

# Title 14

## Independent Agencies

### Subtitle 17 Maryland Cannabis Administration

#### 14.17.01 Definitions

*Authority: Alcoholic Beverages and Cannabis Article, §36-101, Annotated Code of Maryland*

##### **.01 Definitions.**

A. In this subtitle, the following terms have the meanings indicated.

##### B. Terms Defined

- (1) "Administration" means the Maryland Cannabis Administration established under Alcoholic Beverages and Cannabis Article, § 36-201, Annotated Code of Maryland.
- (2) "Advisory Council" means the Cannabis Public Health Advisory Council established under Health-General Article, §13-4502, Annotated Code of Maryland.
- (3) Agent.
  - (a) "Agent" means an employee, a volunteer, or any other authorized person who acts for or at the direction of a cannabis licensee or cannabis registrant.
  - (b) "Agent" includes:
    - (i) Cannabis licensee agent;
    - (ii) Cannabis registrant agent;
    - (iii) Owners; and
    - (iv) Management companies or individuals who are employees, volunteers, or otherwise authorized by a management company.
- (4) Cannabis.
  - (a) "Cannabis" means the plant *cannabis sativa* L. and any part of the plant, including all non-synthetically derived, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9-tetrahydrocannabinol concentration greater than 0.3 percent on a dry weight basis.
  - (b) "Cannabis" includes cannabis products, seeds, seedlings, immature plants, and clones.
  - (c) "Cannabis" does not include hemp or hemp products, as defined in the Agriculture Article, §14-101, Annotated Code of Maryland.
- (5) Cannabis Product.
  - (a) "Cannabis product" means a product that is composed of cannabis, cannabis concentrate, cannabis extract, or any other ingredient and is intended for use or consumption.
  - (b) "Cannabis product" includes any product produced and regulated under this subtitle, including:
    - (i) Cannabis vaporizing devices;
    - (ii) Concentrated cannabis products;
    - (iii) Edible cannabis products; and
    - (iv) Usable cannabis products.
- (6) Cannabis Vaporizing Device.
  - (a) "Cannabis vaporizing device" means a device that can be used to deliver aerosolized or vaporized cannabis or cannabis products to an individual inhaling from the device.
  - (b) "Cannabis vaporizing device" includes:
    - (i) A vape pen;
    - (ii) Vaping liquid; and
    - (iii) Any component, part, or accessory of such a device regardless of whether it is sold separately, including a concentrated or infused cannabis liquid, for the purposes of heating and producing a vapor.
- (7) Canopy.
  - (a) "Canopy" means the total square footage of space used by a licensee to produce flowering cannabis plants.
  - (b) "Canopy" includes each layer of flowering cannabis plants grown on any rack or shelving.
  - (c) "Canopy" does not include square footage used for:
    - (i) Mother stock;
    - (ii) Propagation;
    - (iii) Immature or nonflowering plants;
    - (iv) Processing;
    - (v) Drying;
    - (vi) Curing;
    - (vii) Trimming;
    - (viii) Storage;
    - (ix) Offices;
    - (x) Hallways;
    - (xi) Pathways;
    - (xii) Work areas; or
    - (xiii) Other administrative and nonproduction uses.

- (8) “Capsules” means a solid preparation containing a single serving of tetrahydrocannabinol or other cannabinoid that:
- (a) Is intended to be swallowed whole;
  - (b) Not formulated to be chewable, dispersible, effervescent, orally disintegrating, used as a suspension, or consumed in a manner other than swallowed whole; and
  - (c) Does not contain any added natural or artificial flavor or sweetener.
- (9) Caregiver.
- (a) “Caregiver” means an individual who has agreed to assist with a qualifying patient’s medical use of cannabis.
  - (b) “Caregiver” means, for a qualifying patient younger than 18 years old:
    - (i) A parent or legal guardian; and
    - (ii) Not more than two additional adults designated by the parent or legal guardian.
  - (c) “Caregiver” does not include any designated school personnel authorized to administer medical cannabis to a student in accordance with the guidelines established under Education Article, §7-446, Annotated Code of Maryland.
- (10) “Certifying provider” has the meaning stated in Alcoholic Beverages and Cannabis Article, §36-101, Annotated Code of Maryland.
- (11) Concentrated Cannabis Product.
- (a) “Concentrated cannabis product” means a product derived from cannabis that has undergone a process to concentrate one or more active cannabinoids.
  - (b) “Concentrated cannabis product” includes:
    - (i) Kief;
    - (ii) Hashish;
    - (iii) Bubble hash;
    - (iv) Oil;
    - (v) Wax;
    - (vi) Shatter;
    - (vii) Resin; or
    - (viii) Any other product produced by extracting cannabinoids from the plant using solvents, carbon dioxide, heat, screens, presses or steam distillation.
  - (c) “Concentrated cannabis product” does not include any cannabis vaporizing device as defined in this regulation.
- (12) “Conditional license” means a temporary preapproval for a cannabis license issued pending satisfactory completion of the requirements for licensing under COMAR 14.17.05.
- (13) “Consumer” means an individual 21 years old or older who purchases cannabis or a cannabis product from a licensed dispensary or on-site consumption establishment.
- (14) Control.
- (a) “Control” means:
    - (i) The decision-making authority over the management, operations, or policies that either guide a business or guide authority over the operation of the technical aspects of a business; or
    - (ii) Authority over the operation of the technical aspects of the business.
  - (b) “Control” includes:
    - (i) Holding a right to veto significant events;
    - (ii) The right or authority to make or veto decisions regarding operations and strategic planning, capital allocations, acquisitions, and divestments;
    - (iii) The right or authority to appoint or remove directors, corporate-level officers, or their equivalent;
    - (iv) The right or authority to make major marketing, production, and financial decisions; and
    - (v) The right or authority to execute exclusive contracts or significant contracts in the aggregate of \$10,000 or greater on behalf of the licensee.
- (15) “Clinical director” means an individual who:
- (a) Is appointed by a licensed dispensary to provide information on medical cannabis to qualifying patients, registered caregivers, and dispensary agents;
  - (b) Meets the requirements of COMAR 14.17.04.08; and
  - (c) Is registered with the Administration.
- (16) “Criminal history record check” means a State and national criminal history records check in accordance with Alcoholic Beverages and Cannabis Article, §36-505, Annotated Code of Maryland.
- (17) “Data network” means the interface with the seed-to-sale tracking system that enables licensees to identify qualifying patients and registered caregivers and monitor patient allotments.
- (18) “Delivery service” means a licensee authorized to deliver cannabis in accordance with a micro license to operate a dispensary.
- (19) Dispensary.
- (a) “Dispensary” means an entity licensed under Alcoholic Beverages and Cannabis Article, § 36-401, Annotated Code of Maryland, 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, based on license type.
  - (b) “Dispensary” includes standard and micro license types.
- (20) “Disproportionately impacted area” means a geographic area identified by the Office of Social Equity that has had above 150 percent of the State’s 10-year average for cannabis possession charges.
- (21) Edible Cannabis Product.
- (a) “Edible cannabis product” means a cannabis product intended for human consumption by oral ingestion, in whole or in part.
  - (b) “Edible cannabis product” includes a cannabis product that dissolves or disintegrates in the mouth.

- (c) “Edible cannabis product” does not include any concentrated cannabis products, infused non-edible cannabis products, or capsules or tinctures that do not contain any food or food ingredients.
- (22) “Electronic manifest” means the comprehensive report created by a licensee within the Administration’s designated seed-to-sale tracking system to record the chain of custody of a cannabis transfer or delivery.
- (23) “Green waste” means unauthorized, misbranded, contaminated, unused, surplus, returned, or out-of-date cannabis or product containing cannabis.
- (24) Grower.
- (a) “Grower” means an entity licensed under Alcoholic Beverages and Cannabis Article, §36-401, Annotated Code of Maryland, that cultivates or packages cannabis and is authorized by the Administration to provide cannabis to other licensees and registered independent testing laboratories.
- (b) “Grower” includes standard and micro license types.
- (25) High Potency Product.
- (a) “High potency product” means a product that exceeds the maximum potency for consumers, as established by the Administration, and may only be sold or distributed to a qualifying patient or registered caregiver.
- (b) “High Potency Product” includes:
- (i) A concentrated cannabis product that exceeds 1 gram in total weight; and
- (ii) An edible cannabis product, capsule, tincture, or infused non-edible product that exceeds 10 milligrams THC per serving and 100 milligrams THC per package.
- (26) Home Cultivation Product.
- (a) “Home cultivation product” means the clones, seeds, seedlings, stalks, roots, and stems of the cannabis plant for home cultivation.
- (b) “Home cultivation product” does not include any plant that is:
- (i) Wider than eight inches;
- (ii) Taller than eight inches; or
- (iii) Otherwise in a vegetative or flowering state.
- (27) “Incubator space” means a facility where a micro licensee may operate in accordance with Alcoholic Beverages and Cannabis Article, §36-406, Annotated Code of Maryland.
- (28) “Independent testing laboratory” means a facility, entity or site that is:
- (a) Registered with the Administration to perform tests on cannabis or cannabis products;
- (b) Independent of any entity licensed under Alcoholic Beverages and Cannabis Article, §36-401 to grow, process or dispense cannabis;
- and
- (c) Accredited as operating to International Organization for Standardization (ISO) standard 17025 by an accreditation body:
- (i) Operating in accordance with ISO standard ISO/IEC 17011; and
- (ii) That is a signatory to the International Laboratory Accreditation Cooperation (ILAC) Mutual Recognition Arrangement (MRA).
- (29) “Infused non-edible cannabis product” means ointment, salve, suppository, dermal patch, cartridge, or any other product containing cannabis that has been processed so that the dried leaves and flowers are integrated into other material that is not intended for human consumption by oral ingestion.
- (30) “Law enforcement agency” means a governmental police force, sheriff’s office, security force, or law enforcement organization of the State, a county, or a municipal corporation that by statute, ordinance, or common law is authorized to enforce the general criminal laws of the State.
- (31) Licensee.
- (a) “Licensee” means a business licensed by the Administration in accordance with Alcoholic Beverages and Cannabis Article, §36-401, Annotated Code of Maryland.
- (b) “Licensee” includes any:
- (i) Micro grower;
- (ii) Micro processor;
- (iii) Micro dispensary;
- (iv) Standard grower;
- (v) Standard processor;
- (vi) Standard dispensary;
- (vii) Incubator space; and
- (viii) On-site consumption establishment.
- (32) Liquid edible product.
- (a) “Liquid edible product” means an edible cannabis product that is a liquid beverage or liquid food-based product for which the intended use is oral consumption.
- (b) “Liquid edible product” excludes a tincture as defined in this section.
- (33) “Micro license” means a license to operate a cannabis business that does not exceed the limits established in Alcoholic Beverages and Cannabis Article, §36-401(C)(2), Annotated Code of Maryland.
- (34) “Neutral age screen” means a mechanism to verify a user’s age by requiring them to enter their date of birth to gain access to areas of a website that are not designed for children.
- (35) “On-site consumption establishment” means an entity licensed by the Administration to distribute cannabis or cannabis products for on-site consumption other than by smoking indoors.
- (36) “Owner” means a person with an ownership interest in a cannabis license.
- (37) “Ownership interest” means a direct or indirect equity interest in a cannabis license, including in its shares or stock.
- (38) “Passive Investor” means an individual or an entity that:
- (a) Holds an aggregate ownership interest of less than 5 percent in a cannabis licensee; and
- (b) Does not have control of the cannabis licensee.
- (39) “Personal use amount” means an amount of:

