

The Honorable Anne R. Kaiser
Chair

*Ways and Means Committee
House Office Building,
6 Bladen St. (from College Ave.),
Annapolis, Maryland*

Dear Chair Anne R. Kaiser,

As the Compliance Officer for an independent and female-owned dispensary licensee, I am writing you in advance of the Ways and Means Committee meaning to express our support for HB0217 Income Tax - Subtraction Modification - Expenses of Medical Cannabis Grower, Processor, Dispensary or Independent Testing Laboratory. It is imperative that cannabis businesses - which are legal in the state - receive the same treatment as every other business in terms of being allowed to deduct ordinary business expenses. Income tax reform needs to take place NOW so that cannabis businesses can continue to help address COVID-19 and economic recovery challenges as well as elevate our philanthropy efforts.

The effective tax rate is high specifically due to the IRS code 280E, which does not allow cannabis companies to write off typical business expenses, things like marketing, depreciation on equipment, and other expenses including charitable donations to 501c3 nonprofits! Just imagine what could be done if a cannabis company, many of which are already giving without the tax advantage, was given a tax incentive to donate? Why not take this opportunity to provide cannabis business with income tax relief to allow it to assist in addressing community resource deficits at a time when it is needed most? Our dispensary was deemed to be part of an essential industry and has stayed open through the course of the pandemic ensuring that our employees still have jobs as well as having provided a temporary salary bump to our employees during the height of the pandemic. A business in another industry would have been able to take a deduction for these expenses, but as a legal cannabis business, we were not able to take deductions. During the pandemic, our dispensary donated to several charities in Silver Spring Maryland focused on food insecurity, and helping those most impacted by the pandemic and economic decline. Charitable donations are deductible by other businesses, but our dispensary - regulated by the State of Maryland - was not able to take a deduction.

We are asking for your support of HB0217 to allow cannabis businesses to be treated like every other business, and to allow our dispensary to support communities in the state of Maryland recover from the impact of the pandemic and economic decline.

Thank you for taking the time to read this letter.

Sincerely,

/s/

Khalil Malouf

Compliance Officer