



February 28, 2020

The Honorable Shane Pendergrass, Chair
House Health and Government Operations Committee
Room 241 House Office Building
Annapolis, MD 21401-1991

RE: HB 1449 – Health – Medical Cannabis Reauthorization Act – Letter of Information

Dear Chair Pendergrass:

The Maryland Medical Cannabis Commission (Commission) is submitting this letter of information for House Bill 1449 entitled “Health - Medical Cannabis Reauthorization Act.” HB 1449 would repeal the statutory limit on the number of licenses the Maryland Medical Cannabis Commission may issue for medical cannabis growers and processors, which are currently capped at 22 and 28 licenses, respectively.

HB 1449 also eliminates the competitive ranking of applicants and instead requires the Commission to grant or deny a grower or processor application for Stage One Preapproval within 60 days on a first-come, first-served basis, based on criteria established by the Commission. This 60 day time frame is unrealistic. Oklahoma is the only jurisdiction that has a medical cannabis-only market where the number of licenses is not restricted. The Oklahoma Medical Marijuana Authority currently requires at least 90 business days – or approximately four months – to process license applications and renewals. Moreover, at the outset of the program, the overwhelming number of applications resulted in application turnaround times of upwards of 12 months. The Commission is unaware of any medical cannabis jurisdiction in the country that processes applications in less than 90 business days.

Despite a population of less than 4 million and the program being operational for less than 18 months, the Oklahoma Medical Marijuana Authority has already received more than 7,000 grower and processor license applications. While the Oklahoma application and annual license fees are significantly lower than in Maryland, it is unclear whether, and to what extent, a higher fee could potentially depress the number of applicants. Drawing upon Oklahoma’s experience, it is not unreasonable to assume that the Commission would receive several thousand applications for grower and processor licenses in a market where there are no longer any limits on the number of licenses that may be awarded.

Unlimited expansion in the number of medical cannabis businesses may adversely impact public health and safety. The medical cannabis program is not merely a commercial enterprise, but rather a health care program that fills a critical gap in the delivery system, and one in which patient safety and product quality are paramount. Current Commission regulations establish strict sanitation and


quality control standards for cultivating and manufacturing medical cannabis. In order to enforce these regulatory requirements, the Commission employs a team of more than 20 enforcement and compliance inspectors. Even if the Commission doubled or tripled its staff, it would be insufficient to appropriately regulate medical cannabis businesses in an uncapped market. Currently, Commission staff conduct a minimum of four announced and unannounced inspections at each licensed facility. In contrast, regulators in the uncapped Oregon market inspect only a fraction of the more than 5,000 cannabis businesses each year. Subsequently, it is unsurprising that many of the “tainted” cannabis products linked to the 2019 surge in e-cigarette or vaping product use associated lung injuries were manufactured in Oregon and other western states that lack Maryland’s comprehensive regulatory framework that prioritizes product quality and patient safety.

Furthermore, there are currently 91,187 certified medical cannabis patients, compared with 54,939 certified patients in 2018. As a result, sales of medical cannabis at dispensaries topped \$252 million in 2019, up from \$109.5 million in 2018, a striking 130% increase. However, the dramatic medical cannabis patient and dispensary sales expansion is in part a reflection of a medical cannabis market that is only two years old. As the medical cannabis market matures, a leveling out will occur. In other states with more mature medical cannabis programs, no more than 4% of the state population is comprised of medical cannabis patients, and often a much lesser percentage. Since further expansion in the number of medical cannabis patients has its limitations, growers and processors will inevitably be serving a more fixed patient population. To this end, the Commission has committed to issue a Request for Proposals (RFP) to assess the current and future size of the medical cannabis market in order to better assist policymakers in making medical cannabis-related decisions. The Commission intends to issue the RFP in Spring 2020 and make the award in Summer 2020, with a deadline for completion of the market assessment anticipated not later than December 1, 2020.

HB 1449 would require the Commission to establish a noncompetitive application process for an unlimited number of grower and processor licenses *prior* to awarding the additional grower and processor licenses authorized under House Bill 2 (2018). More than 200 applicants expended significant capital to submit grower and processor applications in 2019, and under HB 1449 these businesses would be given no preference and required to submit another application. The Commission anticipates the award of Stage One Pre-Approvals for the 2019 application period may occur as early as April 2020.

I hope this information is useful. If you would like to discuss this further, please contact me at (410) 487-8069 or at william.tilburg@maryland.gov.

Sincerely,



William Tilburg, JD, MPH
Executive Director

cc: Members of the House Health and Government Operations Committee