- (a) Cannabis that does not exceed 1.5 ounces;
  - (b) Concentrated cannabis that does not exceed 12 grams; or
  - (c) Cannabis products containing no more than 750 milligrams of delta-9-tetrahydrocannabinol.
- (40) “Principal officer” means a board member, a president, a vice president, a secretary, a treasurer, a partner, an officer, a managing member, or any other individual with a profit sharing, financial interest, or revenue sharing arrangement, including an individual with the authority to control a cannabis license.
- (41) “Processing” means the manufacture of usable cannabis into a cannabis concentrate or manufacture of a cannabis-infused product.
- (42) Processor.
- (a) “Processor” means an entity licensed by the Administration in accordance with Alcoholic Beverages and Cannabis Article, §36-401, Annotated Code of Maryland, that:
- (i) Transforms cannabis into another product, or an extract, and packages and labels the cannabis product; and
  - (ii) Is authorized by the Administration to provide cannabis to licensed dispensaries and registered independent testing laboratories.
- (b) “Processor” includes standard and micro license types.
- (43) “Qualifying patient” means an individual who:
- (a) Has been provided with a valid written certification by an Administration-registered certifying provider in accordance with a bona fide provider–patient relationship; and
  - (b) If younger than 18 years old, has a caregiver.
- (44) Registrant.
- (a) “Registrant” means a business registered by the Administration to operate in the cannabis industry.
  - (b) “Registrant” includes:
    - (i) Independent testing laboratory;
    - (ii) Transporter business;
    - (iii) Security guard company; and
    - (iv) Waste disposal company.
- (45) Residence.
- (a) “Residence” means a house, condominium, apartment, or any other dwelling unit under legal control of an individual.
  - (b) “Residence” does not mean a dormitory or other on-campus college or university housing.
  - (c) “Residence” does not mean a short-term rental, hotel, hostel, or other property being occupied for a period of less than 90 days.
- (46) “Seed-to-sale tracking system” means a software system procured by the Administration that tracks cannabis from either the seed or immature plant stage, until the cannabis is sold to a patient, caregiver, or consumer.
- (47) “Serious Adverse Event” means an undesirable experience associated with the use of cannabis where the outcome was death, life-threatening, hospitalization, disability or permanent damage, congenital anomaly or birth defect or any other important medical event.
- (48) “Social equity applicant” means an applicant for a cannabis license or cannabis registration that:
- (a) Has at least 65 percent 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 percent of the individuals who attend the institution of higher education are eligible for a Pell Grant; or
  - (b) Meets any other criteria established by the Administration.
- (49) Social equity licensee.
- (a) “Social equity licensee” means a social equity applicant who has been awarded a cannabis license.
  - (b) “Social equity licensee” includes a grower, processor, or dispensary that:
    - (i) Held a Stage One Preapproval for a license before October 1, 2022; and
    - (ii) Was not operational before October 1, 2022.
- (50) “Social Equity Partnership Grant” means a program within the Office of Social Equity that awards grants to promote qualifying partnerships between operational licensees and social equity licensees.
- (51) “Standard license” means a license to operate a cannabis business that complies with the limits established in Alcoholic Beverages and Cannabis Article, §36-401(c)(1), Annotated Code of Maryland.
- (52) “State Cannabis Testing Laboratory” means the laboratory operated by the Administration in accordance with Alcoholic Beverages and Cannabis Article, §36-204, Annotated Code of Maryland.
- (53) “Tetrahydrocannabinol” or “THC”, unless otherwise specified, means any:
- (a) Tetrahydrocannabinol, including delta-8-tetrahydrocannabinol, delta-9-tetrahydrocannabinol, and delta-10-tetrahydrocannabinol, regardless of how derived;
  - (b) Other cannabinoid, other than cannabidiol that the Administration determines to cause intoxication; and
  - (c) Other chemically similar compound, substance, derivative, or isomer of tetrahydrocannabinol, as identified by the Administration.
- (54) “Tincture” means a solution that is:
- (a) Dissolved in alcohol, glycerin, or vegetable oil; and
  - (b) Distributed in a dropper bottle of four ounces or less.
- (55) Usable Cannabis.
- (a) “Usable cannabis” means the dried leaves and flowers of the cannabis plant.
  - (b) “Usable cannabis” does not include seedlings, seeds, stems, stalks, or roots of the plant or the weight of any noncannabis ingredients combined with cannabis, such as ingredients added to prepare a topical administration.
- (56) Usable Cannabis Product.
- (a) “Usable cannabis product” means a prepackaged product containing usable cannabis.
  - (b) “Usable cannabis product” includes:

- (i) A pre-rolled amount of usable cannabis;
  - (ii) Securely stored, sealed, and labeled amount of usable cannabis; and
  - (iii) Any other type or amount of usable cannabis that has been wrapped, rolled, or otherwise encased for the purposes of smoking.
- (57) Visitor.
- (a) "Visitor" means a guest at a licensed or registered premises who is not a registered agent employed by the licensee or registrant.
  - (b) "Visitor" does not include:
    - (i) A qualifying patient, registered caregiver, adult-use consumer, or any children who accompany a qualifying patient, registered caregiver, or adult use consumer for the sole purpose of purchasing cannabis or cannabis products;
    - (ii) An Administration investigator.
- (58) "Written certification" means a certification that:
- (a) Is issued by a certifying provider to a qualifying patient with whom the provider has a bona fide provider-patient relationship;
  - (b) Includes a written statement certifying that, in the certifying provider's professional opinion, after having completed an assessment of the patient's medical history and current medical condition, the patient has a condition:
    - (i) That meets the inclusion criteria and does not meet the exclusion criteria of the certifying provider's application; and
    - (ii) For which the potential benefits of the medical use of cannabis would likely outweigh the health risks for the patient; and
  - (c) May include a written statement certifying that, in the certifying provider's professional opinion, a 30-day supply of medical cannabis would be inadequate to meet the medical needs of the qualifying patient.

## 14.17.02 General Regulations

Authority: Alcoholic Beverages and Cannabis Article, §§36-201, 36-401, and 36-403, Annotated Code of Maryland

### **.01 Succession of the Maryland Medical Cannabis Commission.**

- A. The Maryland Cannabis Administration is the successor entity to the Natalie M. LaPrade Medical Cannabis Commission.
- B. Any bulletin, final order, notice of violation, or formal changes issued by the Natalie M. LaPrade Medical Cannabis Commission remains valid and stands as authorized by the Maryland Cannabis Administration.
- C. Except as otherwise provided in this subtitle or Alcoholic Beverages and Cannabis Article, Title 36, a registration issued by the Natalie M. LaPrade Medical Cannabis Commission shall be valid until the stated expiration date for each:
  - (1) Patient or caregiver;
  - (2) Certifying provider;
  - (3) Clinical director;
  - (4) Agent;
  - (5) Independent testing laboratory; and
  - (6) Other business registrants.
- D. The Maryland Cannabis Administration may rescind, revoke, correct, or reissue any bulletin, final order, notice of violation, or formal changes issued by the Natalie M. LaPrade Medical Cannabis Commission.

### **.02 Single Supply Chain for Cannabis Products.**

- A. Except as otherwise provided in this subtitle, all cannabis grown, harvested, processed, transported, delivered, produced, manufactured, or sold in Maryland shall follow the regulations in this subtitle.
- B. A licensee shall accurately track, tag, or otherwise record inventory in the seed-to-sale tracking system designated by the Administration as specified:
  - (1) Throughout this subtitle; and
  - (2) In guidance issued by the Administration or its vendor.

