

Maryland Cannabis Administration

OUTREACH, ENGAGEMENT AND TECHNICAL ASSISTANCE PROGRAM

TECHNICAL ASSISTANCE SEMINAR

WEDNESDAY JULY 12, 2023
UNIVERSITY OF MARYLAND EASTERN SHORE

AGENDA

4PM-5PM: Registration and Networking

5PM-5:15PM: Welcome and Opening Remarks

Kara Hunt Chief Diversity Officer, Maryland Cannabis Administration
Delegate Sheree Sample-Hughes

5:15PM-6PM: Technical Assistance Presentation

Andrew Garrison Chief of the Office of Policy and Government Affairs, Maryland Cannabis Administration

Timothy Dupree Senior Policy Analyst, Maryland Cannabis Administration

- Regulatory Structure in Maryland
- Statutory Licensing Requirements
- Emergency Regulations Governing Application Process
- Education and Outreach
- Application Timeline

6PM-6:30PM: Question & Answer Session

6:30PM-7PM: Networking

OUTREACH, ENGAGEMENT AND TECHNICAL ASSISTANCE PROGRAM

TECHNICAL ASSISTANCE SEMINAR

SPEAKER BIOS

Andrew Garrison is the Chief of the Office of Policy and Government Affairs for the Maryland Cannabis Administration and leads the Administration's regulatory, legislative and intergovernmental efforts. Prior to serving in this capacity, he worked in the Maryland General Assembly's budget office for four legislative sessions, with a particular focus on the State's health regulatory agencies and behavioral health programs. He holds a master's in public administration from Texas A&M University with a concentration in Health Policy and Policy Analysis.

Timothy Dupree is a Senior Policy Analyst with experience in cannabis legislation and policy research, providing recommendations for legislators and stakeholders. He has experience as a Program Manager, coordinating activities related to overdose prevention and response in collaboration with various government and community stakeholders. With a master's degree in public health and published research, Timothy has also served as an Adjunct Professor, specializing in drug use and its impact on behavior and health.

Kara Hunt is a public intellectual, educator and scholar currently serving as the Maryland Cannabis Administration's Chief Diversity Officer—developing, designing and executing the Administration's social equity and diversity initiatives. Previously, Kara held the role of Director of Education & Outreach with the Maryland Commission on Civil Rights. Kara earned a Bachelor of Arts degree in Africana studies, as well as a Bachelor of Science degree in Environmental Science from the University of Maryland, Baltimore County; a Master of Arts degree in African American and African studies from The Ohio State University; and a doctorate from the University of California, Irvine's School of Humanities program in Culture & Theory. After completing her degree programs, Kara served as a lecturer in the Department of Philosophy at Avila University. She was then awarded a postdoctoral fellowship at her alma mater, the University of Maryland, Baltimore County. Currently, Kara has more than 15 years of work experience in the areas of equity, civil rights and diversity research, teaching, advocacy and management.

Delegate Sherree Sample-Hughes represents District 37A, which is comprised of both Wicomico and Dorchester counties. She is the second African American and first woman to hold the seat. She serves as the Speaker Pro Tem of the Maryland House of Delegates and is the first African American woman from the Eastern Shore to hold the position. She served as an elector for the 2020 Presidential Election. Delegate Sample-Hughes is a member of many committees in her legislature and serves on the Economic Matters Committee as the Chair of the Workers' Compensation Subcommittee and House Chair of the Joint Committee on Workers' Compensation Benefit & Insurance Oversight. She also serves as the House Chair for the Special Joint Legislative Committee to Select the State Treasurer and is a member of the Women's and Veterans Caucuses. Nationally, Delegate Sample-Hughes is the Co-Vice Chair of Women in Government and an At-Large member of the National Black Caucus of State Legislators.

OUTREACH, ENGAGEMENT AND TECHNICAL ASSISTANCE PROGRAM

VIRTUAL TRAINING ACADEMY

Virtual Training Academy

In an effort to support social equity business license applicants in learning more about the cannabis industry and cannabis business management fundamentals, MCA will provide self-paced/asynchronous courses hosted on Canvas (an adult centered learning management system) that will include interactive review segments. MCA will host live virtual sessions weekly to support student learning. Eligible participants will receive their Canvas virtual registration/access information as soon as they complete the pre application social equity verification process successfully. Participants can begin the program and attend live sessions at any time after they are verified. We encourage early social equity verification to ensure that participants get the most out of the academy.

