

Executive Summary:

The Maryland Cannabis Administration (“MCA” or “Administration”) is submitting this report pertaining to on-site consumption establishments pursuant to Sec. 14 of the Cannabis Reform Act (“CRA”) of 2023 (Chapters 254/255).

The Cannabis Reform Act requires the MCA to conduct a study on on-site consumption of cannabis and cannabis products at retail premises of cannabis licensees and report on:

- A survey of regulations and trade practices for on-site consumption of cannabis and cannabis products in other states and countries;
- Authorizations and restrictions for the use of cannabis distributed at cannabis premises and for the removal of unconsumed cannabis or cannabis products from the premises;
- Operational procedures and controls for on-site consumption premises and the preparation, use, and consumption of cannabis and cannabis products;
- Training requirements and safeguards for employees of premises with on-site consumption of cannabis and cannabis products; and
- Recommendations for policies to implement on-site consumption of cannabis and cannabis products at suitable locations, including suggested legislative and regulatory changes.

Section II of this report summarizes existing State law pertaining to on-site consumption establishments and compares the approach to on-site consumption frameworks adopted in other jurisdictions.

Section III of this report reviews different on-site consumption business types and highlights statutory changes that may be required by the General Assembly to adopt these models in Maryland. The analysis in Section III also assumes that the following provisions would be maintained by the General Assembly:

- Indoor smoking prohibitions currently in Maryland law;
- Restrictions on the sourcing of cannabis products in on-site consumption establishments; and
- Ownership restrictions currently in Maryland law.

Section IV of this report considers various on-site consumption business models in the context of the study criteria included in Sec. 14 of the CRA (summarized above).

Section V applies the analyses in Sections III and IV to make recommendations to the General Assembly for the further development of the on-site consumption license category.

This report proposes recommendations to the General Assembly for different on-site consumption models to consider and any necessary legislative changes to adopt such models. The MCA recommends certain clarifying amendments to the existing statute to make on-site consumption a viable business model in the State.

I. Introduction

On-site consumption facilities are licensed entities that may allow individuals 21 years or older to consume cannabis on the premises. As of 2024, at least 12 states have passed laws establishing on-site consumption (“on-site” or “consumption”) licenses or granted the authority to local governments to allow and regulate on-site consumption through zoning laws. States have been increasingly allowing consumption facilities as a means to reduce cannabis smoking and vaping in public outdoor areas, as well as to promote additional economic opportunities within the cannabis market that have lower overall operational costs.

II. Current Law

a. Provisions under the Cannabis Reform Act

Chapters 254/255 of 2023, the Cannabis Reform Act, contain language pertaining to the licensure and operations of on-site consumption establishments. Under statute, these licenses were not authorized under the first licensing round held in November 2023, but may be awarded in subsequent licensing rounds. An on-site consumption license would allow a business to operate a private establishment where cannabis may be consumed on the premises, but not smoked indoors. The law also permits counties or municipalities to prohibit on-site consumption within their jurisdiction, restrict the smoking or vaping of cannabis at these businesses, and adopt both local zoning and planning requirements governing the siting and operations of these businesses.

The CRA also establishes several health and safety operating requirements for on-site consumption establishments. For instance, on-site consumption establishments are required to have all employees successfully complete annual responsible vendor training and ensure that the display and consumption of cannabis or cannabis products is not visible from outside of the licensed premises. These businesses are also required to educate consumers on the safe consumption of cannabis, including providing informational materials that meet the requirements established by the Cannabis Public Health Advisory Council.

As presently contemplated, an on-site consumption license can distribute cannabis or cannabis products for consumption on their premises *only*. Statute does not allow the licensee to cultivate or process cannabis or cannabis-infused products or add cannabis to food prepared or served on the premises. Additionally, the consumption establishments may not allow on-duty employees of the business to consume cannabis on-site; distribute free samples of cannabis; allow the consumption of alcohol or tobacco products; allow an activity on-site that would require an additional license (including growing, processing, or dispensing); allow indoor smoking; or admit onto the premises or allow the consumption of cannabis by individuals 21 years of age or younger.

b. Current Law in other Jurisdictions

Across the various states who have legalized cannabis, there is not yet a clear consensus in the approach to on-site consumption facilities. **Table 1**, on the following page, provides an overview of the on-site consumption policies per state. One point of contention is whether a retail dispensary can host an on-site consumption lounge within the dispensary itself or in an adjacent space, and whether a distinct license or governmental endorsement is required to allow consumers to consume cannabis on-site. As shown below, eight of the 12 states authorizing on-site use allow a retail business (e.g., dispensary) to also hold a consumption license, and 11 created a distinct on-site consumption.