### **.03 Conversion of Medical Cannabis License.**

- A. This regulation applies to each licensee required to pay a conversion fee under Alcoholic Beverages and Cannabis Article, §36-403, Annotated Code of Maryland.
- B. The conversion fee shall be based on the gross revenue of a licensee and calculated by the Administration using the State's seed-to-sale tracking system for calendar year 2022.
- C. Licensees choosing to convert their license shall, on or before July 1, 2023:
  - (1) Pay the conversion fee as calculated by the Administration in full; or
  - (2) Enter into a payment plan with the Administration.
- D. The payment plan under §C(2) of this regulation shall establish:
  - (1) The conversion fee as calculated by Administration;
  - (2) The exact payment amount required under each payment installment; and
  - (3) Payment due dates as directed by the Administration for four equal payment installments over an 18-month period.
- E. On or before January 1, 2025, a licensee shall pay the installment payment in full in accordance with §D of this regulation.
- F. A licensee that does not meet a payment deadline is subject to:
  - (1) An administrative hold on their ability to transfer cannabis or cannabis products to another licensee or distribute or dispense cannabis or cannabis products to a qualifying patient, registered caregiver, or consumer until payment is remitted to the Administration;
  - (2) A fine of up to \$5,000 for each day past the deadline that the payment is not received; and
  - (3) After a period of 30 days, license suspension or revocation.
- G. A converted license shall be valid for a period of 5 years, beginning on July 1, 2023.
- H. A converted license is not transferrable prior to July 1, 2028, except as provided under Alcoholic Beverages and Cannabis Article, §36-503, Annotated Code of Maryland.

**.04 Technical Authority.**

The Maryland Cannabis Administration's Technical Authority for Cannabis Testing (Effective January 2024), or Technical Authority, is incorporated by reference.

**14.17.03 Social Equity**

Authority: Alcoholic Beverages and Cannabis Article, §1-309.1, Annotated Code of Maryland

**.01 Scope.**

A. This chapter applies to the Office of Social Equity, an independent office that functions within the Maryland Cannabis Administration, whose mission is to promote and encourage participation in the regulated cannabis industry by people from communities that have previously been disproportionately impacted by cannabis prohibition and enforcement.

**.02 Definitions.**

A. In this chapter, the following terms have the meanings indicated:

B. Terms defined.

(1) "Operational cannabis licensee" means a licensee that was operational prior to October 1, 2022.

(2) "Qualifying partnership" means a meaningful partnership between a social equity licensee and an operational cannabis licensee that supports or advises the social equity licensee.

**.03 Social Equity Partnership Grant Program.**

A. The Social Equity Partnership Grant Program shall promote qualifying partnerships between operational cannabis licensees and social equity licensees.

B. The Office of Social Equity shall implement and administer the grant program, including approving qualifying partnerships.

C. The Office of Social Equity may approve a qualifying partnership where a cost or other fee is imposed by an operational cannabis licensee, if it determines the cost or other fee is substantially reduced from the market value.

D. If an operational cannabis licensee has a license that was converted under Alcoholic Beverages and Cannabis Article, §36-401(b)(1)(ii), Annotated Code of Maryland, the total amount of grants issued to the licensee may not exceed the lesser of:

(1) The cost of the conversion fee that was paid by the licensee to date; or

(2) \$250,000 per year per qualifying partnership.

E. Qualifying partnerships under this regulation may not:

(1) Explicitly or implicitly transfer, including through convertible debt, any ownership or control from the social equity licensee to the operational cannabis licensee;

(2) Require the social equity licensee to conform with any branding, messaging, standard operating procedures, or other infringement on the social equity licensees' operations; or

(3) Otherwise restrict, hinder, exploit, or unfairly treat the social equity licensee to benefit the operational cannabis licensee.

F. In addition to any other applicable penalties established in this subtitle, including suspending, fining, restricting, or revoking a license, an operational cannabis licensee found in violation of §E of this regulation may be subject to any of the following sanctions:

(1) Restriction, revocation, or invalidation of any qualifying partnership approved by the Office of Social Equity;

(2) Rescission or invalidation of any attempted transfer of ownership or control; or

(3) Repayment of any grant funding received by the operational cannabis licensee.

**.04 Reporting Requirements.**

Within 30 days of a written request, a cannabis licensee shall provide any data and information required by the Office of Social Equity to:

A. Complete statutorily mandated reports;

B. Evaluate the diversity and equity of ownership, management, employment, and contracted goods and services in the legal cannabis economy in Maryland; and

C. Operate and evaluate the Social Equity Partnership Grant Program.

**14.17.04 Medical Cannabis Program**

Authority: Alcoholic Beverages and Cannabis Article, §§36-201, 36-301, 36-302, 36-410, and 36-601, Annotated Code of Maryland

**.01 Certifying Providers.**

A. Provider Registration.

(1) A provider seeking registration as a certifying provider shall submit an application in the manner specified by the Administration.

(2) The Administration may approve certifying provider applications to treat:

(a) A chronic or debilitating disease or medical condition that results in a patient being admitted into hospice or receiving palliative care;

(b) A chronic or debilitating disease or medical condition or the treatment of a chronic or debilitating disease or medical condition that produces:

(i) Cachexia, anorexia, or wasting syndrome;

(ii) Severe or chronic pain;

(iii) Severe nausea;

(iv) Seizures; or

(v) Severe or persistent muscle spasms;

(vi) Glaucoma;

(vii) Post-traumatic stress disorder; or

(vii) Any other condition that is severe and for which other medical treatments have been ineffective if the symptoms reasonably can be expected to be relieved by the medical use of cannabis.

(3) A certifying provider may apply to amend the approval at any time.

(4) The application shall be deemed approved unless the Administration notifies the applicant that the application has been denied.

B. A certifying provider may discuss the use of medical cannabis with a patient, including but not limited to:

- (1) Contraindications;
- (2) Dosage;
- (3) Problem use; and
- (4) Harm reduction and safety precautions.

C. Certifying Provider Registration Renewal.

(1) An approval is valid for 2 years.

(2) A certifying provider shall apply to renew a registration to certify at the time of renewal of the provider's license.

(3) The Administration shall provide a certifying provider with notice of renewal 90 business days before expiration of the registration.

(4) The Administration shall grant the application for renewal of registration if:

(a) The certifying provider attests that:

(i) The certifying provider's license to practice in Maryland is active, unrestricted, and in good standing; and

(ii) The certifying provider's registration by the State to prescribe controlled dangerous substances is valid; and

(b) The certifying provider has otherwise complied with this chapter.

(5) If a certifying provider fails to obtain a renewal of a registration to issue written certifications, the certifying provider may not issue written certifications.

D. A certifying provider may not receive compensation, including promotion, recommendation, advertising, subsidized rent, or anything of value, from a licensee.

E. Action Against a Provider.

(1) After a written notice and a hearing in accordance with COMAR 14.17.22 if such hearing is properly requested, the Administration may deny a certifying provider's application for registration, or revoke registration to certify if the provider:

- (a) Fraudulently applies for approval;
- (b) Fraudulently issues a written certification; or
- (c) Fails to comply with this chapter.

(2) The Administration shall report any finding to the provider's State licensing board and may refer any allegation of fraud or conduct that threatens public health by a certifying provider.

## **.02 Patient and Caregiver Registry.**

A. The Administration shall maintain a registry of qualifying patients and caregivers.

B. Patient Registration.

(1) An individual seeking to become a qualifying patient shall complete the online registration process established by the Administration.

(2) The Administration shall issue a unique patient identifier to each person who registers as a qualifying patient.

C. Caregiver Registration.

(1) A qualifying patient, or a parent or legal guardian of a qualifying patient younger than 18 years old, may designate:

(a) For a qualifying patient age 18 and older, up to two caregivers; and

(b) For a qualifying patient under the age of 18, up to four caregivers, including the patient's parent or legal guardian.

(2) An individual seeking to become a caregiver shall complete the online registration process established by the Administration.

(3) The Administration shall issue a unique caregiver identifier to each person who registers with the Administration.

D. To designate the relationship between a qualifying patient and a registered caregiver, a qualifying patient or a parent or legal guardian of a qualifying patient younger than 18 years old shall designate the caregiver using the caregiver's unique identifier through the Administration's website.

E. A qualifying patient, or a parent or guardian of a qualifying patient younger than 18 years old, may terminate a caregiver by completing the online process established by the Administration.

F. The Administration shall provide access to the Administration's registry to a Maryland law enforcement agency on a real-time basis only for just cause to verify that a patient or caregiver is registered with the Administration.

G. Patient or Caregiver Identification Cards.

(1) A qualifying patient or registered caregiver may purchase an identification card by paying the fee in COMAR 14.17.21.

(2) The identification card fee is waived for a qualifying patient enrolled in the:

(a) Maryland Medical Assistance Program; or

(b) Veterans Administration Maryland Health Care System.

(3) If an identification card is lost, destroyed, or stolen, the cardholder shall, within 72 hours of becoming aware of the loss, destruction, or theft, report the loss, destruction, or theft to the Administration;

(4) Misuse of Identification Card.

(a) If an individual other than the qualifying patient or caregiver to whom an identification card has been issued attempts to use an identification card, a registered dispensary agent to whom it is offered shall confiscate it and initiate the return of the card to the Administration within 5 business days.

(b) The Administration may notify the certifying provider and revoke the identification card of a qualifying patient or caregiver who allows another person to use an identification card which has been issued to the qualifying patient or caregiver.

H. If there is any change in the qualifying patient or the caregiver name or address, the qualifying patient or caregiver shall:

(1) Notify the Administration within 30 days; and

(2) If seeking a replacement identification card, pay the identification card replacement fee to obtain a new identification card.

