



The Honorable Ben Barnes
Chair, House Appropriations Committee
Room 121
House Office Building
Annapolis, Maryland 21401

The Honorable Guy Guzzone
Chair, Senate Budget and Taxation Committee
3 West
Miller Senate Office Building
Annapolis, Maryland 21401

The Honorable Michael A. Jackson
Subcommittee Chair, Senate Public Safety, Transportation, and Environment
Schweinhaut Room, 4th Floor
Miller Senate Office Building
Annapolis, Maryland 21401

D23 — Maryland Cannabis Administration — Budget Hearing Testimony

Dear Chairs Barnes, Guzzone, and Jackson:

In response to the Department of Legislative Services (DLS) analysis of the Maryland Cannabis Administration's (MCA) operating budget, the MCA supports the Governor's allowance as well as DLS's recommendation to concur with the Governor's allowance. We would like to thank the committees for their time, DLS for their analysis, and the Department of Budget and Management for their assistance in budget preparation.

The MCA was formally established on May 3rd, 2023, when Governor Moore signed the Cannabis Reform Act of 2023 (CRA) into law. The former medical cannabis commissioners were eliminated and medical cannabis commission staff were transitioned into the new agency under a Director appointed by the Governor. Separately, the CRA established the Office of Social Equity (OSE) as an independent unit within the MCA. Since its inception, the MCA has prioritized building a new independent state agency, business licensing, compliance, market transition, and public education and outreach.

Incubator Project

MCA is presently working to establish the first-in-the-nation State-run cannabis incubator program exclusively for social equity licenses and micro-businesses. An incubator space license authorizes a license holder to operate a facility within which a micro license may operate in accordance with §36–406 of the Alcoholic Beverages and Cannabis Article. Microdispensaries would use an incubator facility as secured storage for products prior to delivery while microprocessors would be able to utilize a shared commercial kitchen and other shared equipment to process cannabis biomass or distillate and transform it into usable

cannabis products including vapes, edibles, etc. This space would be intended to support up to 110 of these micro businesses in total. Of these, 40 have been awarded in the most recent lottery round. Once the businesses that use the space have matured, they will work to allow businesses to move to their own locations so more licenses may benefit from the incubator space.

The location for the site is anticipated to be the Catonsville Armory, a state-owned building. The Administration is authorized to issue the first incubator space license to a non-profit, the Maryland Economic Development Corporation (MEDCO) to acquire and construct a facility. Currently, there exists a \$5 million general fund grant in the proposed fiscal 2026 Capital Improvement Program (CIP) under the Department of General Services' PAYGO general funds for MEDCO's development of the incubator site. MCA supports this funding or any other spending allocated for the purposes of this project and is looking forward to the development of this site in partnership with our DGS and MEDCO colleagues.

Business Licensing

Maryland executed a social equity licensing round between Fall 2023 and Spring 2024 which was the best roll-out of an adult-use social equity licensing program in the nation. By the time the month-long application window closed, the MCA received over 1,700 applications. The MCA, in coordination with OSE, Lottery and Gaming, and our independent contractors, held lottery events. The MCA issued the first conditional license awards to four majority-minority (HB2) held firms, two of which are now fully operational. A total of 205 applicants were selected across the various business and jurisdictional categories by July 1, 2024.

The MCA is statutorily permitted to hold a second licensing round following May 1, 2024. The MCA is required, prior to executing a second licensing round, to determine the impact of the first round through the findings of a disparity study being conducted by the Maryland Department of Transportation (MDOT). MDOT, in conjunction with the Office of the Attorney General and the Governor's Office of Small, Minority, and Women Business Affairs, will determine whether remedial measures are necessary for the second round of licensure awards. As of the writing of this testimony, MDOT has not yet completed the disparity study and subsequently, the MCA does not have a timeline for the second round of licensing.

For licenses operating in the market prior to the launch of adult-use on July 1, 2023, they were offered to transition from medical-only to medical and adult-use. As of February 2025, all licensing conversion fees have been collected in accordance with the established fee schedule totaling more than \$30 million. These collected fees have since been transferred to the Comptroller for the Cannabis Regulation and Enforcement Fund.

Compliance and Regulation

The Office of Compliance and Regulation (OCR) is responsible for overseeing the licensing, inspection, and discipline of licensed growers, processors, and dispensaries to ensure compliance with Maryland's cannabis statutes and regulations. OCR is also tasked with providing safeguards to ensure and protect public health and ensure a level playing field for industry. OCR is also responsible for conducting all background investigations and reviews for cannabis licensing.

In 2024, OCR completed 510 inspections. Of these, 399 inspections were conducted at dispensaries, 63 inspections were conducted at growers, 42 inspections were completed at processors, and 6 inspections were categorized as "other." OCR is responsible for reviewing supplemental application materials from conditional licensees and helping those conditional licensees move toward final licensure. As of the writing of this testimony, of the 205 awardees who were selected across the various business and jurisdictional categories, over 190 applicants have matriculated to conditional licensure, encompassing over 93% of the total applicant population.