Sample Courses:

Business Model Innovation

Participants will learn how to develop, manage, and value a cannabis enterprise via interactive lessons on business model development and customer service approaches. Activities will include approaches to business challenges and frequent hurdles on the path to success.

The Chemistry of Cannabis

Participants will learn to select and collaborate with cannabis suppliers and how to strengthen a cannabis business' supply chain strategy. Participants will gain knowledge and insight on potency, flowers, oils, and other products. Participants will learn about Maryland's seed to sale management system operations.

Cannabis Law in Maryland

This course will detail the 2023 Maryland Cannabis Reform Act, covering major components and breaking down relevant requirements. Participants will learn about cannabis policy at the federal, state, and local levels.

Essentials of Cannabis Financial & Operations Analysis

Participants will learn about funding, fund raising, securing loans, security, record-keeping, reporting requirements, accounting and financial management related to the development and maintenance of cannabis businesses.

Social Equity in the Cannabis Industry

This course will cover Maryland's Social Equity Programs and funds related to the cannabis industry as well as historical barriers facing underserved and marginalized populations.

The Maryland Cannabis Administration's

GUIDE TO UNDERSTANDING MARYLAND'S CANNABIS INDUSTRY

WHAT IS CANNABIS CULTIVATION (GROWER)?

Cannabis cultivation means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis. Cultivators grow all of the cannabis plants that are harvested, sold as flower, and made into products. Cultivators grow cannabis in different ways, including indoor grow facilities, greenhouses, or by planting directly in the ground, outdoors (e.g., field cultivation). Their operations look like other agricultural operations in Maryland. Cannabis cultivation is a multi-step process that includes:

- Preparing the soil and growing medium
- Planting seeds or clones
- Irrigating, fertilizing, and managing pests
- Harvesting plants
- Drying, curing and trimming plants

Growers in the State are additionally authorized to provide seeds and seedlings to dispensaries, who can then sell the seeds and seedlings to individuals for home cultivation, a new provision under the CRA.

WHAT IS CANNABIS PROCESSING?

A cannabis processor transforms cannabis into another product, or an extract, and packages and labels the cannabis product. Processed cannabis products refer to products that have been created using extraction methods, in which raw cannabis material is processed into other usable forms. The processed products can range from edibles to concentrates, to tinctures and topical applications, among others.

WHAT IS A CANNABIS DISPENSARY?

A cannabis dispensary is an entity that acquires, possesses, repackages, transports, sells, distributes, or dispenses cannabis or cannabis products, including tinctures, aerosols, oils, and ointments, related supplies, and educational materials for use by qualifying patients, caregivers, or consumers through a storefront or through a delivery service.

HOW DO THESE ENTITIES WORK TOGETHER?

Growers are authorized to provide cannabis to any license type (grower, processor or dispensary) and / or directly to the independent testing laboratories (ITLs). This means that once the grower's product is ready for sale and has been tested for quality and safety, growers can sell to processors who will transform the product or dispensaries who will sell the product as-is.

Processors can provide transformed cannabis products to growers or dispensaries, but not back up the supply chain to growers. Processors cannot provide cannabis to dispensaries, only processed cannabis products.

Dispensaries receive cannabis and cannabis products from processors and growers. By law, all cannabis products in Maryland's adult use market must be grown, tested, processed and dispensed in the state of Maryland. Cannabis products from sources outside of the state of Maryland are legally prohibited.

VERTICAL INTEGRATION

Vertical integration means a singular business operation grows, processes and/or dispenses cannabis.

Is vertical integration legal in Maryland?

There are no laws prohibiting vertical integration in Maryland, however, individuals are restricted from having ownership or control of more than:

- 1 Grower License;
- 1 Processor License; and
- 4 Dispensary Licenses.

Does this mean that vertically integrated businesses are the only businesses that can be successful or profitable in Maryland?

As with any industry, there are large and small suppliers. Consumer choice is driven by a variety of factors. For instance, some consumers may have more interest in small batch or craft cannabis.

MORE INFORMATION:
CANNABIS.MARYLAND.GOV



INFORMATION ON OPENING A CANNABIS BUSINESS

WHAT ARE THE STEPS TO OPENING A CANNABIS BUSINESS IN MARYLAND?