## **.03 Written Certification.**

*A. Issuing a Written Certification.*

- (1) A certifying provider may determine that a patient qualifies for a written certification only if the:
  - (a) Qualifying patient:
    - (i) Has registered with the Administration;
    - (ii) Meets the certifying provider's inclusion criteria; and
    - (iii) Does not meet the certifying provider's exclusion criteria; and
  - (b) Certifying provider:
    - (i) Has a bona fide provider-patient relationship with the qualifying patient; and
    - (ii) Has determined that the potential benefits of the medical use of cannabis likely outweigh the health risks for the patient.
- (2) If a certifying provider determines that a patient qualifies for a written certification, the certifying provider shall:
  - (a) Issue a written certification in the form required by the Administration;
  - (b) Transmit the written certification to the Administration using the designated online process; and
  - (c) If requested, provide a copy of the written certification to the qualifying patient.
- (3) A written certification shall include the:
  - (a) Provider's name, Maryland Board of Physicians, Board of Dental Examiners, Board of Podiatric Medical Examiners, or Board of Nursing license number, and office telephone number;
  - (b) Qualifying patient's name, date of birth, address, and county of residence;
  - (c) Medical condition requiring medical cannabis; and
  - (d) The date of qualification as a qualifying patient.
- (4) A written certification may contain, if applicable, a written statement certifying that, in the provider's professional opinion, a 30-day supply of medical cannabis would be inadequate to meet the medical needs of the qualifying patient.
- (5) A certifying provider shall terminate a written certification if:
  - (a) The qualifying patient meets the provider's exclusion criteria;
  - (b) Treatment with medical cannabis is no longer necessary for the qualifying patient;
  - (c) Adverse effects of medical cannabis outweigh the benefits to the qualifying patient's health; or
  - (d) There is evidence that the qualifying patient engaged in diversion of medical cannabis.
- (7) A certifying provider may terminate a written certification if the qualifying patient demonstrates misuse of any substance.
- (8) A certifying provider shall notify the Administration within 1 business day of the termination of a written certification.
- (9) A qualifying patient shall have only one certifying provider at any time.

*B. Written Certification Renewal.*

- (1) A qualifying patient may seek renewal of a written certification not less than 30 calendar days after it was issued by notifying the patient's certifying provider.
- (2) A certifying provider may renew the written certification for a qualifying patient if the certifying provider determines the patient still meets the criteria set forth in §A(1) of this regulation.
- (3) Upon renewing a written certification for a qualifying patient, a certifying provider shall notify the Administration.
- (4) Prior to renewing a written certification, a certifying provider shall conduct a full assessment of the qualifying patient within 365 days before the reissuance.
- (5) The full assessment in §B(4) of this regulation may be conducted via telehealth as defined by the certifying provider's licensing board.

**.04 Product Reservation for Qualifying Patients.**

A dispensary may only sell or dispense high potency products to a qualified patient or registered caregiver, as specified in COMAR 14.17.13.03.

**.05 Accommodations for Qualifying Patients.**

A. A standard dispensary licensed under COMAR 14.17.06.08 shall:

- (1) Provide exclusive access to the licensed premises to qualifying patients and registered caregivers for at least one hour per day that the dispensary is operational or a dedicated service line to serve only qualifying patients and caregivers for the duration of the licensed premises' operating hours;
- (2) Conspicuously display information about the reserved hours or dedicated service line for qualifying patients and registered caregivers, whichever is applicable on:
  - (a) The front of the licensed premises; and
  - (b) If applicable, the licensed dispensary's social media accounts and public-facing website;
- (3) If providing reserved hours, maintain a consistent schedule; and
- (4) If providing a dedicated service line, shall make a good faith effort to prioritize qualifying patients and registered caregivers.

B. A standard dispensary may offer additional time and accommodation for qualifying patients and registered caregivers beyond the requirements in §A of this regulation, including reserving for qualifying and registered caregivers:

- (1) Priority access to the dispensary service area; and
- (2) Parking spaces near the entrance of the dispensary, if applicable.

**.06 Compassionate Use Fund.**

A. The purpose of the Compassionate Use Fund is to reduce the cost of obtaining a medical assessment to determine the appropriateness of treatment with cannabis or reduce the cost of medical cannabis for individuals enrolled in the Maryland Medical Assistance Program or in the Veterans Affairs Maryland Health Care System.

B. Eligibility for Compassionate Use Fund.

- (1) A patient enrolled in the Maryland Medical Assistance Program or in the Veterans Affairs Maryland Health Care System may attest to a certifying provider eligibility for the Compassionate Use Fund due to their coverage status.



(2) A certifying provider shall verify the individual's eligibility for the Compassionate Use Fund due to their coverage status and provide documentation of eligibility status to the Administration.

(3) A certifying provider shall reverify patient enrollment in the Maryland Medical Assistance Program or in the Veterans Affairs Maryland Health Care System annually.

**C. Reimbursement of Written Certification.**

(1) A certifying provider may submit to the Administration for reimbursement of the written certification for individuals enrolled in the Maryland Medical Assistance Program or in the Veterans Affairs Maryland Health Care System.

(2) In order to submit for reimbursement under this section, a certifying provider shall:

(a) Verify a patient's active enrollment in the Maryland Medical Assistance Program or the Veterans Affairs Maryland Health Care System at the time the written certification is given;

(b) Conspicuously display a standard assessment and evaluation fee to be paid by the patient to obtain a written certification;

(c) Offer a discount of \$50 off the provider's fee to provide written certifications to patients eligible under §B of this regulation; and

(d) Charge an assessment and evaluation fee not to exceed the amount conspicuously displayed in §C(2)(b) of this regulation to obtain a written certification to all patients, regardless of eligibility under §B of this regulation.

(3) Nothing in this section prohibits a certifying provider from offering a discount above \$50 off the provider's fee to provide written certifications to patients eligible under §B of this regulation.

**D. Reimbursement.**

(1) On a monthly basis, a certifying provider may request reimbursement from the Administration for the discounted prices offered to eligible patients under this regulation.

(2) A certifying provider may submit a request for reimbursement by the 15<sup>th</sup> of the following month, in the manner specified by the Administration.

(3) To request reimbursement, a certifying provider shall provide the Administration with detailed records of the discounts provided, including:

(a) A list of qualifying patients who obtained discounts in the past month, and whether the patient was enrolled in the Maryland Medical Assistance Program or the Veterans Affairs Maryland Health Care System;

(b) An itemized account of the discounts provided to eligible patients in the past month, indicating:

(i) The full price of the written certification; and

(ii) Reduced cost paid by the eligible patient; and

(c) Any additional information requested by the Administration.

(4) To the extent funds are available within the Compassionate Use Fund, the Administration shall reimburse a certifying provider for eligible expenses.

(5) If the Compassionate Use Fund lacks sufficient funds to reimburse a certifying provider:

(a) The Administration shall cease providing reimbursements; and

(b) A certifying provider is no longer required to provide discounts pursuant to this regulation.

**.07 New Condition Approval Process.**

**A. Petition.**

(1) To suggest a medical condition, medical treatment, or disease for Administration consideration, a person shall submit a petition to the Administration in a format determined by the Administration.

(2) A petition shall include:

(a) The severity of a condition or the treatments thereof;

(b) The degree to which other medical treatments have been ineffective to alleviate pain, suffering, disability or the symptoms of the condition or the treatment thereof;

(c) Evidence that supports a finding that the use of medical cannabis alleviates pain, suffering, disability or symptoms of the condition or the treatment thereof;

(d) Any information or studies regarding any beneficial or adverse effects from the use of medical cannabis in patients with the medical condition, medical treatment, or disease that is the subject of the petition; and

(e) Letters of support from providers or other licensed health care professionals knowledgeable about the condition, treatment, or disease.

B. As needed, the Administration shall conduct a public hearing to evaluate any petition to consider other medical conditions, medical treatments, or diseases that may be treated by using medical cannabis and included in certifying provider applications.

C. The Administration may refer a petition for consideration to the:

(1) Cannabis Public Health Advisory Council; or

(2) Advisory Board on Medical and Adult-use Cannabis.

D. If the Advisory Council or the Advisory Board on Medical and Adult-use Cannabis considers a petition to add a medical condition, treatment, or disease for approved medical cannabis use, the Advisory Council or the Advisory Board on Medical and Adult-use Cannabis shall study and make recommendations to the Administration on whether to approve or deny the petition.

E. Summary Denial. The Administration may deny a petition, without submitting it for public comment, if the petition:

(1) Is facially insubstantial; or

(2) Pertains to a medical condition, medical treatment, or disease that has been previously considered or rejected by the Administration, unless scientific research not previously considered in a prior review is included in the petition.

F. Upon consideration of recommendations and any additional information, the Administration may conclude that providers will be encouraged to apply to register with the Administration to treat the medical condition or disease upon a determination that:

(1) The medical condition or disease is debilitating;

(2) The pain, suffering, and disability of the medical condition or disease can reasonably be expected to be relieved by medical cannabis; and

(3) Other medical treatments have been ineffective in providing relief.