Only one state (MN) permits the sale or consumption of alcoholic beverages, and no state allows for the sale or use of tobacco products at on-site consumption locations. Specific to alcohol, states have restricted the concurrent sale of cannabis and alcohol based on concerns about using multiple intoxicating substances simultaneously. This is consistent with the current Maryland law governing on-site consumption establishments.

Additionally, a majority of states permit the sale and consumption of food and beverage products, with slight differentiations being made between permitting prepackaged foods and foods prepared on-site. Typically, these businesses are required to comply with state and local food safety regulations, but do not need distinct licenses for allowing the sale and use of other products at on-site consumption facilities. Maryland law is presently silent on the ability to allow for food or other products to be sold at on-site consumption establishments and may be an area of further consideration for the General Assembly.

Table 1: On-site consumption facility policy, by jurisdiction¹

Summary of On-Site Consumption Policies	Licensing Structure		Source of Cannabis On-Site		Other Products		
	Allow with Retail Licenses	Distinct Licenses or Endorsements	Allowed to Bring Prior Purchased Cannabis Products	Allow Sale of Cannabis On-Site	Allow Alcohol	Allow Tobacco	Allow Food
Alaska	Yes	Yes	No	Yes	No	No	Yes
California	Yes	Yes	No	Yes	No	No	No
Colorado	Yes	Yes	Yes	Yes	No	No	No
Illinois	Yes	No	Yes	Yes	No	No	Yes
Maryland	No	Yes	N/A	Yes	No	No	N/A
Michigan	No	Yes	Yes	No	No	No	Yes
Missouri	No	Yes	Yes	No	No	No	Yes
Minnesota	Yes	Yes	No	Yes	Yes	No	Yes
Nevada	Yes	Yes	No	Yes	No	No	Yes
New Jersey	Yes	Yes	No	Yes	No	No	Yes
New Mexico	Yes	Yes	No	Yes	No	No	Yes
New York	No	Yes	No	Yes	No	No	No

¹ <https://www.mpp.org/issues/legalization/state-by-state-on-site-consumption-laws/>

III. On Site Consumption Business Models

As indicated by Table 1 (above), approaches to on-site consumption vary significantly by state. This section introduces and evaluates the different on-site consumption business models that are currently in use across the country.

a. Maintain Indoor Smoking Prohibitions:

i. Cannabis Cafes

Several states have adopted what is commonly known as the “cannabis cafe” model, which was originally popularized by the Netherlands. California is among the domestic examples of cannabis cafes, where consumers may consume cannabis as well as purchase freshly made food and non-alcoholic drinks such as coffee. These businesses often also operate as a dispensary or cannabis lounge, selling cannabis or cannabis infused products for off-site consumption and offering food and live music on-site.²

While this model is broadly consistent with the current State law, there are certain amendments that MCA recommends the General Assembly consider to help ensure on-site consumption businesses can succeed in Maryland.

The greatest limitations in the present language are that businesses may not prepare or sell food products containing cannabis or conduct any activity on the licensed premises that would require an additional cannabis license. These restrictions are seemingly in conflict with a subsequent provision that allows for businesses that have an average daily receipt from the sale of bakery goods that are at least 50% of the average daily receipts of the business to apply to operate a consumption establishment (Alc. Bev. and Cannabis Article, Sec. 36-407(D)). Implicit in the aforementioned section is that bakeries could leverage their existing knowledge and expertise in the manufacturing of baked goods to make cannabis edibles on-site for sale, or other infused products. If the State were to pursue this model, the following legislative fixes would need to occur:

- Strike “add cannabis to food prepared or served on the premises” in Alc. Bev. and Cannabis §36—407 (c)(2)(iii)
- Strike “allow an activity on the licensed premises that would require an additional license under this title, including growing, processing, or dispensing;” in Alc. Bev. and Cannabis §36—407(f)(5)³

Maryland could pursue this model while maintaining restrictions on indoor smoking (e.g. an edibles or beverage only lounge), and the requirement that product sold must be consumed on-site.

