

HOUSE BILL 204

A3, C2

(PRE-FILED)

5lr0132
CF SB 221

By: **Chair, Economic Matters Committee (By Request – Maryland Cannabis Administration)**

Requested: October 7, 2024

Introduced and read first time: January 8, 2025

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Cannabis – Wholesaler License – Establishment**

3 FOR the purpose of establishing a wholesaler cannabis license; altering a certain fee
4 limitation; and generally relating to wholesaler cannabis licenses.

5 BY repealing and reenacting, without amendments,
6 Article – Alcoholic Beverages and Cannabis
7 Section 36–101(a) and (jj)
8 Annotated Code of Maryland
9 (2024 Replacement Volume)

10 BY adding to
11 Article – Alcoholic Beverages and Cannabis
12 Section 36–101(kk) and 36–412
13 Annotated Code of Maryland
14 (2024 Replacement Volume)

15 BY repealing and reenacting, with amendments,
16 Article – Alcoholic Beverages and Cannabis
17 Section 36–101(kk), 36–401(d) and (e), 36–403(c) and (d), and 36–404(f) and (g)(1)
18 Annotated Code of Maryland
19 (2024 Replacement Volume)

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

22 **Article – Alcoholic Beverages and Cannabis**

23 36–101.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

(jj) (1) “Usable cannabis” means the dried leaves and flowers of the cannabis plant.

(2) “Usable cannabis” does not include seedlings, seeds, stems, stalks, or roots of the plant or the weight of any noncannabis ingredients combined with cannabis, such as ingredients added to prepare a topical administration.

(KK) “WHOLESALE” MEANS AN ENTITY LICENSED UNDER THIS TITLE THAT IS AUTHORIZED BY THE ADMINISTRATION TO ACQUIRE, PURCHASE, STORE, TRANSPORT, AND DISTRIBUTE CANNABIS OR CANNABIS PRODUCTS BETWEEN OTHER CANNABIS LICENSEES.

[(kk)] (LL) “Written certification” means a certification that:

(1) is issued by a certifying provider to a qualifying patient with whom the provider has a bona fide provider–patient relationship;

(2) includes a written statement certifying that, in the certifying provider’s professional opinion, after having completed an assessment of the patient’s medical history and current medical condition, the patient has a condition:

(i) that meets the inclusion criteria and does not meet the exclusion criteria of the certifying provider’s application; and

(ii) for which the potential benefits of the medical use of cannabis would likely outweigh the health risks for the patient; and

(3) may include a written statement certifying that, in the certifying provider’s professional opinion, a 30–day supply of medical cannabis would be inadequate to meet the medical needs of the qualifying patient.

36–401.

(d) The Administration may not issue more than the following number of licenses per type, including licenses converted under subsection (b)(1)(ii) of this section:

(1) for standard licenses:

(i) 75 grower licenses;

(ii) 100 processor licenses; and

(iii) 300 dispensary licenses;

(2) for micro licenses:

(i) 100 grower licenses;

(ii) 100 processor licenses; and

(iii) 10 dispensary licenses;

(3) for incubator space licenses, 10 licenses; [and]

(4) for on-site consumption licenses, 50 licenses; **AND**

(5) FOR WHOLESALE LICENSES, 15 LICENSES.

(e) (1) This subsection applies to all licenses, including licenses converted under subsection (b)(1)(ii) of this section.

(2) Subject to paragraph (3) of this subsection, a person may have an ownership interest in or control of, including the power to manage and operate:

(i) for standard licenses and micro licenses:

1. one grower licensee;

2. one processor licensee; and

3. not more than four dispensary licensees;

(ii) for incubator space licenses, not more than two licensees; [and]

(iii) for on-site consumption licenses, not more than two licensees;

AND

(IV) FOR WHOLESALE LICENSES, NOT MORE THAN ONE LICENSEE.

(3) (i) A person who owns or controls an incubator space licensee [or], an on-site consumption licensee, **OR A WHOLESALE LICENSEE** may not own or control any cannabis licensee listed under paragraph (2)(i) of this subsection.

(ii) The Administration shall adopt regulations limiting a person or fund from acquiring a nonmajority ownership interest in multiple cannabis businesses beyond the limitations established under this subsection.