The first step is acquiring a license.

Who can apply?

The Cannabis Reform Act (HB556/SB516) requires that all applicants in Round 1 qualify as social equity applicants. A social equity applicant is defined as an applicant that has at least 65% ownership and control held by one or more individuals who:

- Lived in a disproportionately impacted area for at least five of the past 10 years; or
- Attended a public school in a disproportionately impacted area for at least 5 years; or
- Attended, for at least two years, a postsecondary institution of higher education in the State where at least 40% of the individuals who attended the institution are eligible for a Pell grant.

An individual only needs to meet one of the above criteria to qualify as a social equity applicant.

What is a "Disproportionately Impacted Area"?

The Cannabis Reform Act (HB556/SB516) defines a disproportionately impacted area as an area that had above 150% of the state's 10-year average for cannabis possession charges. A map of disproportionately impacted areas and associated zip codes in Maryland will be shared in the coming weeks.

What do I need to apply?

In addition to meeting the criteria for a social equity applicant, your application must include:

- A detailed operational plan
- A business plan; and
- A detailed diversity plan.

Is it free to apply?

No. An applicant must submit an application fee of either \$5,000 for a standard license; or \$1,000 for a micro license.

What's the difference between a standard license and a micro license?

Both standard and micro licenses offer the opportunity to form a business to grow, process, or dispense cannabis and cannabis products in Maryland. Micro licenses are intended for smaller businesses, and the amount of cannabis a business can grow or process is limited under law. Similarly, micro dispensaries may establish a delivery service for cannabis and cannabis products to patients and consumers.

What happens after I submit my application?

The Maryland Cannabis Administration will conduct a lottery that is impartial and random. Any applicant that meets the minimum qualifications for licensing shall be placed in the lottery. Applicants selected via the lottery may be required to submit additional or supporting documentation necessary to verify aspects of the application before being granted a conditional license.

BECOMING OPERATIONAL

The second step is becoming operational.

During the conditional licensing period, an applicant has 18-months to make a good faith effort to become operational. This includes securing the licensed premises, completing a supplemental application, gaining local zoning approval of the licensed premise, and registering the business with the State Department of Assessment and Taxation.

The MCA may grant extensions to the conditional licensing period. Prior to becoming operational, the business and licensed premises must be inspected by the MCA, upon completion of which, the license will be granted to the conditional license holder.

MORE INFORMATION:
CANNABIS.MARYLAND.GOV



Maryland Cannabis Administration

Social Equity Applicant Overview

Cannabis Business Assistance Fund

- Established in 2022, the purpose of the Cannabis Business Assistance Fund is to assist small, minority- and women-owned businesses entering the cannabis industry.
- Beginning July 1, 2023, 80 million dollars will be appropriated to the Fund by the Maryland General Assembly. Moving forward, 5% of the State's cannabis sales and use tax will be credited to this Fund.
- The Fund is administered by the Maryland Department of Commerce, who is authorized to issue grants and loans to small, minority- and women-owned businesses, and grants to the State's Historically Black Colleges and Universities for cannabis-related programs and business development organizations to train and assist small, minority, and women business owners and entrepreneurs seeking to become licensed in the cannabis industry.
- More information on the Cannabis Business Assistance Fund is available at <https://commerce.maryland.gov/fund/programs-for-businesses/cannabis-business-assistance-fund>.

Social Equity Partnership Grant Program

- This program offers grant funding to incentivize existing licensees to train, mentor, or share commercial space or equipment with social equity licensees.
- The program and associated funds are administered by the Office of Social Equity.

Social Equity Verification

- The Maryland Cannabis Administration will be working with a third-party vendor to assist interested applicants in determining whether they qualify as a social equity applicant.
- Eligible applicants will have the opportunity to verify their status prior to the licensing application round in the fall of 2023.
- More information on the social equity applicant verification program will be provided in the coming weeks at cannabis.maryland.gov.



Learn more at cannabis.maryland.gov

Maryland Cannabis Administration

Social Equity Applicant Overview

Background

On May 3, 2023, Governor Wes Moore signed the Cannabis Reform Act into law, creating a framework for adult-use cannabis in Maryland. As part of the framework, the new Maryland Cannabis Administration (MCA) is authorized to conduct at least three rounds of business licensing. Individuals who have lived or attended public school in geographic areas disproportionately impacted by the war on drugs will be prioritized in the licensing process. The first licensing round is tentatively scheduled for fall 2023.