This framework may raise concerns about whether the State should be allowing the addition of cannabis to food, especially given that freshly made cannabis-infused food may otherwise look inconspicuous to children, and likely require the need of additional food-safety oversight from local

²<https://www.forbes.com/sites/dariosabaghi/2023/09/14/california-set-to-launch-amsterdam-style-cannabis-cafes-starting-next-year/?sh=20d746785cd1>

³ Striking these provisions would likely be required due to the addition of cannabis to a product prepared on-site may be construed as “processing” as defined elsewhere in the Alcoholic Beverages and Cannabis Article.

health departments. Further, due to California’s slow roll-out of Dutch-style cafes and Amsterdam’s lack of policing, it may be difficult to predict the potential hazards to the general public of these licensed businesses. Conversely, on-site consumption establishments are limited to individuals 21 years or older and products may not be taken off-site, which would likely limit the likelihood of accidental ingestion or ingestion by a child.

In the MCA’s assessment, absent a meaningful expansion in the ability to offer edible or liquid edible product lines, the present framework for on-site consumption lacks a viable market, path forward, or analogue with other legal market’s on-site consumption programs. The following section suggestions clarify this model prior to licenses being issued.

b. Removing Indoor Smoking Prohibitions:

A cannabis cafe model is likely the *only* viable model that would maintain the General Assembly’s intent in the CRA to *prohibit* indoor smoking. Both models discussed below, at a baseline, remove the blanket prohibition on indoor smoking. These models would in some way mirror a hookah lounge or cigar bar. This style of venue is seen upwards of 74 times⁴ across the State as of a 2015 report by the Maryland Department of Health for tobacco consumption.

Either of these below models would likely require the following alterations to statute:

- Alc. Bev. and Cannabis §36—101(y) striking: “other than consumption by smoking indoors” in
- Alc. Bev. and Cannabis §36—407
 - “, but not smoked indoors,” in (a)(2);
 - “prohibit or restrict the smoking or vaping of cannabis at on-site consumption establishments;” in (b)(2); and
 - “allow the indoor smoking of cannabis or cannabis products on the licensed premises;” in (f)(6).
- Additional alterations or exemptions would also likely need to be made within the State’s Clean Indoor Air Act in Health General §24—501 et. seq.

These alterations would maintain a prohibition on smoking tobacco on-site, as well as the consumption of alcohol. This would additionally still allow the option for outdoor, or smoke-free consumption methods.

Either of the models discussed in the next sections come with inherent health risks associated with indoor smoking. While the exact risks of second-hand cannabis smoke are largely unknown, the U.S. Centers for Disease Control and Prevention (CDC) note “the known risks of secondhand exposure to tobacco smoke – including risks to the heart and lungs – raises questions about whether secondhand exposure to [cannabis] smoke causes similar health risks.”⁵

Additionally, secondhand cannabis smoke contains THC and individuals exposed to secondhand cannabis smoke can experience psychoactive effects. Several states establish odor and indoor air quality

⁴ <https://health.maryland.gov/phpa/Documents/HG24-507-CIAA-2014.pdf>

⁵ U.S. Centers for Disease Control and Prevention, Secondhand Marijuana Smoke, available at <https://www.cdc.gov/marijuana/health-effects/second-hand-smoke.html> (visited on October 20, 2022).

standards in their consumption facility provisions, with some states being more prescriptive on this front than others. For instance, Nevada provides explicit requirements for the ventilation of consumption facilities, with detailed instructions in statute as to the number of air-changes per hour, requirements for atmospheric monitoring of the space, and permissible filtration systems. Other states require a separate, designated space that maintains a locked door or other barrier (Illinois); a separate, smoke-free area in the retail store for employees to monitor the consumption of cannabis and, if indoors, ensure any ventilation for the consumption area is separate and through a filtration system that is “sufficient to remove visible smoke, consistent with all applicable building codes and ordinances, and adequate to eliminate odor at the property line” (Alaska).

