

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1235
Economic Matters

(Delegate Arentz, *et al.*)

Queen Anne's County - Licensed Cannabis Dispensary and Processor Locations -
Distance Requirements

This bill prohibits the governing body of Queen Anne’s County from allowing a cannabis processor to locate within 1,000 feet of (1) a pre-existing primary or secondary school, playground, recreation center, library, public park, or place of worship in the county or (2) a licensed child care center or registered family child care home located in the county. The bill also prohibits, subject to a specified exception, a licensed cannabis dispensary in Queen Anne’s County from being located within 1,000 feet of (1) a pre-existing primary or secondary school, playground, recreation center, library, public park, or place of worship in the county or (2) a licensed child care center or registered family child care home located in the county.

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State finances or operations; the bill is not anticipated to materially affect overall sales of cannabis and cannabis products and, therefore, the total amount of sales and use tax revenue collected from such sales.

Local Effect: The bill is not anticipated to materially affect Queen Anne’s County operations or finances. According to Queen Anne’s County, the bill largely codifies into State law current restrictions for most zoning districts as established in the county code. As a result, the bill is not anticipated to materially affect the number of licensed dispensaries or processors in the county, the sale of cannabis and cannabis products in the county, or the distribution of sales and use tax revenues to the county.

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill’s location restrictions for licensed dispensaries in Queen Anne’s County do not apply to a medical cannabis dispensary licensee that converted to a cannabis business licensee and was properly zoned and operating before July 1, 2023.

Current Law: Chapters 254 and 255 of 2023 established the adult-use cannabis industry in the State by, among other things, (1) establishing the Maryland Cannabis Administration as an independent unit of State government that is responsible for the regulation of adult-use and medical cannabis; (2) creating a licensing framework for the regulated sale of cannabis, including licenses for growers, processors, dispensaries, incubator spaces, and on-site consumption; (3) requiring all medical cannabis licensees to either convert to adult-use cannabis businesses or cease operating by July 1, 2023; and (4) establishing a 9% sales and use tax on the sale of adult-use cannabis.

Local Zoning and Regulatory Authority – Generally

Pursuant to § 36-405 of the Alcoholic Beverages and Cannabis Article, a political subdivision (*i.e.*, a county or a municipality) may establish reasonable zoning requirements for cannabis businesses and decide how to distribute its allocation of tax revenues. A political subdivision may not, however, (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 establishments located in other political subdivisions; (4) prevent an entity from converting a medical cannabis license that is in compliance with all relevant medical cannabis regulations; or (5) negotiate or enter into an agreement requiring a cannabis licensee or applicant to provide money, donations, in-kind contributions, services, or anything of value to the political subdivision.

“Unduly burden” includes imposing a zoning requirement or restriction on the use of property by a cannabis licensee that is more restrictive than those established under § 36-410 of the Alcoholic Beverages and Cannabis Article with respect to the location of dispensaries.

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 (1) the facility was properly zoned and operating on or before January 1, 2023, or (2) the cannabis licensee held a Stage One preapproval for a license before October 1, 2022, and was not actively engaged in the growing, processing, or dispensing of cannabis before that date.

Zoning Restrictions Applicable to Dispensaries

Under § 36-410 of the Alcoholic Beverages and Cannabis Article, in general, a licensed dispensary may not be located within 500 feet of (1) a pre-existing primary or secondary school in the State or a licensed child care center or registered family child care home or (2) a pre-existing playground, recreation center, library, public park, or place of worship. A dispensary also may not be located within 1,000 feet of another licensed dispensary. These distance requirements do not apply to a medical dispensary licensee that converted to a cannabis business licensee and was properly zoned and operating before July 1, 2023.

In general, a political subdivision may adopt an ordinance reducing (but not increasing) these distance requirements. However, a political subdivision may by ordinance increase the statutory distance limitation between dispensaries to no more than one-half mile.

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 the Alcohol Beverages and Cannabis Article.

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.

A political subdivision must grant a waiver to an ordinance that provides a distance requirement for dispensaries under these provisions for a licensed dispensary that was in operation before April 1, 2024.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Queen Anne's County; Alcohol, Tobacco, and Cannabis Commission; Maryland Cannabis Administration; Comptroller's Office; Department of Legislative Services

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