Exclusive Application Round

The first round of cannabis licensing, scheduled for fall 2023, is exclusively for businesses who qualify as "Social Equity Applicants" (see definition and eligibility below). In the first round, MCA may award up to 220 licenses to social equity applicants who meet the minimum qualifications for licensure across the following categories: grower, processor, dispensary, and incubator space.

More information on the social equity application round will be available in the coming weeks at cannabis.maryland.gov.

Social Equity Applicant Definition

- "Social equity applicant" means an applicant for a cannabis license or cannabis registration that:
- Has at least 65 percent ownership and control held by one or more individuals who:
 - Have lived in a disproportionately impacted area for at least 5 of the past 10 years;
 - Attended a public school in a disproportionately impacted area for at least 5 years; or
 - For at least 2 years, attended a 4-year institution of higher education in the State where at least 40 percent of the individuals who attend the institution of higher education are eligible for a Pell Grant

"Disproportionately impacted area" means a geographic area that has had above 150% of the State's 10-year average for cannabis possession charges, as determined by the Office of Social Equity. A list of qualifying zip codes will be published by the Office of Social Equity this summer.

Micro Licenses

- The Cannabis Reform Act establishes new craft or micro grow, process and dispensary licenses. These license categories are exclusively for social equity applicants.
- There are a total of 100 micro grower, 100 micro processor, and 10 micro dispensary licenses allowed under law.
- Micro licensees pay reduced application and licensing fees and have the ability to transition to standard licensing fees after a period of 24 months of operations.
- A micro grower may operate up to 10,000 sq. ft. of indoor canopy, or up to 40,000 sq. ft. of outdoor canopy.
- A micro processor may process up to 1,000 pounds of cannabis per year.
- A micro dispensary may operate a delivery service that sells cannabis and cannabis products without a physical storefront and employs less than 10 employees.



Learn more at cannabis.maryland.gov

SUMMER OUTREACH SCHEDULE

SUMMER FAIRS AND FESTIVALS

Visit our Table @

6.18 AFRAM (Baltimore)

6.24 Pop up and Grow Market (Waldorf)

7.7 Charles County Summerfest (Waldorf)

8.19 Groove City Cultural Fest (Cambridge)

8.19 Afro-Latino Caribbean Day (Sandy Spring)

8.20 Vegan Soulfest (Baltimore)

8.24 Maryland State Fair (Timmonium)

9.10

9.16 Baltimore County African American Cultural Festival

9.23 Kunta Kinte Heritage Festival (Annapolis)

10.1 Frederick Hispanic Heritage Festival

SAVE THE DATE

TECHNICAL ASSISTANCE SEMINARS

HEAR FROM MCA STAFF AND
INDUSTRY EXPERTS ON:

THE BUSINESS LICENSE APPLICATION
PROCESS

DIVERSITY AND SOCIAL EQUITY
INITIATIVES

AVAILABLE LICENSE TYPES AND
QUANTITIES

5PM-7PM

REGISTRATION INFORMATION
COMING SOON

7.12

University of Maryland
Eastern Shore

7.19

The Universities at
Shady Grove

8.2

Frostburg State University

8.9

Cecil College

8.14

Coppin State University

8.23

University System of Maryland
at Southern Maryland



2023 Business License Application

cannabis.maryland.gov

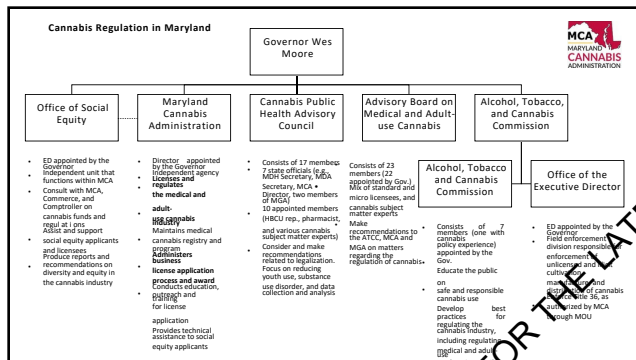


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Overview

- Regulatory structure in Maryland
- Statutory Licensing Requirements
- Emergency Regulations Governing Application Process
- Education and Outreach
- Application Timeline