**.08 Clinical Directors.**

- A. A licensed dispensary shall appoint at least one individual to function as clinical director who:
  - (1) Is eligible to serve as a certifying provider, as defined in COMAR 14.17.01;
  - (2) Is a licensed pharmacist in good standing with the State Board of Pharmacy; or
  - (3) Has substantial education, training, and experience in the medical use of cannabis, as determined by the Administration and is a:
    - (a) Registered nurse in good standing with the State Board of Nursing; or
    - (b) Licensed naturopathic doctor in good standing with the State Board of Physicians.
- B. During the hours of operation, a licensed dispensary shall have a clinical director:
  - (1) On-site; or
  - (2) Available via electronic communication.
- C. A clinical director shall:
  - (1) Register as a clinical director with the Administration;
  - (2) Complete at least one training course each year that is approved by the Administration, which includes:
    - (a) The latest scientific research on medical cannabis;
    - (b) The risks and benefits of medical cannabis; and
    - (c) Other information considered necessary by the Administration;
  - (3) Educate qualifying patients and caregivers on:
    - (a) Treatment of the qualifying patient's medical condition with medical cannabis;
    - (b) Potential drug-to-drug interactions, including interactions with alcohol, prescription drugs, non-prescription drugs, and supplements;
    - (c) Possible side effects or contraindications of medical cannabis use;
    - (d) The potential for differing strengths and effects of medical cannabis strains; and
    - (e) Different methods, forms, and routes of medical cannabis administration.
  - (4) Provide training to dispensary agents on:
    - (a) Guidelines for providing information to qualifying patients related to risks, benefits, and side effects associated with medical cannabis;
    - (b) Recognizing signs and symptoms of substance abuse; and
    - (c) Guidelines for refusing to provide medical cannabis to an individual who appears to be under the influence of drugs or alcohol.
- D. A clinical director for a licensed dispensary may not provide a written certification for medical cannabis to any qualifying patient.
- E. A standard dispensary is not subject to §§A—C of this regulation until the licensee has been licensed and operational for a period of at least 24 months.
- F. A micro dispensary is not subject to §§A—C of this regulation.

**.09 Tax Exemption of Medical Cannabis.**

Medical cannabis sold to qualifying patients or registered caregivers under this chapter shall be exempt from any sales and use tax assessment.

**14.17.05 Application Process and Issuance of Licenses**

Authority: Alcoholic Beverages and Cannabis Article, §§36-202, 36-401, 36-505, and 36-404, Annotated Code of Maryland

**.01 Scope.**

This chapter applies to the distribution of any cannabis licenses through a lottery system, including a:

- (1) Standard grower license;
- (2) Standard processor license;
- (3) Standard dispensary license;
- (4) Micro grower license;
- (5) Micro processor license;
- (6) Micro dispensary license;
- (7) On-site consumption establishment license; and
- (8) Incubator space license.

**.02 Application Requirements.**

- A. An applicant shall submit an application to the Administration for a license.
- B. A submitted application shall conform with the requirements established under Alcoholic Beverages and Cannabis Article, §36-404, Annotated Code of Maryland.
- C. An application shall be:
  - (1) Completed on a form designated by the Administration; and
  - (2) Accompanied by the application fee as specified in COMAR 14.17.21.
- D. An applicant, including any individual or entity that holds an ownership interest in or control of the applicant, may only be listed on:
  - (1) One application per license type per application round; and
  - (2) Two applications for any license type per application round.
- E. Any applicant that violates §D of this regulation may not be considered by the Administration for licensure.
- F. The Administration may not require an applicant to possess or own any property or facility to operate a cannabis business at the time of the application.
- G. The Administration may verify an applicant's status as a social equity applicant prior to the initial application and licensure.
- H. Any information an applicant submits in support of their social equity status in §G of this regulation is considered part of the application and is subject to verification by the Administration.

**.03 Application Notification, Submission, and Review.**

A. The Administration shall announce an application round at least 60 days prior to the acceptance of applications. The announcement shall include:

- (1) Types of licenses available during the licensing round;
- (2) Number of licenses available by license type;
- (3) Beginning and closing day of the application period; and
- (4) Any regional, jurisdictional, or other geographical considerations in the licensing round.

B. The Administration shall accept applications for a period of 30 calendar days.

C. The Administration shall conduct extensive outreach to small, minority, and women business owners and potential social equity applicants prior to accepting applications.

D. Upon the closing of any application period, the Administration shall announce the number of applications submitted and the maximum number of licenses that may be awarded within each license category and pool of applications.

E. Application Review.

(1) The burden of proving an applicant's qualifications rests on the applicant.

(2) The Administration may:

(a) Deny an application that:

- (i) Is not complete in every material detail;
- (ii) Contains a material misstatement, omission, misrepresentation, or untruth;
- (iii) Does not meet the minimum qualifications for the lottery; or
- (iv) Is not submitted by the established deadline; and

(b) Request any additional information from any applicant, if it deems the information necessary to review or process the application; and

(c) If the applicant does not provide the additional requested information within 10 calendar days, deny the application.

(3) The Administration shall determine whether a submitted application meets the minimum qualifications for the lottery on a pass-fail basis by reviewing:

(a) A detailed operational plan for the safe, secure, and effective operation of the business;

(b) A business plan demonstrating a likelihood of success and sufficient ability and experience on the part of the applicant, and providing for appropriate employee working conditions;

(c) A detailed diversity plan; and

(d) For the first round of licensing and otherwise as required under Alcoholic Beverages and Cannabis Article, §36-404, Annotated Code of Maryland, for any subsequent round of licensing, documentation that the applicant meets the requirements of a social equity applicant.

F. Minimum qualifications in §E(3) of this regulation shall be established by the Administration and communicated to prospective applicants prior to the application period.

G. The Administration may award fewer licenses than authorized under law in any licensing round.

H. The Administration may require an applicant, or any individual or entity that holds an ownership interest in or control of the applicant, to complete an attestation demonstrating the applicant meets the requirements for award established in Alcoholic Beverages and Cannabis Article, Title 36, Subtitle 4, Annotated Code of Maryland.

#### **.04 Lottery Award and Conditional License.**

A. Lottery.

(1) The Administration shall conduct a lottery that is impartial, random, and in a format selected by the Administration.

(2) Any applicant that meets the minimum qualifications for licensing shall be placed in the lottery.

(3) Subsequent to the lottery, the Administration shall notify all applicants of whether their application was selected in the lottery.

(4) The Administration may request any additional information or supporting documentation from an applicant selected in the lottery necessary to verify aspects of the application, including but not limited to additional information and supporting documentation related to the:

(a) Operational plan for the safe, secure, and effective cultivation, manufacture, or dispensing of cannabis;

(b) Business plan demonstrating a likelihood of success and sufficient business ability and experience on the part of the applicant, and providing for appropriate employee working conditions; and

(c) Detailed diversity plan; and

(d) Ownership and control of the applicant.

(5) The Administration may deny issuing a conditional license to an applicant selected in the lottery if:

(a) The applicant fails to provide any additional information or supporting documentation requested pursuant to §A(4) of this regulation within 10 calendar days;

(b) Any additional information or supporting documentation submitted by the applicant demonstrates the applicant is not eligible for a license under this subtitle or Alcoholic Beverages and Cannabis Article, Title 36, Annotated Code of Maryland; or

(c) The Administration determines that the applicant violated COMAR 14.17.05.02D.

(6) The Administration shall notify an applicant who has been awarded a conditional license within 5 calendar days of the award.

B. Conditional License.

(1) A conditional licensee shall complete a supplemental license application.

(2) A supplemental license application shall require a conditional licensee to:

(a) Undergo a criminal history records check in accordance with Alcoholic Beverages and Cannabis Article, §36-505, Annotated Code of Maryland;

(b) Complete a financial background investigation conducted by the Administration;

(c) Verify any information or supporting documentation provided in the application;

(d) Disclose any adverse action taken against a professional or business license held in any jurisdiction by the applicant or any individual or entity holding an ownership interest in the applicant;

(e) Waive any contractual, statutory, or common law obligation of confidentiality and authorize any government agency in any jurisdiction to release to the Administration all information the conditional licensee has provided to any other jurisdiction while seeking a cannabis-related license

in that other jurisdiction, as well as the information obtained by that other jurisdiction during any investigation it may have conducted regarding the applicant; and

(f) Release all financial institutions, fiduciaries, and other parties from any contractual, statutory, or common law obligation of confidentiality to provide financial, personal and background information relevant to the conditional licensee's capacity to manage a licensed facility; and

(g) Identify and demonstrate legal control of the proposed site, through lease, purchase, or other means, for the cannabis business.

C. Any conditional license not awarded due to circumstances in §A of this regulation may be awarded by lottery using the same pool of applicants as the initially selected application.

**.05 Issuance of a License or Rescission of a Conditional License.**

**A. Conditional License Period.**

(1) The conditional license period:

(a) Begins on the day that a conditional license is issued to the selected applicant; and

(b) Expires 18 months after the day that conditional license was issued or at the end of an extension granted by the Administration.

(2) A conditional licensee may apply for an extension of the conditional license.

(3) The Administration may approve a one-time extension of up to 6 months, if the Administration determines the conditional licensee has made consistent good faith efforts to establish a cannabis business.

(4) During the conditional license period, a conditional licensee shall:

(a) Complete a supplemental license application;

(b) Establish legal control of the proposed site, through lease, purchase, or other means, for the cannabis business;

(c) Notify the Administration of establishment of legal control of the proposed site;

(d) Within 6 months of being issued a conditional license, demonstrate adequate capitalization to enable the business to become operational;

(e) Gain zoning or planning approval from a political subdivision, if applicable; and

(f) Register the business with the State Department of Assessment and Taxation.

(5) During a conditional license period, a conditional licensee may not:

(a) Engage in purchasing, possessing, cultivating, manufacturing, or selling cannabis or cannabis products;

(b) Make any transfer of an ownership interest that causes a change in the individual or entity that holds the controlling ownership

interest;

(c) Make any transfer of control, as defined in COMAR 14.17.01; and

(d) If the conditional licensee qualified as a social equity applicant, make any transfer of an ownership interest that causes the conditional licensee to no longer comply with the social equity applicant definition in COMAR 14.17.01.

(6) During a conditional license period, a conditional licensee may obtain additional resources by adding:

(a) Grants and loans from new or existing financial sources not listed in the initial application; and

(b) Owners and passive investors.

(7) Any additional resources obtained by a conditional licensee made under §A(6) of this regulation may not violate this subtitle or Alcoholic Beverages and Cannabis Article, Title 36, Subtitle 4, Annotated Code of Maryland.