While not all states have addressed potential occupational health and safety issues, there is concern that continued, long-term exposure to second-hand cannabis smoke could present health risks to consumers and staff and have adopted regulations and health and safety warnings accordingly when establishing these types of licenses. Nevada requires cannabis consumption lounges that allow the inhalation of cannabis smoke to include a warning stating:

“WARNING: This is a smoking lounge. Occupants will be exposed to secondhand smoke. Secondhand smoke is hazardous to your health.”

The General Assembly would need to consider if any of these above considerations to address health and safety or consumer awareness pertaining to secondhand smoke would sufficiently address concerns expressed by the initial prohibition on indoor smoking in consumption lounges.

i. Bring Your Own Cannabis Lounges:

Certain states have created a model that does not provide any retail or sales opportunity by the licensee, such as Colorado’s Marijuana Hospitality Business. Rather, the lounges are simply places where consumption is permitted. These establishments charge an entry fee to allow individuals a safe, legal, and social space to consume cannabis products. They may be partnered or adjacent to retail licensees (i.e. dispensaries) but have no direct or formal relationship.

This framework would allow for a safe location for individuals to consume cannabis, providing an avenue for folks who may otherwise be restricted by their residential living situations from consuming certain types at their private residences. Individuals living with pain and in solitude often find that communal spaces to consume cannabis provide an outlet for interacting with others while simultaneously being pain-free. This may be especially helpful for medical cannabis users.

This model also likely presents the lowest cost to entry for prospective licensees. Further, the Bring-Your-Own-Cannabis model would not change state processes significantly as all cannabis products would have been tracked through the final sale to the consumer. This would ensure that limited to no resources would need to be utilized to track products sold at an on-site consumption lounge and no changes would need to be made to any existing tracking software utilized by the state. However, the State would likely be unable to ensure that *all* cannabis or cannabis products that are brought to the facility originated through the licensed market.

ii. Retail Consumption Lounge Models:

Nevada has multiple categories of consumption site licenses, including the Retail Cannabis Consumption Lounge (RCCL) and the Independent Cannabis Consumption Lounge (ICCL) licenses.

Implementing one of these frameworks would allow for new business opportunity for the cannabis market and provide additional structure to the current on-site consumption language in statute. It would encourage partnership across the cannabis industry, as well as provide safe communal consumption spaces. However, the Nevada RCCL model would explicitly encourage further consolidation within Maryland's market, which would be counter to the initial intent of the CRA's provisions related to on-site consumption facilities.

1. Retail Consumption Lounges

Retail cannabis lounges, like the RCCLs seen in Nevada, are licensed lounges that are attached to or immediately adjacent to an adult-use cannabis retail store. In these cases, the retail store shares common ownership with the licensed lounge and the licenses are considered non-mutually exclusive—one license cannot be transferred without the other. This model could require all products used within the lounge to be single-serving.

If these lounges allow for the smoking of cannabis indoors rather than in a designated, outdoor private smoking space, current law will need to be amended to allow indoor smoking. Additionally, the prohibition on holders of consumption licenses not being able to hold any other license type in Alc. Bev. and Cannabis §36-401(E)(3)(i) would need to be struck to pursue this on-site consumption model. However, the State would be able to maintain the requirement that any product sold could not be taken off-site.

2. Independent Cannabis Lounges

An independent cannabis lounge, comparable to the ICCL model previously mentioned, is not attached or immediately adjacent to an adult-use cannabis retail store. In specific instances, there is a requirement for the lounge to have at least one contract with a dispensary which will provide the cannabis products for sale and use within the lounge. This model would also mandate single-serving cannabis products to be used at the lounge. On-site consumption lounges of this type have also been implemented in Colorado's Retail Marijuana Hospitality Business designation. As mentioned above, current law would need to be amended to allow for indoor smoking, if private, outdoor smoking areas are not used.

iii. Summary:

The MCA has provided a summary in **Table 2**, on the following page of this document for the policy considerations and necessary amendments to the statutory on-site consumption provisions that would allow the Administration to create a strong regulatory framework around one or more of these business models.