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HB 556/SB516: CANNABIS REFORM ACT

Business Licensing Requirements

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Statutory Licensing Requirements

Chapter 24/255 of the Acts of 2023 establish all major provisions of the business licensing process, including:

- Application fees
- Number of licensing rounds
- Number of licenses that may be awarded
- Timing of:
 - Announcing application period
 - Application period
 - Award of conditional licenses
- Applicant eligibility requirements
- Application criteria

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Fees and Timing

Mandatory application fees

- \$5,000 for a standard grower, processor, or dispensary, or incubator space
- \$1,000 for a micro grower, processor, or dispensary license

Timing of Application Rounds

- MCA is authorized to hold three separate licensing rounds
- For the first licensing round MCA must:
 - Notify public **at least 60 days** before accepting applications,
 - Accept applications for a period of **30-days**, and
 - Begin awarding licenses by **January 1, 2024**.
- For the second licensing round, MCA may not begin awarding licenses prior to May 2024.
- After the second licensing round, MCA shall award licenses as needed in accordance with a market demand study.

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Eligibility

Social Equity Applicants only for all business categories in the first licensing round

- A social equity applicant is an applicant who has at least 65% ownership and control held by one or more individuals who:
 - Have lived in a disproportionately impacted area for **at least 5 of the past 10 years**;
 - Attended a public school in a disproportionately impacted area for **at least 5 years**; or
 - For **at least 2 years**, attended a 4-year institution of higher education in the State where at least 40 percent of the individuals who attend the institution of higher education are eligible for a Pell Grant.

Submission restrictions

- A person may only be included on **one (1) application per license type, per licensing round**
- A person may only be included on a maximum of **two (2) applications across all license categories in any licensing round** (e.g., a person may submit 1 grower and 1 dispensary application)

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Application Criteria

- Applications will be reviewed on a pass-fail basis
- Any application that meets the minimum qualifications for licensure will be placed in a lottery
- Application Requirements
 - A **detailed operational plan** for the safe, secure, and effective cultivation, manufacture, or dispensing of cannabis
 - A **business plan** demonstrating a likelihood of success and sufficient business ability and experience on the part of the applicant
 - A **detailed diversity plan**
- For out-of-state applicants:
 - Documentation that the applicant meets the criteria for a social equity applicant

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Lottery Process

Dispensary and On-site Consumption

- Apply by **county**
- An applicant, including any owners or investors in an applicant, are limited to one (1) application
- Each county will have at least one additional dispensary license in the first licensing round
- Number of maximum dispensary licenses per county based on population and market demand within a specific county
- MCA will conduct a lottery for each county in which the number of eligible applicants exceeds the number of licenses

Grower, Processor, and Incubator

- Apply by **region**
- An applicant, including any owners or investors in an applicant, are limited to one (1) application per licensing category
- MCA will conduct a lottery for each region in which the number of eligible applicants exceeds the number of licenses

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Question Break:

Questions pertaining to: The Cannabis Reform Act, what else is in the bill, what has changed since the bill was signed, what has changed since July 1st?

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Application Notification, Submission, and Review

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Emergency Regulations

- On May 25, 2023, MCA submitted draft emergency regulations to the Joint Committee on Administrative, Executive, and Legislative Review (AELR).
- These regulations are currently in effect.
- The regulations provide additional details on the upcoming business license process
- The emergency regulations package may be viewed at cannabis.maryland.gov under the "Laws and Regulations" tab

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COMAR 14.17.05.03 Application Notification, Submission and Review

Application Announcement (at least 60 days before application period) will include:

- Types of licenses and number of licenses available by license type
- Beginning and closing date of the 30-day application period
- Any regional, jurisdictional, or other geographic considerations in the licensing round

Minimum Qualifications

- MCA will determine whether an application meets the minimum qualifications for the lottery on a pass-fail basis
- Specific minimum qualifications will be communicated prior to the licensing period

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COMAR 14.17.05.04 Lottery and Conditional License Award

Lottery

- Any applicant who meets the minimum qualifications is placed in a randomized lottery
- A separate lottery will be conducted for each county (dispensaries) or region (growers and processors)
- Prior to awarding a conditional license MCA may verify any application information, including ownership and control

