



Wes Moore | Governor
Aruna Miller | Lt. Governor
Kevin A. Anderson | Secretary of Commerce
Signe Pringle | Deputy Secretary of Commerce

DATE: March 20, 2024
BILL NO: House Bill 253
BILL TITLE: Cannabis Reform - Alterations
COMMITTEE: Senate Finance
POSITION: Support

The Maryland Department of Commerce (Commerce) supports House Bill 253 - Cannabis Reform – Alterations.

Bill Summary:

House Bill 253 makes a variety of alterations to existing law relating to cannabis. Specifically related to Commerce, House Bill 253 alters the eligible uses of the Cannabis Business Assistance Fund (CBAF) to allow the funds to also be used to pay the administrative expenses of administering the program.

Background:

The CBAF was established through legislation in 2022 and is intended to assist small, minority and women-owned businesses entering the adult-use cannabis industry, including funding to assist with license application and operating or capital expenses; as well as grants Historically Black Colleges and Universities (HBCUs) for cannabis-related programs, and to business development organizations, including incubators, to train and assist small businesses, including minority and women business owners and entrepreneurs, seeking to become licensed to participate in the adult-use cannabis industry. The CBAF has been appropriated \$80 million to date, and will for fiscal years 2024 through 2028 receive 5% of the tax revenue collected from the sale of cannabis.

Rationale:

Commerce began awarding grants and loans through the CBAF in June 2023 and has to date distributed \$45,551,146 in two rounds of funding. A third round of funding launched this week and is available to all qualified applicants for new licenses. The Department expects to award over \$50 million in funding this fiscal year, making CBAF the Department’s largest and most labor-intensive program by far. Commerce has already hired one new employee to assist in administering the program and will be hiring three additional employees to administer as well. Having authorization to utilize CBAF funds to assist in covering the expenses associated with administering the program is crucial as program activity increases with the award of new licenses. Commerce staff will be working closely with new licensees on their financial needs as they open their businesses, not simply awarding funding, thus requiring more staff time and resources than Commerce’s other incentive programs. This level of assistance is necessary to ensure Maryland can continue to lead in a successful and equitable expansion into the adult-use cannabis industry.

Commerce respectfully requests a favorable report on House Bill 253.