Table 2: On-Site Consumption Frameworks with Associated Revisions

On-Site Consumption Frameworks							
Model Type	Necessary Revisions						
	Source of Cannabis/Cannabis Products			Indoor Smoking		Ownership/Control	
	Licensed On-Site Entity	Other Licensed Entity	Individual	Prohibits	Allows	May prohibit shared ownership	Requires shared ownership
Cannabis Cafes	X			X		X	
Bring-Your-Own Cannabis Lounges			X		X	X	
Retail Cannabis Lounges		X			X		X
Independent Cannabis Lounges		X			X	X	

IV. Analysis of Business Models

In Sec. 14 of the CRA, the General Assembly directed the MCA to provide an analysis based on the following considerations:

- Authorizations and restrictions for the use of cannabis distributed at cannabis premises and for the removal of unconsumed cannabis or cannabis products from the premises;
- Operational procedures and controls for on-site consumption premises and the preparation, use, and consumption of cannabis and cannabis products;
- Training requirements and safeguards for employees of premises with on-site consumption of cannabis and cannabis products; and

These are discussed individually below and includes recommendations on which model is best suited to meet the stated goals of the General Assembly. In certain instances, a business model that performs well on one axis is not particularly well suited for another. The MCA's recommendations are based on aligning with each of the above criteria, but ultimately for the General Assembly to determine which priorities take supremacy for the implementation of these license types.

a. Cannabis Distribution on Premises:

Many of the state regulations require the cannabis consumed on-site to be purchased on the premises. Additionally, several states require that these products are in the form of a "single-use" cannabis product. For instance, Nevada's regulations define ready-to-consume cannabis products as:

"Ready-to-consume cannabis product" means an adult-use edible cannabis product that is:

- 1. Prepared and/or infused on the premises of a cannabis consumption lounge;*
- 2. Presented in the form of a foodstuff or beverage;*
- 3. Sold in a heated or unheated state; and*
- 4. Intended for immediate consumption.*

Ready-to-consume cannabis products include, but are not limited to, adult-use edible cannabis products that have been prewashed, precooked, or otherwise prepared for consumption and do not require additional cooking or preparation, including portioning.

Other states additionally require that the single-use cannabis product cannot be taken offsite. Unused cannabis products may be required to be disposed of by the licensee, or other jurisdictions have required a certain sealable exit packaging to be used if there is remaining cannabis or cannabis products.

Single-use cannabis products would likely need to be packaged as such by the grower or processor, or the State should allow for the on-site consumption entities to repackage products into smaller, single-use servings. For instance, many edibles in the State are sold in packages of 10 individual servings. Regulations could be adopted to allow for the on-site consumption license to purchase a package of 10, and then individually repackage them for on-site use. Due to the lack of extensive research and data regarding single-use cannabis products, it is unknown whether the growers and processors in Maryland's cannabis market would be willing to provide single-use cannabis products to meet a new distribution standard.

Single-use or ready to consume product requirements could be implemented with either the cannabis cafe model, or either of the retail models.

b. Operational Procedures and Controls:

Of the models discussed above, only the independent cannabis consumption lounge, or the retail cannabis consumption lounges neatly map on the State's existing seed-to-sale tracking system. These models best lend themselves to restrict sales only to pre-packaged, single serving products, that could be batch tested for compliance with the State's existing regulatory standards. Currently, cannabis products in the State are subjected to batch testing within a specific product category that works to ensure consistency across products.

If the State implemented the cannabis cafes model, the State would likely still require use of the seed-to-sale tracking system. However, if cannabis cafes were to make their own products, such as baking brownies or infusing beverages on-site for retail sale, there could be a significant decline in product tracking and management.

If the State sought to implement the same level of controls for cannabis products prepared on-site, it would result in extensive operational and financial burdens, not only to the individual business owners, but to the Administration as well. Currently, cannabis products in the state have been subjected to pre-market testing within a specific product category that works to ensure consistency across products. If implemented, it would likely require the individual business owners to slow production to ensure consistency and compliance with their products.

