



ATCC
Alcohol, Tobacco, and Cannabis Commission

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Maryland Alcohol, Tobacco, and Cannabis Commission
Fiscal Year 2027 Operating Budget
Response to Department of Legislative Services Analysis

Senate Budget and Taxation Committee
Public Safety, Transportation, and Environment Subcommittee
Senator Shelly Hettleman
February 6, 2026

House Appropriations Committee
Public Safety and Administration Subcommittee
Delegate Gabriel Acevero
February 11, 2026

Chairs Hettleman and Acevero:

I am writing on behalf of the Alcohol, Tobacco, and Cannabis Commission (“ATCC” or “Agency”) in response to the Department of Legislative Services (DLS)’s analysis of the Governor’s Fiscal 2027 Operating Budget Allowance for E17. **The ATCC supports the Governor’s Allowance and concurs with the DLS recommendation to concur with the Governor’s Allowance.** The allowance provides the funding for the ATCC to accomplish our mission of the oversight and regulation of the alcohol and tobacco industries and providing necessary enforcement measures over unlicensed and unregulated cannabis sales. These industries collectively generate nearly \$1 billion in taxes and fees revenue to the State annually.

Analyst Question:

On page six of the analysis, the ATCC was asked to comment on “*the reasons for the decreases in alcohol and tobacco criminal violations*”. The reduction in criminal violations across these measures from fiscal 2024 to fiscal 2025 is largely explained by the Agency’s staffing increase in advance of the unlicensed THC workload being distributed. During this period, the ATCC increased staff with the additional responsibility of unlicensed THC enforcement, as provided in the fiscal 2024 budget. However, as noted in the analysis the State and the ATCC were quickly enjoined from enforcing many of those provisions in the Cannabis Reform Act of 2023. This led to agents dedicating more time and resources to tobacco and alcohol inspections and investigations, ultimately resulting in a greater number of violations. As noted in the analysis, the injunction against the State on unlicensed THC enforcement has been lifted, allowing ATCC enforcement agents to focus efforts there as well.

Agency Overview:

The ATCC is divided into four divisions, each of which is represented by a Division Director who reports directly to the Executive Director. For fiscal 2026 and beyond, the ATCC has organized its budget subprograms according to these divisions.

- *Administration, Finance, and Accountability Division (AFAD)*: Responsible for the Agency's budget, fiscal, procurement and human resources functions. Additionally tasked with agency-wide performance evaluations and implementation of accountability metrics;
- *Field Enforcement Division (FED)*: Responsible for enforcing compliance with alcohol, tobacco, and laws related to the illegal sale of cannabis and intoxicating THC products across Maryland; Assisting in the training, inspections and providing other resources to local entities;
- *Legal and Legislative Division (LLD)*: Responsible for representing the Agency before the Maryland General Assembly, and local councils; drafting and editing proposed legislation; charging violations and holding administrative hearings against licensed entities for non-compliance; providing in-house legal advice to the Office of the Executive Director; and ensuring all aspects of the alcohol, tobacco, and cannabis industries (as it relates to illicit cannabis enforcement) comply with Maryland laws and federal guidelines; and
- *Licensing, Research, and Trade Practices Division (LRTD)*: Responsible for the licensing and permitting process for alcohol and tobacco entities doing business in Maryland. This unit processes 35,000-40,000 transactions annually for industry licenses and permits which contribute \$2 million annually to the General Fund. LRTD additionally ensures that licensed businesses adhere to fair trade regulations and ethical practices and is responsible for collecting and reporting on industry data.

The Executive Director's office also maintains a small team for direct support of the Executive Director and the commissioners.

These divisions vary in size and scope, the largest of which is the FED, representing over half of the Agency staff. The number of filled and authorized FTEs by division are below in *Exhibit 1*.

