shall apply to the Commission for a registration card for each grower agent by submitting the name, address, and date of birth of the agent.

(ii) 1. Within 1 business day after a grower agent ceases to be associated with a grower, the grower shall:

A. Notify the Commission; and

B. Return the grower agent's registration card to the Commission.

2. On receipt of a notice described in subsubparagraph 1A of this subparagraph, the Commission shall:

A. Immediately revoke the registration card of the grower agent; and

B. If the registration card was not returned to the Commission, notify the Department of State Police.

(iii) The Commission may not register a person who has been convicted of a felony drug offense as a grower agent.

(6) (i) A medical cannabis grower license is valid for 4 years on initial licensure.

(ii) A medical cannabis grower license is valid for 2 years on renewal.

(7) An application to operate as a medical cannabis grower may be submitted in paper or electronic form.

(8) (i) The Commission shall encourage licensing medical cannabis growers that grow strains of cannabis, including strains with high cannabidiol content, with demonstrated success in alleviating symptoms of specific diseases or conditions.

(ii) The Commission shall encourage licensing medical cannabis growers that prepare medical cannabis in a range of routes of administration.

(9) (i) The Commission shall:

1. Actively seek to achieve racial, ethnic, and geographic diversity when licensing medical cannabis growers; and

2. Encourage applicants who qualify as a minority business enterprise, as defined in § 14–301 of the State Finance and Procurement Article.

(ii) Beginning June 1, 2016, a grower licensed under this subtitle to operate as a medical cannabis grower shall report annually to the Commission on the minority owners and employees of the grower.

(10) An entity seeking licensure as a medical cannabis grower shall meet local zoning and planning requirements.

[(b)] (C) An entity licensed to grow medical cannabis under this section may provide cannabis only to:

(1) Processors licensed by the Commission under this subtitle;

(2) Dispensaries licensed by the Commission under this subtitle;

(3) Qualified patients;

(4) Caregivers; and

(5) Independent testing laboratories registered with the Commission under this subtitle.

[(c)] (D) (1) An entity licensed to grow cannabis under this section may dispense cannabis from a facility of a grower licensed as a dispensary.

(2) A qualifying patient or caregiver may obtain medical cannabis from a facility of a grower licensed as a dispensary.

(3) An entity licensed to grow medical cannabis under this section may grow and process medical cannabis on the same premises.

[(d)] (E) An entity licensed to grow medical cannabis under this section shall ensure that safety precautions established by the Commission are followed by any facility operated by the grower.

[(e)] (F) The Commission shall establish requirements for security and the manufacturing process that a grower must meet to obtain a license under this section, including a requirement for a product-tracking system.

[(f)] (G) The Commission may inspect a grower licensed under this section to ensure compliance with this subtitle.

[(g)] (H) The Commission may impose penalties or rescind the license of a grower that does not meet the standards for licensure set by the Commission.

(a) A processor shall be licensed by the Commission.

(b) To be licensed as a processor, an applicant shall submit to the Commission:

(1) An application fee in an amount to be determined by the Commission in accordance with this subtitle; and

(2) An application that includes:

(i) The legal name and physical address of the proposed processor;

(ii) The name, address, and date of birth of each principal officer and director, none of whom may have served as a principal officer or director for a licensee under this subtitle that has had its license revoked; and

(iii) Operating procedures that the processor will use, consistent with Commission regulations for oversight, including storage of cannabis, extracts, and products containing cannabis only in enclosed and locked facilities.

(c) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, AND SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, THE COMMISSION SHALL LICENSE NO MORE THAN 25 MEDICAL CANNABIS PROCESSORS.

(2) BEGINNING JUNE 1, 2017, THE COMMISSION MAY ISSUE THE NUMBER OF MEDICAL CANNABIS PROCESSOR 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.

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

(4) IN ADDITION TO THE 15 APPLICANTS THAT WERE AWARDED STAGE-ONE PREAPPROVAL FOR A MEDICAL CANNABIS PROCESSOR LICENSE IN AUGUST 2016, THE COMMISSION SHALL AWARD STAGE-ONE PREAPPROVAL TO THE APPLICANTS RANKED 16 THROUGH 25 BY THE REGIONAL ECONOMIC STUDIES INSTITUTE IN 2016.

(d) (1) A processor license is valid for 4 years on initial licensure.

(2) A processor license is valid for 2 years on renewal.

(e) A processor licensed under this section or a processor agent registered under § 13-3310 of this subtitle may not be penalized or arrested under State law for acquiring, possessing, processing, transferring, transporting, selling, distributing, or dispensing

1 cannabis, products containing cannabis, related supplies, or educational materials for use
2 by a licensee under this subtitle or a qualifying patient or a caregiver.

3 (f) The Commission shall establish requirements for security and product
4 handling procedures that a processor must meet to obtain a license under this section,
5 including a requirement for a product-tracking system.

6 (g) The Commission may inspect a processor licensed under this section to ensure
7 compliance with this subtitle.

8 (h) The Commission may impose penalties or rescind the license of a processor
9 that does not meet the standards for licensure set by the Commission.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
11 1, 2017.