



January 21, 2021

The Honorable Anne R. Kaiser
Chair, Ways & Means Committee
131 House Office Building
Annapolis, MD 21401

RE: Support for House Bill 217

Dear Chair Kaiser:

The Maryland Wholesale Medical Cannabis Trade Association (CANMD) supports House Bill 217 - *Income Tax - Subtraction Modification - Expenses of Medical Cannabis Grower, Processor, Dispensary or Independent Testing Laboratory*. CANMD thanks Delegate Wilkins for putting this important issue in front of the General Assembly.

CANMD represents the majority of the companies licensed to grow and/or process medical cannabis in Maryland. The majority of our members also operate a dispensary. House Bill 217 highlights an important issue that treats these law abiding Maryland companies different than other lawful businesses and - more importantly - artificially increases the price of medical cannabis for patients.

It is important to note what House Bill 217 does not do. House Bill 217 does not provide medical cannabis companies with a tax break that other Maryland businesses do not have. To the contrary, it rights a wrong in the federal tax code that prevents these lawful businesses from claiming the legitimate ordinary and necessary business expense deductions that every other Maryland business can claim. A federal law aimed at drug kingpins has the effect of increasing the cost of doing business - and in turn the cost to patients - for this lawful activity.

The net effect is that these medical cannabis businesses end up paying taxes on money that other businesses do not pay taxes on. This expense gets built into the cost of producing medicine and inevitably will increase the ultimate cost to consumers. Maryland appropriately considers the end product produced by these companies as medicine, and consistent with State policy does not tax this medicine. If House Bill 217 is not passed, the end result is a backdoor tax on medicine for patients in our State. Please help keep the cost of medical cannabis reasonable for Maryland patients by correcting this anomaly in federal law by passing House Bill 217.

Sincerely,

Mackie Barch
President, CANMD

cc: The Honorable Jheanelle K. Wilkins