Workforce Development

The MCA's Cannabis Industry Workforce Development Program, a partnership between MCA and Maryland Department of Labor's EARN Maryland program, provides free virtual and in-person training for retail, processing, and cultivation careers across Maryland's fast growing cannabis industry. In-person training is provided in every region of the State, including targeted opportunities and priority admission for justice-involved Marylanders and those in Western and Southern Maryland and the Eastern Shore. As the number of social equity businesses doubles in size by 2026, the demand for skilled cannabis labor will become even more critical for the State's marketplace. As of February 9th, 2025, 251 participants have completed the Cannabis Industry Workforce Development Program. Select participants who have earned completion certificates are provided job placement assistance and internship opportunities via the EARN program. Our partnership with the EARN program requires us to place 16 underserved and hard-to-serve job seekers in a two-year timeframe. After only two months in operation, the MCA has met nearly 50% of its EARN placement requirements, having placed 7 participants in industry jobs.

Public Education

The MCA has continued to focus on public education through campaigns and outreach materials on responsible adult-use cannabis consumption and safe storage. Under the "BeCannabisSmart" campaign umbrella, and in partnership with the Maryland Department of Health, MCA launched multiple PSA campaigns on the hazards of drugged driving, respecting smoke-free public spaces, preventing accidental cannabis ingestions by keeping cannabis up, away, and out of sight from children and pets, and resources to help parents/caregivers talk to their teens to prevent underage use. In the past year, those efforts have been deployed statewide on streaming and broadcast TV/radio spots, social media online advertisements,

billboards, festivals including the Maryland State Fair, and venue-based media (i.e., concert halls, minor league baseball stadiums, restaurants and bars, etc.).

Campaign assets drive the public to a new “BeCannabisSmart” landing page on the MCA’s cannabis.maryland.gov website, which houses additional detailed information and resources that are free to download. Several campaign assets are available in Spanish and nearly all assets have been made available to local health departments via a digital toolkit to support consistent messaging across the state. MCA also placed safe storage and drugged driving PSA spots during the 2024 holiday season based on partner feedback as well as historical sales data showing increases in sales during this period. In total, more than 190 million campaign impressions were achieved statewide in 2024 (69M for drugged driving, 50M for smoke-free spaces, 50M for safe storage, 21M for holiday media). The “BeCannabisSmart” campaign evaluation data further shows a majority of Marylanders (55%) surveyed report having seen or heard messaging about responsible use (EurekaFact Survey Fall 2024 with a sample size of 1,210 Maryland adults). Of those who recall responsible use messaging, 43% say they have been influenced by the messaging, agreeing that (1) they would think more about safe storage and keeping away from children and pets (2) are more sensitive to smoking cannabis in public spaces and (3) consider driving under the influence of cannabis to be risky.

Public Health Surveys and Studies

In the fall of 2024, the MCA conducted its third annual survey of its medical cannabis patients, the Maryland Medical Cannabis Patient Survey (MMCPS-24). The MMCPS-24 survey and corresponding forthcoming report builds on findings from prior cycles (implemented in the fall of 2022 and 2023 – immediately prior to the voter referendum approving legal cannabis use for adults and immediately after adult-use legalization and sales), focusing on changes and trends in patient perceptions regarding cannabis and interactions with the medical program over time. The MCA also conducted the statutorily-required 2025 Maryland Cannabis Use Biannual Study of cannabis use in the State – drawing from public health surveys, hospital billing codes, and additional state data sources – to describe patterns of cannabis use, perceptions, and health and safety effects. This upcoming report is a follow-up to the first 2023 Maryland Cannabis Use Baseline Study, published March 1, 2023, that provided a first look at cannabis use in Maryland prior to legalized adult sales and use.

Task Force and Boards

The Maryland General Assembly (“MGA”) has tasked the Administration with the participation and facilitation of two bodies: the Task Force on the Responsible Use of Natural Psychedelic Substances and the Advisory Board on Medical and Adult-Use Cannabis. The Task Force on the Responsible Use of Natural Psychedelic Substances (“Task Force”) consists of Subject Matter Experts (SMEs) reflecting the socioeconomic, ethnic, and geographic diversity of the State. The Task Force was established to study and

make recommendations on the responsible use of psychedelics with a requirement to submit its findings and recommendations to the Governor and the MGA on or before July 31, 2025. The MCA has a seat on this body, which the Director may fill that role, or otherwise designate a representative. The Advisory Board on Medical and Adult-Use Cannabis is chartered with studying and providing recommendations on various aspects of the legal medical and adult-use cannabis industry in the state, particularly in the context of state regulatory matters as well as potential federal regulatory changes.