Exhibit 1: Authorized Positions by Division

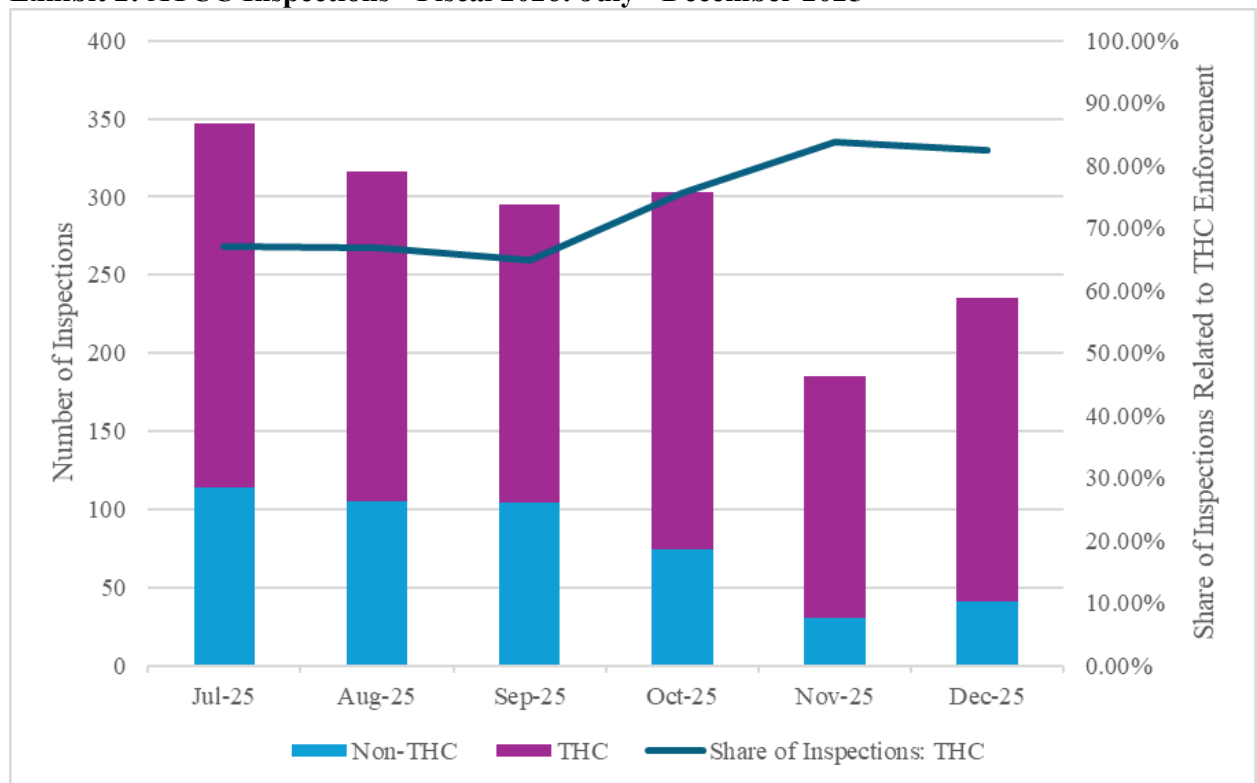
Division	# of Filled PINs	# of Authorized PINs
Administration, Finance and Accountability Division	6	6
Executive Direction	4	4
Field Enforcement Division	34	34
Legal and Legislative Division	4	4
Licensing, Research and Trade Practices Division	13	13
<u>Total</u>	<u>61</u>	<u>61</u>

The DLS analysis notes that, at the time of writing, the ATCC had one vacancy. As shown above, the ATCC is proud to report that this position has now been filled, and the agency is fully staffed.

Reimbursable Funds:

Nearly a third of the ATCC's budget (\$3.7 million in fiscal 2027) is supported by reimbursable funds. These reimbursable funds represent nearly 70% of the Agency's total fund increase from fiscal 2026 to fiscal 2027. These reimbursable funds are supported by the Maryland Cannabis Administration's Cannabis Regulation and Enforcement Fund, which derives its funding through cannabis sales and use tax revenues. These reimbursable funds support the ATCC's unlicensed and unregulated THC enforcement efforts, and are correspondingly concentrated with the Agency's FED. Since the start of fiscal 2026, the ATCC's sworn law enforcement officers have seized over \$2 million worth of unlicensed THC products. For the first six months of fiscal 2026, the ATCC conducted 1,681 inspections, 1,213 of which FED agents were also looking for compliance with the THC laws in the State. Over this period, over 70% of the ATCC's inspections have been related to THC-compliance, as shown below in *Exhibit 2*.

Exhibit 2: ATCC Inspections - Fiscal 2026: July - December 2025



As the DLS analysts discussed, the ATCC's enforcement efforts against these businesses have been bolstered by the Appellate Court of Maryland ruling favorably on a lower court preliminary injunction against the State's enforcement efforts and the passage of Chapters 57 and 58 of 2025. As of December 31, 2025, FED inspections have resulted in 111 investigations, and 99 cases charged. These cases have been brought forward and filled statewide, as shown in *Exhibit 3*, on the following page.

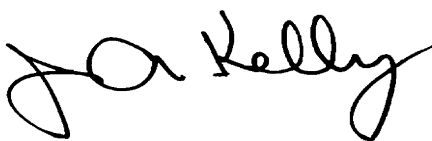
Exhibit 3: District Court Cases

Cases Charged in District Court								
As of 12/31/2025								
County	Pending	Docket	Guilty	Nolle Pro	Stet	Adjudicated	# of Cases Charged	
Allegany	1	1	1	1	0	0	4	
Anne Arundel	5	0	1	1	2	0	9	
Baltimore	6	1	1	0	1	0	9	
Baltimore City	14	0	0	2	0	1	17	
Caroline	2	0	0	0	1	0	3	
Carroll	2	1	0	0	0	0	3	
Cecil	4	0	0	0	0	0	4	
Frederick	0	2	2	0	0	0	4	
Garrett	0	0	2	0	1	0	3	
Harford	2	0	0	0	0	0	2	
Howard	1	0	0	0	1	0	2	
Montgomery	4	5	1	3	1	0	14	
Prince George's	5	2	1	0	1	0	9	
Queen Anne's	0	0	0	0	0	0	0	
Somerset	0	0	0	0	1	0	1	
Talbot	1	0	0	0	0	0	1	
Washington	2	2	2	0	0	0	6	
Wicomico	3	3	0	0	0	0	6	
Worcester	1	0	0	0	1	0	2	
Total	53	17	11	7	10	1	99	

The ATCC has, as discussed in the analysis, included performance metrics related to unlicensed THC enforcement to the Managing for Results (MFR) submission. Additionally, the ATCC has launched a [data dashboard on the Agency's website](#) that shares general information on unlicensed THC seizures fiscal-year-to-date, monthly, and by jurisdiction.

The ATCC would like to thank the subcommittees for their time and attention; the DLS analyst, Yashodhara Rai for her thoughtful analysis; and our DBM colleagues, including Anne Davis, our OBA analyst, for their assistance throughout the budget process.

Sincerely,



Jeffrey A. Kelly
Executive Director