**B. Rescission of a Conditional License.** The Administration may rescind a conditional license if a conditional licensee, or any individual or entity included in the supplemental license application:

(1) Has been convicted of or pleaded nolo contendere to a crime involving moral turpitude, whether or not any appeal or other proceeding is pending to have conviction or plea set aside;

(2) Fraudulently or deceptively attempts to obtain a license;

(3) Is ineligible to hold an ownership interest in or control of a business licensed under Alcoholic Beverages and Cannabis Article, Title 36, Subtitle 4, Annotated code of Maryland;

(4) Fails to reveal any material fact pertaining to the conditional licensee's qualification for a license;

(5) Fails to submit a complete supplemental license application;

(6) Fails to become licensed and operational within:

(a) 18 months after the day the conditional license was issued; or

(b) If granted an extension, the day after the expiration of any extension granted by the Administration.

(7) Violates §A(5) of this regulation;

(8) Is not registered or in good standing with the State Department of Assessment and Taxation; or

(9) Has taxes in arrears in any jurisdiction.

**C. The Administration may award a license on a determination that:**

(1) The conditional licensee has submitted a complete supplemental license application;

(2) The supplemental license application, including any individual or entity included in the application, does not violate §B of this regulation;

(3) The license fee specified in COMAR 14.17.21 has been paid;

(4) All inspections are passed, and all the conditional licensee's operations conform to the specifications of the application as approved pursuant to this chapter; and

(5) The proposed premises:

(a) Are under the legal control of the conditional licensee; and

(b) Comply with all zoning and planning requirements.

**D. A licensed business may not grow, process, distribute, dispense, or otherwise begin business operations without approval of written documentation under §C of this regulation by the Administration.**

**E. The Administration may not award a license to a business who has registered with the State Department of Assessment and Taxation using a legal name that:**

(1) Uses the terms "cannabis", "marijuana", or other synonym related to controlled substances;

(2) Suggests the use of cannabis as an intoxicant; or

- (3) Incorporates any copyrighted material or trademark or service mark attributable to another entity.
- F. The Administration may suspend, fine, restrict, or revoke a license if:
- (1) A licensee has fraudulently or deceptively submitted written documentation to the Administration;
  - (2) A licensee has violated Alcoholic Beverages and Cannabis Article, Title 36, Subtitle 11, Annotated Code of Maryland;
  - (3) A licensee began operations prior to Administration approval; or
  - (4) It is determined that a licensee has not complied with statements in the application, including statements about standards of operation or employment practices related to diversity, equity, and inclusion.

**.06 Application Retention.**

- A. Upon notification that an applicant was not selected by the lottery, the applicant may request the Administration retain the application for subsequent licensure application rounds.
- B. The Administration shall retain any application requested for retention by the applicant for a period of one year.
- C. The Administration may contact an applicant with a retained application for any additional information required for subsequent licensing rounds.
- D. Any application retained by the Administration that meets the specifications and requirements of a subsequent licensing round within the one-year retention period shall be automatically entered into the lottery if:
- (1) The applicant has properly amended the application if requested by the Administration under §C of this regulation; and
  - (2) Any additional information requested by the Administration has been updated.
- E. The Administration may not enter a retained application into a subsequent lottery round if:
- (1) Any individual included in the application is associated with additional applications in the licensing round that exceed the restrictions in COMAR 14.17.05.02D;
  - (2) Any individual included in the application is in violation of ownership restrictions under COMAR 14.17.16, or the awarding of a license would place the individual in violation of ownership restrictions under COMAR 14.17.16; and
  - (3) Any individual associated with the application has been found to be in violation of the Alcoholic Beverages and Cannabis Article, Title 36, Subtitle 11, Annotated Code of Maryland.

**.07 Hearing Rights of Applicants.**

- A. Records review.
- (1) An applicant not entered into the lottery by the Administration may request a records review of the submitted application within 10 days of notification that their application does not meet the minimum qualifications for the lottery on a pass-fail basis.
  - (2) A records review shall consist of an opportunity for the applicant to examine the applicant's records received by the Administration and verify the basis on which the application was deemed ineligible for the lottery.
  - (3) No applicant may gain access to records submitted by any other applicant through the records review process.
- B. A selected applicant or an applicant who applies pursuant to COMAR 14.17.05.06 who subsequently has their application denied by the Administration or a conditional licensee who has their conditional license rescinded pursuant to Regulation .05B of this chapter may request a hearing under COMAR 14.17.22.
- C. An applicant who meets the minimum qualifications for the lottery, but is not selected in the lottery, may not appeal or request a hearing. The application shall be retained by the Administration in accordance with Regulation .06 of this chapter.

**.08 Lottery Exemption.**

- A. *Pigford v. Glickman Class Members.*
- (1) The Administration may issue up to five conditional grower licenses to recognized class members of *Pigford v. Glickman*, 185 32 F.R.D. 82 (D.D.C. 1999), or *In Re Black Farmers Litig.*, 856 F. Supp. 2d 1 (D.D.C. 2011) who:
    - (a) Were awarded damages related to farming operations in Maryland;
    - (b) Have provided evidence to the Administration that they have not been fully compensated for discrimination and continue to experience challenges due to past or present discrimination; and
    - (c) Meet all other application criteria established by the Administration under this chapter.
  - (2) If there are more qualified applications than the number of licenses available, the Administration shall conduct a lottery for all applicants that meet the minimum qualifications for licensing established under §A(1) of this regulation.
  - (3) Notwithstanding any other provision of law, a license issued under this regulation is in addition to and not subject to the limitations on the total number of licenses that the Administration may issue under Title 36, Subtitle 4 of the Alcoholic Beverages and Cannabis Article.
- B. A business awarded a grower license pursuant to Chapter 598 of the Acts of the General Assembly of 2018 may be awarded a standard dispensary license, if the grower:
- (1) Submits an application that meets the minimum qualifications for a standard dispensary license, as determined by the Administration; and
  - (2) Including any individual or entity that holds an ownership interest in or control of the grower, does not own or control a dispensary license.

**14.17.06 Standard Cannabis Licenses**

Authority: Alcoholic Beverages and Cannabis Article, §§36-202—203, 36-401, 36-405, 36-406, 36-407, 36-503, and 36-802, Annotated Code of Maryland

**.01 Scope.**

- A. This chapter applies to all standard cannabis licenses, including:
- (1) Standard grower, processor, and dispensary licenses authorized under Alcoholic Beverages and Cannabis Article, §36-401(C)(1), Annotated Code of Maryland;
  - (2) Converted licenses under Alcoholic Beverages and Cannabis Article, §36-403, Annotated Code of Maryland;
  - (3) Converted micro licenses under COMAR 14.17.07.08;
  - (4) Incubator space licenses, authorized under Alcoholic Beverages and Cannabis Article, §36-406, Annotated Code of Maryland; and
  - (5) On-site consumption licenses, authorized under Alcoholic Beverages and Cannabis Article, §36-407, Annotated Code of Maryland.

**.02 Term of License and License Renewal.**

A. Licenses converted under Alcoholic Beverages and Cannabis Article, §36-403, Annotated Code of Maryland are valid for 5 years from the date of the initial conversion fee payment to the Administration.

B. As a condition of licensure, a licensee shall comply with all subregulatory guidance issued by the Administration, including but not limited to bulletins, notices, resolutions, seed-to-sale tracking system guidance, and technical authorities posted to the Administration's website.

C. A cannabis license under this chapter is valid for:

- (1) 5 years on initial licensure; and
- (2) 5 years on renewal.

D. At least 90 calendar days before the expiration of a license, the Administration shall notify the licensee of the:

- (1) Date on which the license expires;
- (2) Process and the fee required to renew the license; and
- (3) Consequences of a failure to renew the license.

E. At least 30 calendar days before a license expires, a licensee seeking approval shall submit:

(1) The renewal application in the form designated by the Administration;

(2) Proof that fingerprints have been submitted to Criminal Justice Information System and the Federal Bureau of Investigation for each agent and any owner with an ownership interest of 5 percent or more;

(3) To a full inspection of the licensed premises as described in COMAR 14.17.14.03, unless a full inspection was satisfactorily completed within 3 months before the date of the license expiration; and

(4) Payment of the fee specified in COMAR 14.17.21.

F. The Administration may renew a license that meets the requirements for renewal as stated in §E of this regulation.

G. If a licensee fails the inspection or submits a deficient application for renewal, the licensee may apply for reinstatement by:

(1) Submitting a plan to correct the deficiencies noted during an inspection; and

(2) Amending the application for renewal.

H. The Administration may deny a license renewal if:

(1) The plan to correct deficiencies identified in an inspection is deficient;

(2) The amended application for renewal is deficient;

(3) The licensee is repeatedly found in violation of health and safety regulations during the license period; or

(4) The licensee is repeatedly found in violation of this subtitle or Title 36, Alcoholic Beverages and Cannabis Article, Annotated Code of Maryland.

I. A licensee who fails to apply for license renewal by the date specified by the Administration, or whose license was not renewed by the Administration:

(1) Shall cease operations at all premises; and

(2) May not provide cannabis to any entity or individual.

J. A license may be reinstated upon:

(1) Payment of the reinstatement fee specified in COMAR 14.17.21; and

(2) Submission of a reinstatement application approved by the Administration.

K. A licensee may not register with the State Department of Assessment and Taxation using a legal name that:

(1) Uses the terms "cannabis", "marijuana", or other synonym related to controlled substances;

(2) Suggests the use of cannabis as an intoxicant; or

(3) Incorporates any copyrighted material or trademark or service mark attributable to another entity.