Conditional License

- Applicants selected in the lottery will receive a conditional license
- A conditional license is valid for 18 months
- During the conditional license period, a business must complete a supplemental application that includes:
 - Criminal history and financial background investigation on all owners and investors
 - Verifying all information provided in the application, including ownership and control
 - Identifying a physical location and demonstrating legal control of the premises
 - Passing all health, safety, and security inspections

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COMAR 14.17.05.07 Hearing Rights

Applicant determined not to meet minimum qualifications

- 10 days to request a records review of the submitted application
- During the records review the applicant may examine the applicant's records received by MCA and verify the basis on which the application was deemed ineligible for the lottery
- Records review will occur **prior** to the lottery

Selected applicant who has their application denied or conditional licensee who has their conditional license rescinded

- May request an administrative hearing pursuant to COMAR 14.17.22
- MCA may conduct the hearing or delegate its hearing authority (e.g., OAH)

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Conditional Licensing Period

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Conditional License Award

Prior to awarding a conditional license MCA may verify any application information, including ownership and control

Conditional License

- Applicants selected in the lottery will receive a conditional license
- A conditional license is valid for 18 months
- During the conditional license period, a business must complete a supplemental application that includes:
 - Criminal history and financial background investigation on all owners and investors
 - Verifying all information provided in the application, including ownership and control
 - Identifying a physical location and demonstrating legal control of the premises
 - Passing all health, safety, and security inspections
 - Register, if not already, with State Department of Assessment and Taxation
 - Additional investigation of the prospective licensee
- Ability for the licensee to obtain additional funding through grants, loans, or additional investors

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Education and Outreach

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Education and Outreach

Prior to opening a 30-day application period, MCA will conduct extensive outreach and education on the application process

MCA Outreach will fall into one of three categories:

1. Virtual Academy
2. In-person events hosted by MCA
3. Fairs, festivals, and other events attended by MCA

Outreach and Education Objectives:

- Inform potential social equity applicants of the upcoming licensing opportunities
- Assist potential applicants with determining whether they meet the eligibility criteria of a social equity applicant
- Assist social equity applicants with understanding the application requirements, timeline, and process
- Connect social equity applicants with the Office of Social Equity for technical assistance and other support services

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Virtual Academy

The MCA is putting together self paced/asynchronous courses hosted that will include interactive review segments and the MCA will host live virtual sessions weekly to support student learning.

Sessions for the Virtual Academy will include:

- **Business Model Innovation** Participants will learn how to develop, manage, and scale a cannabis enterprise via innovative business models, product development and customer service approaches. Activities will include approaches to business challenges and frequent business on-the-go sessions.
- **The Chemistry of Cannabis** Participants will learn to select and collaborate with cannabis suppliers and how to strengthen a cannabis supply chain strategy. Participants will gain knowledge and insight on potency, flowers, oils, and other products. Participants will learn about Maryland's need to scale management system operations.
- **Cannabis Law in Maryland** This course will detail the 2023 Maryland Cannabis Reform Act, covering major components and breaking down relevant requirements. Participants will learn about cannabis policy at the federal, state, and local levels.
- **Essentials of Cannabis Financial & Operations Analysis** Participants will learn about funding, fund raising, stock, bonds, security, record-keeping, reporting requirements, pricing, accounting and financial management related to the development and operation of Cannabis Businesses.
- **Social Equity in the Cannabis Industry** This course will cover Maryland's Social Equity Programs and how they relate to the Cannabis industry as well as historical barriers facing underserved and marginalized populations.

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Upcoming Outreach Events



Other Technical Assistance Seminars

7/12	University of Maryland Eastern Shore
7/19	The Universities at Shady Grove
7/20	Coppin State University
8/2	Frostburg State University
8/9	Cecil College
8/23	University of Maryland at Southern Maryland

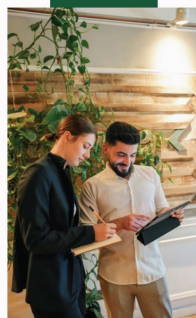
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Question Break:

Questions pertaining to: Upcoming application and outreach timeline? Dates and Events? Regulatory Process as it pertains to upcoming licensing rounds?