Alternatively, if the existing testing requirements were waived for products prepared at an on-site consumption establishment, the consistency of THC in products made at these locations may be inconsistent within batches or individual servings, potentially leading to adverse consumer outcomes. Further, the waiver of these requirements would present challenges for product tracking more generally, potentially creating opportunities for diversion of cannabis or cannabis products.

As implied in the name, the Bring-Your-Own-Cannabis model provides the State little to no opportunity to ensure that the source of the cannabis or cannabis products was at any point in time from the licensed or regulated market. This model presents significant enforcement challenges if the State wishes to prioritize the source of the cannabis at these facilities originating from the licensed market.

c. Training Requirements:

The training requirements in Statute should be able to be applied and implemented equally regardless of the business model the State pursues, except for the Bring-Your-Own model. Under the Bring-Your-Own model, agents at the on-site establishment would not only have no control over the source of the product, but the amount consumed on site. This would create a significant hindrance in communicating or enforcing any safe-driving or safe-consumption regulations. Any cannabis consumption establishments should involve significant public health messaging pertaining to the risks of cannabis consumption, and with specific awareness and training around overconsumption and driving while intoxicated. Present Maryland law pertaining to on-site consumption establishments requires the

Cannabis Public Health Advisory Council to establish requirements for educational materials to be distributed at these establishments.

For instance, Nevada has implemented employee training and consumer education requirements. In Nevada's Regulation 15.045 Employee Training and Consumer Education, consumption lounges are required to train their employees about products, potencies, absorption time, and effects. They also must inform their employees on how to address overconsumption on-site and mitigating impaired driver risks, akin to mitigating drunk-driving at alcohol-serving establishments.⁶ All required training to keep themselves and their customers safe are completed on an annual basis.

These requirements in Nevada are broadly consistent with the State's current statutory requirements on responsible vendor training. Presently, State law requires responsible vendor training for all agents of licensed cannabis businesses. The General Assembly may consider adding additional, on-site consumption specific training on these license types.

V. Additional Policy Considerations

While not part of this analysis, or the directives to the MCA under Sec. 14 of the CRA, there are certain aspects of the On-Site Consumption statute that may warrant further consideration and policy making by the General Assembly prior to any on-site consumption licenses being issued. The MCA believes these areas should be clarified, regardless of the model that the General Assembly ultimately wishes to pursue.

a. Source of Cannabis Products

Some of the models presented above contemplate the different implications of the source of cannabis products. The statute is presently silent on the source of cannabis products, whether through the licensed system or brought on-site by the patrons. However, one additional consideration is, if the products must originate through the regulated market, which other license type(s) are able to transfer products to the consumption establishments. The State could limit transfers to on-site consumption establishments to just Growers or Processors, treating consumption sites at the same level of the supply chain as dispensaries. This would require either that the Growers or Processors alter their packaging to meet any single-serving requirements established by the Administration or permit repackaging to happen at the consumption site itself.

Alternatively, dispensaries could be the only licensees authorized to provide products to on-site consumption establishments, through either formal, direct relationships (i.e. Retail Consumption Lounge models), or in an independent capacity. In either model, repackaging would have to again likely be permitted, or, the State could further consider requiring resealable exit packaging for any multiple servings purchased through a retail oriented model.

Transfers could further be permitted from any level of license type to the consumption establishments. This would allow maximum flexibility for the current industry to meet the single-use

⁶ https://ccb.nv.gov/wp-content/uploads/2023/08/Reg-15_v081623.pdf

packaging needs of the consumption establishments, while permitting products currently at the retail level to be sold by consumption licensees. If the consumption establishments are at any point permitted to sell packages larger than a single serving, the State would further need to contemplate permissions to allow patrons to reseal unused products to take off-site. **The MCA would recommend that the General Assembly clarify that cannabis products must be obtained through the licensed market, and that any of the current license type(s) are authorized to provide products to on-site establishments.**

b. On-Site Consumption Establishments and Food or Food Products

The Statute is presently silent on if (non-cannabis) food can be: a) sold on-site; or b) prepared on-site. **The MCA would recommend that the General Assembly explicitly permit on-site consumption establishments to sell food on the premises.** As exhibited above in Table 1, eight of the jurisdictions reviewed already allow for food to be prepared and/or sold on-site. The General Assembly clarifying this and granting explicit authority would provide for additional revenue streams for these businesses and allow for alternatives for non-cannabis consumers at the establishments.