(4) The restrictions in paragraph (2) of this subsection do not apply to a person or an entity who holds an ownership interest only as a passive investor.

1 36-403.

2 (c) (1) This subsection applies only to an applicant applying for a cannabis
3 license under § 36-404 of this subtitle.

4 (2) An applicant for a standard license, an incubator space license, [or] an
5 on-site consumption license, **OR A WHOLESALE LICENSE** shall pay an application fee of
6 \$5,000.

7 (3) An applicant for a micro license shall pay an application fee of \$1,000.

8 (d) (1) Subject to paragraphs (2) and (3) of this subsection, the Administration
9 shall establish licensing and renewal fees for all cannabis licenses.

10 (2) Except as provided in paragraph (3) of this subsection, the licensing and
11 renewal fees established under paragraph (1) of this subsection for [standard] cannabis
12 licensees may not exceed:

13 (i) for initial license fees, \$50,000; and

14 (ii) for renewal license fees, the lesser of 10% of the [standard]
15 cannabis licensee's annual gross revenue or \$50,000.

16 (3) The Administration shall reduce licensing and renewal fees by at least
17 50% for social equity licenses, micro licenses, incubator space licenses, **WHOLESALE**
18 **LICENSES**, and on-site consumption licenses.

19 36-404.

20 (f) (1) Subject to paragraph (2) of this subsection, if the Administration, in
21 consultation with the certification agency designated by the Board of Public Works under
22 § 14-303(b) of the State Finance and Procurement Article, the Governor's Office of Small,
23 Minority, and Women Business Affairs, the General Assembly, and the Office of the
24 Attorney General, determines that a disparity study demonstrates a strong basis in
25 evidence of business discrimination against firms owned by minorities and women in the
26 Maryland cannabis market, the Administration shall issue a second round of licenses,
27 applying minimum licensing qualifications and employing remedial measures consistent
28 with constitutional requirements, for not more than:

29 (i) for standard licenses:

30 1. 25 grower licenses;

31 2. 25 processor licenses; and

(iii) 10 incubator space licenses; [and]

(iv) 15 on-site consumption licenses; AND

(v) 10 WHOLESALE LICENSES.

36-412.

(A) THE ADMINISTRATION MAY ISSUE WHOLESALE LICENSES AUTHORIZING AN ENTITY TO OPERATE A LICENSED PREMISES WHERE CANNABIS OR CANNABIS PRODUCTS MAY BE STORED SECURELY.

(B) A WHOLESALE MAY:

(1) PURCHASE CANNABIS OR CANNABIS PRODUCTS FROM OTHER LICENSED OR REGISTERED ENTITIES;

(2) SECURELY STORE CANNABIS OR CANNABIS PRODUCTS INDEPENDENTLY OR ON BEHALF OF OTHER CANNABIS LICENSEES; AND

(3) TRANSPORT OR DISTRIBUTE CANNABIS OR CANNABIS PRODUCTS TO OTHER CANNABIS LICENSEES OR TO INDEPENDENT TESTING LABORATORIES.

(C) A WHOLESALE MAY NOT:

(1) CONDUCT ANY ACTIVITY THAT WOULD REQUIRE AN ADDITIONAL LICENSE UNDER THIS TITLE, INCLUDING GROWING, PROCESSING, DISPENSING, OR INCUBATING CANNABIS;

(2) TRANSFORM OR REPACKAGE CANNABIS OR CANNABIS PRODUCTS;

(3) PROVIDE CANNABIS OR CANNABIS PRODUCTS DIRECTLY TO CONSUMERS;

(4) IMPORT CANNABIS INTO THE STATE; OR

(5) EXPORT CANNABIS OUT OF THE STATE.

(D) THE ADMINISTRATION MAY ADOPT REGULATIONS TO IMPLEMENT THIS SECTION, INCLUDING THE WHOLESALE REQUIREMENTS FOR:

(1) THE SAFE STORAGE OF CANNABIS AND CANNABIS PRODUCTS;

1 **(2) PRODUCT TESTING AND PACKAGING AND LABELING COMPLIANCE;**
2 **AND**

3 **(3) ENSURING AN EQUITABLE CANNABIS MARKET IN THE STATE.**

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
5 1, 2025.