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Social Equity Applicant: Process, Definition and Eligibility



Social Equity Applicant Timeline

*Note the first round will be exclusively for applicants who qualify as a social equity applicant.
 Plans of implementation dependent on establishment and work of the Office of Social Equity



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Statutory Definition of Social Equity Applicant

36-101(FF)

(FF) "SOCIAL EQUITY APPLICANT" MEANS AN APPLICANT FOR A CANNABIS LICENSE OR CANNABIS REGISTRATION THAT:

(1) HAS AT LEAST 65% OWNERSHIP AND CONTROL HELD BY ONE OR

MORE INDIVIDUALS WHO:

- (I) HAVE LIVED IN A DISPROPORTIONATELY IMPACTED AREA FOR AT LEAST 5 OF THE 10 YEARS IMMEDIATELY PRECEDING THE SUBMISSION OF THE APPLICATION;
 - (II) ATTENDED A PUBLIC SCHOOL IN A DISPROPORTIONATELY IMPACTED AREA FOR AT LEAST 5 YEARS; OR
 - (III) FOR AT LEAST 2 YEARS, ATTENDED A 4-YEAR INSTITUTION OF HIGHER EDUCATION IN THE STATE WHERE AT LEAST 40% OF THE INDIVIDUALS WHO ATTEND THE INSTITUTION OF HIGHER EDUCATION ARE ELIGIBLE FOR A PELL GRANT; OR
- (2) MEETS ANY OTHER CRITERIA ESTABLISHED BY THE ADMINISTRATION.

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Statutory Definition of Disproportionately Impacted Area

36-101(R)

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Social Equity Applicant Workflow

Next steps and process for prospective applicants

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Social Equity Applicant Verification Process

Identification of disproportionately impacted areas

Office of Social Equity evaluates data on cannabis possession charges in the State to identify disproportionately impacted areas.

Pre-verification of social equity applicants

The MCA uses the Office of Social Equity's disproportionately impacted areas and other statutory criteria to work with prospective applicants to ensure eligibility for forthcoming licensing round.

Initial Application Round

Use and eligibility of social equity applicant status further streamlines the application process for prospective licensees.

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Examples of Verification Materials



Lived in a Disproportionately Impacted Area

Applicants will need to produce one or more of the following for five separate years from calendar 2013-2023:

- Tax returns showing address.
- Lease, or rental agreement for residential property.
- Title or deed to residential property.
- Voter registration.
- Bank documents, pay stubs, bills, or other verified documentation showing an individual's address.



Public School / Higher Education

Transcripts showing public school enrollment and attendance for five or more years at a public school in a disproportionately impacted area.

Two years of transcripts or school records from a 4-year institution of higher education in the State where at least 40 percent of the individuals who attended the institution are eligible for a Pell Grant.

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License Types

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License Types

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Two Classes of Licenses



Micro Licenses

Certain restrictions on size/operations, including:

- Fewer than 10,000 square feet of indoor canopy or it's equivalent for micro-growers.
- Fewer than 1,000 pounds of cannabis processed for micro-processors.
- Fewer than 10 employees and no brick-and-mortar establishments for micro-dispensaries.

An explicit pathway to convert successful micro businesses into corresponding standard licenses.

Lower application (\$1,000) and licensing fees (\$10,000 every 5 years).

Ability to use incubator spaces to reduce operating costs.



Standard Licenses

Example: Businesses converted from medical program.

Limited restrictions on operations (only restrictions is on growers total canopy).

Higher cost of applications (\$5,000), licensing (\$50,000-\$25,000), and operations.

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License Categories



Grower

Authorized for the cultivation of cannabis plants.

Able to transfer bulk flower product to processors for transforming into cannabis products, or directly to dispensaries for sales of flower products. May transfer seedlings to dispensaries for home-cultivation sales.

Can use outdoor field cultivation, indoor cultivation, or a hybrid of the two.

Certain flowering canopy restrictions in place. Canopy measured differently for indoor v. outdoor growing.



Processor

Authorized for the receipt of cannabis flower from licensed growers. Can transform the cannabis into other products (e.g. vapes, edibles, and concentrates).

Responsible for sending transformed products to be batch tested.

Responsible for proper packaging and labeling of transformed products.

Additional food-safety or manufacturing permitting required for production of edibles or exempted, high-potency products, respectively.



Dispensary

Authorized for the retail sale of cannabis and transformation of bulk cannabis into usable cannabis products only.

Responsible for responsible sales practices including: checking ID, assessing and collecting applicable sales taxes.

Must include certain accommodations for medical patients, including patient-only designated service lanes.

Allowed for delivery, drive thru, curbside, and other dispensing practices under certain circumstances.

