

SENATE BILL 537

A3, L1

4lr3360
CF HB 805

By: **Senator Feldman**

Introduced and read first time: January 24, 2024

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: March 8, 2024

CHAPTER _____

1 AN ACT concerning

2 **Cannabis – Licensee Locations – Restrictions**

3 FOR the purpose of altering the distance restrictions applicable to a licensed cannabis
4 dispensary; prohibiting a political subdivision from establishing certain zoning
5 requirements for licensed cannabis dispensaries and certain licensed cannabis
6 growers that are more restrictive than certain zoning restrictions applicable to
7 certain other entities; clarifying the authority of a political subdivision to alter
8 certain distance requirements; requiring a political subdivision to grant a waiver to
9 certain zoning requirements to a licensed cannabis dispensary that was operating
10 before a certain date; and generally relating to cannabis licensees and zoning
11 restrictions.

12 BY repealing and reenacting, without amendments,
13 Article – Alcoholic Beverages and Cannabis
14 Section 1–101(a) and (dd)
15 Annotated Code of Maryland
16 (2016 Volume and 2023 Supplement)

17 BY repealing and reenacting, with amendments,
18 Article – Alcoholic Beverages and Cannabis
19 Section 36–405 and 36–410
20 Annotated Code of Maryland
21 (2016 Volume and 2023 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

Article – Alcoholic Beverages and Cannabis

1–101.

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

(dd) (1) “Retail dealer” means a person that sells an alcoholic beverage to any person other than a license holder.

(2) “Retail dealer” includes a county dispensary.

36–405.

(a) **IN THIS SECTION, “UNDULY BURDEN” INCLUDES IMPOSING A ZONING REQUIREMENT OR RESTRICTION ON THE USE OF PROPERTY BY A CANNABIS LICENSEE THAT IS MORE RESTRICTIVE THAN THE REQUIREMENTS ESTABLISHED UNDER § 36–410 OF THIS SUBTITLE.**

(B) A political subdivision may:

(1) establish reasonable zoning requirements for cannabis businesses; and

(2) decide how to distribute its allocation of revenue under § 2–1302.2 of the Tax – General Article.

[(b)] (C) A political subdivision may not:

(1) establish zoning or other requirements that unduly burden a cannabis licensee;

(2) impose licensing, operating, or other fees or requirements on a cannabis licensee that are disproportionately greater or more burdensome than those imposed on other businesses with a similar impact on the area where the cannabis licensee is located;

(3) prohibit transportation through or deliveries within the political subdivision by cannabis businesses located in other political subdivisions;

(4) prevent an entity whose license may be converted under § 36–401(b)(1)(ii) of this subtitle and that is in compliance with all relevant medical cannabis regulations from being granted the license conversion; or

(5) negotiate or enter into an agreement with a cannabis licensee or an applicant for a cannabis license requiring that the cannabis licensee or applicant provide

money, donations, in-kind contributions, services, or anything of value to the political subdivision.

[(c)] (D) The use of a facility by a cannabis licensee is not required to be submitted to, or approved by, a county or municipal zoning board, authority, or unit if ~~the facility~~:

(1) **THE FACILITY** was properly zoned and operating on or before January 1, 2023; or

(2) ~~is used by a grower, processor, or dispensary that~~ **THE CANNABIS LICENSEE**:

(i) held a Stage One Preapproval for a license before October 1, 2022; and

(ii) was not ~~operational~~ **ACTIVELY ENGAGED IN THE GROWING, PROCESSING, OR DISPENSING OF CANNABIS** before October 1, 2022.

[(d)] (E) A political subdivision or special taxing district may not impose a tax on cannabis.

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 PRE-EXISTING playground, recreation center, library, [or] public park, OR PLACE OF WORSHIP; or

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

(c) **(1) A EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A political subdivision may adopt an ordinance reducing, BUT NOT INCREASING, the distance requirements under subsection (b) of this section.**

(2) A POLITICAL SUBDIVISION MAY BY ORDINANCE INCREASE THE DISTANCE LIMITATION FOR DISPENSARIES UNDER SUBSECTION (B)(2) OF THIS SECTION TO NOT MORE THAN 2,000-~~FEET~~ ONE-HALF MILE.

(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.

(E) A POLITICAL SUBDIVISION MAY NOT ADOPT AN ORDINANCE ESTABLISHING ZONING REQUIREMENTS FOR LICENSED DISPENSARIES THAT ARE MORE RESTRICTIVE THAN ZONING REQUIREMENTS FOR A RETAIL DEALER LICENSED UNDER THIS ARTICLE.

(F) A POLITICAL SUBDIVISION MAY NOT ADOPT AN ORDINANCE ESTABLISHING A ZONING REQUIREMENT FOR A LICENSED GROWER CULTIVATING CANNABIS EXCLUSIVELY OUTDOORS IN AN AREA ZONED ONLY FOR AGRICULTURAL USE THAT IS MORE RESTRICTIVE THAN ANY ZONING REQUIREMENTS THAT EXISTED ON JUNE 30, 2023, GOVERNING A HEMP FARM REGISTERED UNDER TITLE 14 OF THE AGRICULTURE ARTICLE IN THE POLITICAL SUBDIVISION.

(G) A POLITICAL SUBDIVISION MAY:

(1) BY ORDINANCE, ESTABLISH A DISTANCE LIMITATION FOR DISPENSARIES OF UP TO 100 FEET FROM AN AREA ZONED FOR RESIDENTIAL USE; OR

(2) APPLY TO DISPENSARIES THE DISTANCE LIMITATION FOR LICENSED ALCOHOLIC BEVERAGE RETAILERS FROM AN AREA ZONED FOR RESIDENTIAL USE.

(H) A POLITICAL SUBDIVISION SHALL GRANT A WAIVER TO AN ORDINANCE THAT PROVIDES A DISTANCE REQUIREMENT FOR DISPENSARIES UNDER THIS SECTION FOR A LICENSED DISPENSARY THAT WAS IN OPERATION BEFORE APRIL 1, 2024.

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

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.