**.03 Change of Location.**

A. A licensee may apply to change the location of the licensee's operation.

B. The licensee shall apply for a change of location in the form designated by the Administration along with the fee specified in COMAR 14.17.21.

C. A licensee may not begin cultivation, processing or dispensing of cannabis at a new location until the Administration approves the change.

D. A dispensary may only change location within the county that the dispensary was awarded a license.

**.04 Transfer of Ownership Interest in a License.**

A. A cannabis licensee, including a cannabis licensee whose license was converted in accordance with Alcoholic Beverages and Cannabis Article, §36-401, Annotated Code of Maryland, is not transferable except as provided under Alcoholic Beverages and Cannabis Article, §36-503, Annotated Code of Maryland.

B. If a proposed transfer is for less than 5 percent of a cannabis licensee and the proposed transfer will not result in the transferee holding 5 percent or more of the licensee, then the proposed transfer does not require review and approval by the Administration.

C. The Administration may approve a transfer or assignment of ownership if:

(1) The Administration receives notice of the intent of the owner of the interest, or of the estate of the owner of the interest, to transfer or assign an ownership interest in a license to another party, in a form prescribed by the Administration;

(2) The proposed transfer does not violate Alcoholic Beverages and Cannabis Article, Title 36, Annotated Code of Maryland;

(3) The transferee has paid the required fee specified in COMAR 14.17.21; and

(4) The transferee has provided criminal history record and financial information to the Administration.

D. The Administration shall deny transfer of an interest for any proposed transferee:

(1) If the payment of taxes due in any jurisdiction is in arrears;

(2) If the transfer violates COMAR 14.17.16;

(3) If the transfer would convey a controlling interest in the license prior to the cannabis licensee being licensed and operational for a period of at least 5 years, and is not proposed due to death, disability, incapacity, bankruptcy, or receivership in accordance with a lending agreement of a cannabis licensee or court order; or

(4) If, prior to the cannabis licensee being licensed and operational for a period of at least 5 years, the transfer would convey to the transferee the right or authority to obtain a controlling interest in the license at a later date.

E. The Administration may deny transfer of an interest for any proposed transferee if the transferee or an individual with ownership or control of the transferee has been convicted of or pleaded nolo contendere to a crime involving moral turpitude, whether or not any appeal or other proceeding is pending to have the conviction or plea set aside.

F. The Administration may deny transfer of a controlling interest in a license or in an ownership interest of 5 percent or more if the Administration finds good cause to deny the proposed transfer.

G. Any individual or entity identified as having ownership or control of a license may not hold an ownership interest that exceeds the limitations set forth in Alcoholic Beverages and Cannabis Article §36-401(E), Annotated Code of Maryland.

H. If the Administration approves a transfer of an ownership interest of a license and subsequently the Administration finds that such a transfer violates State, local, or federal law, the Administration may:

- (1) Issue a fine against any parties involved in the transfer;
- (2) Declare the transfer void; and
- (3) Rescind the license.

I. Prior to the transfer, the licensee shall conduct a full inventory of all cannabis and cannabis products, in a manner prescribed by the Administration.

**J. Employee Stock Options.**

(1) A licensee may issue employee stock options as part of an employee compensation plan.

(2) Prior to issuing employee stock options under this section, a licensee shall:

(a) Submit to the Administration a detailed employee stock option plan for each employee to whom it intends to issue stock, in a manner prescribed by the Administration;

(b) Pay the fee established in COMAR 14.17.21 for each registered agent to be issued stock; and

(c) Obtain Administration approval of the employee stock option plan.

(3) The Administration may deny the employee stock option plan if:

(a) The plan is not complete in every material detail; or

(b) The plan would otherwise violate:

(i) This regulation;

(ii) This chapter;

(iii) This subtitle;

(iv) Alcoholic Beverages and Cannabis Article, Title 36, Annotated Code of Maryland;

(4) A licensee with an approved plan under this section may issue employee stock options to employees of the licensee in accordance with the approved plan without prior approval from the Administration.

(5) Stocks issued to employees under this section may not:

(i) Exceed 5 percent total ownership to any one individual; or

(ii) Change the control structure of the license.

(6) A licensee shall submit an annual report to the Administration of stocks issued, held, and transferred under the approved plan, in a manner prescribed by the Administration.

**.05 Management Agreements.**

A. Definitions. In this regulation, a "Management Company" means an entity that provides management services to a licensed entity.

B. A management company shall be:

(1) Registered by the Administration, in a manner prescribed by the Administration; and

(2) In good standing with the State Department of Assessments and Taxation.

C. A licensee shall provide a copy of a management agreement to the Administration and include:

(1) Information detailing any compensation paid in exchange for the management services;

(2) Criminal history record and financial information of the third party providing the management services; and

(3) Any other information relevant to the management agreement requested by the Administration.

D. A management agreement may not take effect unless the Administration has:

(1) Received proper notice of the management agreement, as specified in §C of this regulation;

(2) Received the required fee specified in COMAR 14.17.21; and

(3) Approved the management agreement.

E. The Administration may deny a management agreement:

(1) If the management agreement constitutes an invalid transfer of an ownership interest in a license, as specified in Regulation .04 of this chapter;

(2) If the criminal history record information or the background investigation reveals the personnel of a third party providing the management services has been convicted of or pleaded nolo contendere to a crime involving moral turpitude, whether or not any appeal or other proceeding is pending to have the conviction or plea set aside;

(3) If the management agreement transfers control of a license:

(a) In violation of Alcoholic Beverages and Cannabis Article, §36-503; or

(b) As established in §H of this regulation;

(4) If the licensee fails to produce additional documentation requested by the Administration;

(5) If the management agreement is found to be in violation of §G of this regulation; or

(6) For any other good cause.

F. In the case of material change to a management agreement, including but not limited to a change of ownership or control of the management company, the licensee shall:

(1) Provide any relevant records, files, or information to the Administration; and

(2) Receive Administration approval prior to the material change to the management agreement taking effect.

G. A management agreement under this regulation may not require a licensee to:

- (1) Operate the business under a marketing plan or system that is associated with the trademark, service mark, trade name, logotype, advertising, or other commercial symbol that designates the licensee as same or similar to the management company;
- (2) Offer, sell, or distribute cannabis or cannabis products under a marketing plan or system prescribed in substantial part by the entity providing the management agreement;
- (3) Limit the offerings of cannabis or cannabis products to another licensed entity holding a direct or indirect financial relationship to the management company; or
- (4) Sell or transfer ownership interest in the license at a later date to the management company.

H. A management agreement constitutes a transfer of control if it conveys to a management company:

- (1) Unilateral control as defined in COMAR 14.17.01; or
- (2) The right or authority to make major marketing, production, and financial decisions, including:
  - (a) The right or authority to operate the business under a trademark, service mark, trade name, logotype, or other commercial symbol that is the same as the management company or another licensee;
  - (b) The right or authority to purchase a controlling interest in, or control of, the license at a later date; or
  - (c) The right to or actual payment from the licensee over the course of a calendar year exceeding the greater of:
    - (i) 25 percent of the licensee's gross revenue;
    - (ii) 50 percent of the licensee's net profits; or
    - (iii) \$250,000.

**.06 Standard Grower License.**

A. A standard grower license authorizes the licensee to:

- (1) Cultivate or package cannabis; and
- (2) Provide cannabis, or usable cannabis, to other licensees and registered independent testing laboratories.

B. A standard grower's canopy may not exceed the canopy restrictions as established in Alcoholic Beverages and Cannabis Article, §36-402, Annotated Code of Maryland.

C. On or before October 1 of each year a standard grower shall report to the Administration the square footage of indoor and outdoor canopy as defined in COMAR 14.17.01. The Administration may:

- (1) Inspect the licensed premise to verify the standard grower's annual submission of canopy square footage; and
- (2) Restrict, reduce, fine, or otherwise sanction any standard grower who misrepresents canopy square footage.

D. For any standard grower found in violation of §B of this regulation, the Administration may:

- (1) Reduce the canopy of the standard grower by the same percentage as it exceeds the authorized canopy; and
- (2) Seize, destroy, confiscate, or place an administrative hold on any flowering cannabis plants produced in the excess of the canopy restrictions.

E. For the purposes of calculating canopy under §§B—D of this regulation, canopy that is rented, leased, operated, or otherwise controlled by a standard grower other than its owner shall only be attributed to the standard grower in control of the square footage.

F. For the purposes of calculating canopy under §§B—D of this regulation, one square foot of indoor canopy is equal to four square feet of outdoor canopy.

G. A standard grower licensed under this regulation shall operate in accordance with COMAR 14.17.10.

**.07 Standard Processor License.**

A. A standard processor license authorizes the licensee to:

- (1) Transform cannabis into another product or an extract and package and label the cannabis product; and
- (2) Provide cannabis to licensed dispensaries and independent testing laboratories.

B. A standard processor licensed under this regulation shall operate in accordance with COMAR 14.17.11.

**.08 Standard Dispensary License.**

A. A standard dispensary license authorizes the licensee operating a store at a physical location to acquire, possess, sell, or dispense cannabis products and related materials in accordance with the Alcoholic Beverages and Cannabis Article, §36-401(C)(1), Annotated Code of Maryland, including for use by qualifying patients or consumers through a physical storefront.

B. A standard dispensary may not operate a delivery service as defined in COMAR 14.17.01, unless the standard dispensary:

- (1) Has a qualifying partnership with a micro dispensary under the Alcoholic Beverages and Cannabis Article §1-323, Annotated Code of Maryland to conduct delivery services on behalf of the standard dispensary; or
- (2) Otherwise partners or contracts with a micro dispensary to conduct delivery services for the standard dispensary.