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Two New License Types



Incubator Spaces

Authorized in initial licensing round.

Contemplated as a space that can be shared by micro-licenses to reduce additional overhead expenditures by new licensees (e.g. a shared commercial kitchen for micro-processors)

MEDCO completing a study for potential locations for regional incubators.

Initial incubator will be funded and operated by the State.



On-Site Consumption

Not authorized until second licensing round (after May 2024).

Indoor smoking is not permitted.

Local governments can prohibit on-site consumption establishments in their jurisdiction.

Not authorized to cultivate, or process cannabis, or transform cannabis into food or food products.

Tobacco and alcohol consumption is also prohibited on premises of on-site consumption establishments.

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Other Market Participants



Independent Testing Labs

Perform required cannabis testing for potency, heavy metals, pesticides, microbiological impurities, etc. for the licensed cannabis businesses.

Required to perform testing in accordance with MCA technical authority.

Biannual registration fee.



Security Guards, Delivery Services, Other Ancillary Businesses

Roughly 50 businesses authorized in the State to dispose of green waste, provide security for facilities, and transport cannabis or cannabis products between licensed businesses.

Delivery services authorized for delivery to medical patients only until June 30, 2024. Following this, only authorized for intra-licenses / ITL transportation.

Unlimited participation.



Research and Development

Ability for academic institutions, related medical facilities or biomedical research firms to conduct cannabis research.

Additional authorization for research and development entities outside of academic research. Research and development entities may grow, process and test cannabis or cannabis products only for specific purposes. May only transfer to other research entities.

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Awards

Total	
• Standard	75
– Grower	100
– Processor	100
– Dispensary	300
• Micro	
– Grower	100
– Processor	100
– Dispensary	100
• Incubator	10
• On-site consumption	50

*Total includes converted licenses

First Round	
• Standard	30
– Grower	40
– Processor	80
– Dispensary	
• Micro	
– Grower	30
– Processor	30
– Dispensary	10
• Incubator	10

Second Round	
• Standard	25
– Grower	25
– Processor	120
– Dispensary	
• Micro	
– Grower	70
– Processor	70
– Dispensary	-
• Incubator	10
• On-site consumption	15

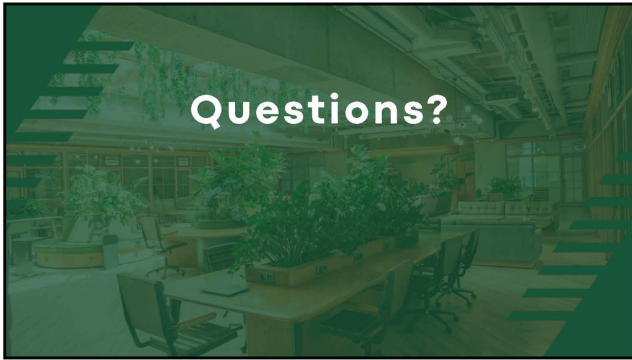
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Provisions pertaining to Social Equity Licensees

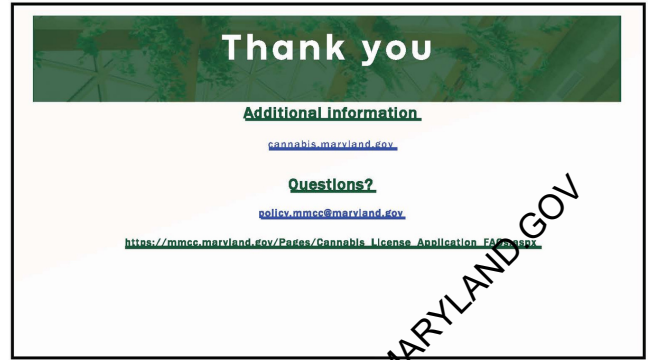
Once a social equity applicant becomes licensed by the MCA, they become a social equity licensee, which provides various statutory accommodations including:

- Eligibility for the Social Equity Partnership Grant Program.
- Licensing fees reduced by 50%.
- Ensuring that dispensaries are stocking products made by social equity licensees.
- Ensuring that other previously operating businesses reverse cannabis for the social equity licensees to produce or dispense.
- Providing access to the Department of Commerce's Capital Access Program.
- Providing access to the Department of Commerce's Cannabis Business Assistance Fund.

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