Further considerations could be given to whether the food sold is limited to prepackaged goods, or if they are additionally permitted to prepare food on-site. The CRA, as introduced, permitted on-site consumption licenses to be sought by “Food Service Facilities, as defined in §21–301 of the Health - General Article,”. Reintroducing these provisions would apply an existing food-service regulatory framework to on-site consumption facilities. The General Assembly could additionally consider, if food is permitted to be prepared and sold on site, providing regulatory authority of the food preparation aspects to local health departments.

c. Other Permitted Activities

The statute is additionally silent on other activities that may be permitted at the on-site consumption establishments, such as live music. Live music endorsements, for bars and restaurants, are generally within the purview of local governments. **If the General Assembly wishes to keep this authority within local control, there may be value in adding it to the list contemplated in Alc. Beverages and Cannabis §36-407(B). Alternatively, if the General Assembly wishes to grant or prohibit this authority broadly, it could be enumerated elsewhere in the chapter.**

VI. Conclusion and Recommendations

When considering which model is best for the State of Maryland to pursue, the General Assembly should consider two potentially competing priorities. First, if the maintenance of indoor smoking prohibitions is an important factor, the **Cannabis Cafe** models would be the most viable option for new businesses. However, this presents certain challenges with applying the current seed-to-sale tracking system. If maintained, this would present a production delay to the businesses preparing products on site. Alternatively, if they were waived or reduced, the State might lose the ability to rigorously enforce or ensure product safety, consistency, and other packaging and labeling requirements. A cannabis cafe could still be limited to the single-serving of products, but if the products lack consistency within batches, this may present adverse outcomes for consumers.

If the General Assembly is otherwise comfortable with removing the indoor smoking prohibition, the **Independent Cannabis Lounges** would allow for products to be better controlled and inventoried, and even be required to arrive at the on-site licensed establishment in a pre-packaged single serving. The State could, by regulation, establish further requirements for proper ventilation for the indoor smoking lounges. This would, however, likely increase costs for these newly licensed businesses.

The MCA would recommend against pursuing the **Bring-Your-Own** model. While it likely presents the easiest to operate, and fastest path to market, the inability of the regulator to ensure the products derived from the licensed market is a significant health and safety downside. Further, it would limit the ability for the licensee to modulate consumption and provide effective public health messaging at the licensed establishment. Additionally, the MCA would caution against directly tying the on-site establishments to an existing dispensary, as seen under the **Retail Consumption Lounge** model. This would further increase consolidation within Maryland’s market and limit the opportunities for new market entrants.

On-Site Consumption Frameworks		
Model Type	Advantages	Disadvantages
Cannabis Cafes	Minimal legislative fixes; maintains indoor smoking provisions	Requires inclusion of food safety considerations; requires single-use products to be packaged by growers or processors; concerns with integration into current product tracking system; production delays; could result in a lack of consistency within batches leading to adverse outcomes
Bring-Your-Own Cannabis Lounges	Relatively low cost to entry and easiest to operate; Equity and Access Oriented Program; may maintain prohibition on shared ownership	Indoor smoking health and safety concerns; Lack of regulatory control over products sold at facilities; limits ability to ensure product origination; requires single-use products to be packaged by growers or processors; hard to modulate consumption
Retail Cannabis Lounges	Aligns with State’s existing tracking system; State may limit to single-servings;	Indoor smoking health and safety concerns; Encourages further consolidation within the market; Reduces opportunity for new market participants.
Independent Cannabis Lounges	Aligns with State’s existing tracking system; State may limit to single-servings; Increases opportunity for new market participants.	Indoor smoking health and safety concerns; Likely a higher cost for newly licensed businesses.