If you have any questions or would like to discuss this further, please contact me at tabatha.robinson@maryland.gov or Morgan Smith, Senior Policy Analyst, Office of Policy and Government Affairs at (443) 610-1646 or morgant.smith@maryland.gov.

Sincerely,

Tabatha Robinson

Tabatha Robinson
Acting Director, Maryland Cannabis Administration

Enclosures:
Written testimony from the Office of Social Equity



Introduction

The Office of Social Equity (OSE), an independent office established by the Cannabis Reform Act of 2023, serves to promote economic opportunity, restorative justice, and equity in Maryland's adult-use cannabis market. Our budget request continues the investment made by Governor Moore and the state of Maryland made to foster equitable access and participation in the industry. OSE remains focused on ensuring that resources are effectively directed toward supporting social equity businesses and reinvesting in communities historically harmed by cannabis prohibition.

In the coming year, our office will continue supporting the first round of social equity licensees as they establish and scale their cannabis business. This includes intentional support services such as technical assistance and financing options, and grant programs designed to create a strong foundation for sustainable business success. By leveraging these initiatives, OSE strives to promote a supportive ecosystem where social equity businesses can thrive.

Key Investment Areas

Education, Technical Assistance, and Business Acceleration

Technical Assistance Grant - \$2,100,000

Each social equity licensee received a \$14,000 grant to spend on professional services and training including but not limited to banking and lender resources, legal support services, seed to sale education, real estate services, and business consulting.

CEO Accelerator Program - \$415,000

A structured entrepreneurial education program, in partnership with Coppin State, designed for first-time entrepreneurs entering the cannabis industry. Licensees can expect to receive business fundamentals, cannabis-specific education, capital access preparedness, and direct mentorship with options for in person workshops.

Cannabis Business Masterclass Program

A series of expert-led, live webinar classes covering business plan development, real estate, regulatory compliance, capital readiness, and cannabis operations. This has not created any fiscal impact to the Office.

Trailblazer Series

A platform spotlighting innovative leaders who are shaping the future of the cannabis industry with innovation and equity, offering valuable insights and inspiration for entrepreneurs and advocates. This has not created any fiscal impact to the Office.

Investment Initiative, Market Analysis & Capital Strategy - \$25,000

The Investment Initiative is a comprehensive market analysis of Maryland's cannabis industry aimed at identifying financial sustainability strategies for social equity businesses. This initiative will assess market

trends, business viability, and key growth opportunities to ensure social equity licensees can thrive in a competitive landscape.

Community Reinvestment Budget Justification - \$100,000

The Community Reinvestment and Repair Fund, allocates a portion of tax revenue generated from adult-use cannabis sales directly to communities disproportionately affected by cannabis prohibition and enforcement. The fund is supported by 35% of cannabis sales for fiscal years 2024 through 2033 and conversion fees paid by medical cannabis businesses entering the adult-use market. CRRF provides funding to local jurisdictions to support community-based initiatives that benefit low-income communities and communities that have been disproportionately impacted by the enforcement of cannabis prohibition.

OSE hosted eight statewide town halls in Fall 2024, bringing together state legislators, community leaders, and local elected officials to discuss CRRF allocations. To ensure transparency and accountability, funding has been designated for the CRRF Longitude & Investment Analysis Study, which will assess the impact of these reinvestments, ensuring they remain data-driven and aligned with social equity goals.

Social Equity Partnership Grant Program (SEPP) - \$5,000,000

OSE administers the Social Equity Partnership Grant Program which will match social equity licensees with current operators for mentorship and business development support. Under this program, cannabis licensees that were operational prior to October 1, 2022 are eligible to receive grant funding as a means of incentivizing participation in the program while providing guidance and support to social equity licensees in need of assistance.

By investing in these businesses, the program helps create equitable opportunities and promotes a diverse and thriving cannabis supply chain in Maryland.

Conclusion

OSE’s FY 2026 budget request reflects a strategic investment in social equity, economic empowerment, and community reinvestment. Our initiatives align with Governor Wes Moore’s commitment to restorative justice and economic inclusion, ensuring Maryland remains a national model for equity and opportunity in the cannabis industry.

With continued legislative and financial support, OSE will sustain its mission to uplift impacted communities, empower social equity entrepreneurs, and drive economic growth in Maryland’s cannabis sector. Together, we are shaping a future where Maryland leads with innovation, inclusion, and prosperity leaving no one behind.

I hope this information is useful. If you would like to discuss this further, please contact me at (443) 610-1666 or audrey.johnson1@maryland.gov or Courtney Davis, Deputy Director at (443) 610-1730 or courtney.davis@maryland.gov.

Sincerely,



Audrey Johnson
Executive Director, Office of Social Equity