C. A standard dispensary licensed under this regulation shall operate in accordance with COMAR 14.17.12.

**.09 Incubator Space License.**

A. An incubator space license authorizes the licensee to operate a facility within which a micro licensee may operate in accordance with Alcoholic Beverages and Cannabis Article §36-406, Annotated Code of Maryland.

B. Any individual with ownership or control of an incubator space license may not have any ownership or control any other cannabis license type.

C. Prior to the issuance of incubator space licenses, the Maryland Economic Development Corporation shall identify regional sites in accordance with Section 13 of Chapters 254 and 255 (H.B. 556)(S.B.516) of the Acts of 2023.

**.10 On-Site Consumption License.**

A. An on-site consumption establishment license authorizes the licensee to operate a licensed premises in which cannabis may be consumed in accordance with Alcoholic Beverages and Cannabis Article, §36-407, Annotated Code of Maryland.

B. An on-site consumption establishment may operate only if the county or, if applicable, the municipality, where the business is located has issued a permit or license that expressly allows the operation of the on-site consumption establishment subject to the limitations in the Alcoholic Beverages and Cannabis Article, §36-405, Annotated Code of Maryland.

C. An on-site consumption license does not authorize the holder of the license to:



- (1) Cultivate cannabis;
  - (2) Process cannabis or cannabis-infused products; or
  - (3) Add cannabis to food prepared or served on the premises.
- D. Any individual or entity who holds an ownership interest in or control of an on-site consumption license may not have any ownership interest or control in any other cannabis license.
- E. An on-site consumption establishment may apply to change the location of the on-site consumption establishment's operation.
- F. The on-site consumption establishment shall submit an application to the Administration along with the fee specified in COMAR 14.17.21.
- G. The application shall include documentation:
- (1) Of approval from the jurisdiction where the on-site consumption establishment plans to relocate; and
  - (2) That the proposed premises:
    - (a) Is under legal control of the applicant; and
    - (b) Comply with all zoning and planning requirements.
- H. The Administration may not award licenses for on-site consumption establishments prior to May 1, 2024.
- I. No other cannabis licensee may authorize or permit on-site consumption at the licensed premise, or at any space owned or controlled by the licensee.
- J. Prior to operating a facility where the consumption of cannabis is permitted on the premises, a person shall obtain an on-site consumption licensed.
- K. An on-site consumption establishment may obtain cannabis and cannabis products from licensed growers, processors and standard dispensaries.

### **14.17.07 Micro Cannabis Licenses**

*Authority: Alcoholic Beverages and Cannabis Article, §§36-202—203, 36-401, and 36-503, Annotated Code of Maryland*

#### **.01 Scope.**

*This chapter applies to all micro licenses authorized under the Alcoholic Beverages and Cannabis Article, §36-401(C)(2), Annotated Code of Maryland.*

#### **.02 Term of License and License Renewal.**

- A. In addition to §§B—D of this regulation, terms of license and license renewal for micro licenses are as established in COMAR 14.17.06.02B—K.
- B. A micro licensee may not exceed growing, processing or dispensing operational restrictions set forth in the Alcoholic Beverages and Cannabis Article, §36-401(C)(2), Annotated Code of Maryland.
- C. The Administration may verify compliance with the operational restrictions under §B of this regulation within the first 24 months of a micro licensee's operations by:
  - (1) For growers, measuring and inspecting the canopy owned or otherwise controlled by the licensed micro grower;
  - (2) For processors, querying the seed-to-sale tracking system for the prior 12 months of operations; and
  - (3) For dispensaries, investigating or otherwise verifying that the licensee:
    - (a) Operates only in the region in which the license was awarded or authorized;
    - (b) Employs fewer than ten individuals; and
    - (c) Does not operate a physical storefront.
- D. The Administration may restrict, reduce, fine, or otherwise sanction any micro licensee who is found to be in violation of §B of this regulation.

#### **.03 Change of Location.**

- A. Change of location procedures and requirements are as established in COMAR 14.17.06.03.
- B. A petition to expand the authorized service area of a micro dispensary does not constitute a change of location under this regulation.

#### **.04 Ownership, Control, and Management Agreements for Micro Licenses.**

- A. Transfer of ownership interest requirements and procedures for micro licenses are established in COMAR 14.17.06.04.
- B. Management agreement requirements and procedures for micro licenses are established in COMAR 14.17.06.05.

#### **.05 Micro Grower License.**

- A. A micro grower license authorizes the licensee to:
  - (1) Cultivate or package cannabis; and
  - (2) Provide cannabis to other licensees and registered independent testing laboratories.
- B. A micro grower's canopy may not exceed the restrictions as established in the Alcoholic Beverages and Cannabis Article §36-401(C)(2)(i), Annotated Code of Maryland.
- C. On or before October 1 of each year, micro growers shall report to the Administration the square footage of indoor and outdoor canopy as defined in COMAR 14.17.01.
- D. The Administration may:
  - (1) Inspect the licensed premise to verify the micro grower's annual submission of canopy square footage; and
  - (2) Restrict, reduce, fine, or otherwise sanction any micro grower who misrepresents canopy square footage.
- E. For any micro grower found in violation of §B of this regulation, the Administration may:
  - (1) Reduce the canopy of the micro grower by the same percentage as it exceeds the authorized canopy; and
  - (2) Seize, destroy, confiscate, or place an administrative hold on any flowering cannabis plants produced in the excess of the canopy.
- F. For the purposes of calculating canopy under §§B—E of this regulation, canopy that is rented, leased, operated, or otherwise controlled by one micro grower to another micro grower shall only be attributed to the micro grower in control of the square footage.
- G. A micro grower licensed under this regulation shall operate in accordance with COMAR 14.17.10.

H. A micro grower licensed under this regulation may convert to a standard grower license under COMAR 14.17.06.06 in accordance with Regulation .08 of this chapter.

**.06 Micro Processor License.**

A. A micro processor license authorizes the licensee to:

- (1) Transform cannabis into another product or an extract and package and label the cannabis product; and
- (2) Provide cannabis to licensed dispensaries and independent testing laboratories.

B. A micro processor licensed under this chapter may not exceed the restrictions as established in Alcoholic Beverages and Cannabis Article §36-401(C)(2)(ii), Annotated Code of Maryland for the processing of cannabis products.

C. A micro processor licensed under this regulation shall operate in accordance with COMAR 14.17.11.

D. A micro processor licensed under this regulation may convert to a standard processor license under COMAR 14.17.06.07 in accordance with Regulation .08 of this chapter.

**.07 Micro Dispensary License.**

A. A micro dispensary license authorizes the licensee to operate a delivery service as defined in COMAR 14.17.01.

B. A micro dispensary may not:

- (1) Operate a physical storefront; or
- (2) Employ more than 10 individuals.

C. A micro dispensary licensed under this regulation shall only deliver cannabis products to residences and medical facilities in the authorized service area under §D of this regulation.

D. Authorized Service Area.

(1) A micro dispensary may only make deliveries of cannabis or cannabis products:

- (a) In the region in which its license was awarded; and
- (b) As specifically permitted by the Administration in §D(3) of this regulation, its expanded authorized service area.

(2) A micro dispensary may submit a petition to expand its authorized service area in the manner specified by the Administration.

(3) The Administration may approve, deny, or issue temporary approval of a petition to expand a micro dispensary's authorized service area.

(4) The authorized service area must be entirely within the State of Maryland.

(5) A micro dispensary may:

- (a) Store cannabis in a facility outside of the authorized service area in accordance with COMAR 14.17.12.03; or
- (b) Transit outside the authorized service area:
  - (i) For the purpose of stocking or restocking inventory; or
  - (ii) When it is most efficient, as part of a planned delivery route.

E. A micro dispensary licensed under this regulation shall operate in accordance with COMAR 14.17.12.03—11.

F. A micro dispensary licensed under this regulation may convert to a standard dispensary license under COMAR 14.17.06.08 in accordance with Regulation .08 of this chapter.

**.08 Conversion to Standard License.**

A. A micro licensee in good standing may apply to the Administration to convert to a standard license once it has been operational for at least 24 months, in a manner determined by the Administration.

B. The Administration may deny the micro licensee for conversion to a standard license if the micro licensee:

- (1) Has been operational for 24 or fewer months;
- (2) Has been found to violate any operational restrictions in Regulation .02B of this chapter;
- (3) Would be in violation of the ownership or control restrictions in COMAR 14.17.16;
- (4) Does not provide adequate notice to the Administration; or
- (5) For any other good cause determined by the Administration.

C. A micro license converted under §§A—B of this regulation to a standard license shall be valid through the date of the initial micro license.

D. Prior to the conversion of micro license to a standard license the licensee shall pay in full a pro-rated license fee.

E. The pro-rated license fee required under §D of this regulation shall be calculated by the Administration by:

- (1) Subtracting any previous license fee paid for the valid micro license that is being converted into the standard license from the standard fee under COMAR 14.17.21; and
- (2) Pro-rating the remaining license fee total by months remaining on the initial 5-year term of the micro license.

F. A micro license converted under this regulation:

- (1) Shall be forfeited by the licensee as a condition of conversion and the Administration may award the forfeited license in a subsequent licensing round;
  - (2) Shall only be for the corresponding standard license type; and
  - (3) May not be converted to an incubator space license under COMAR 14.17.06.09 or on-site consumption license under COMAR 14.17.06.10.
- G. The Administration shall reserve enough standard licenses, by license type, to allow a reasonable number of micro licenses to convert to a standard license.

## 14.17.08 Laboratory Registration and Operations

Authority: Alcoholic Beverages and Cannabis Article, §§36-202—204, and 36-408, Annotated Code of Maryland

**.01 Definitions.**

A. In this chapter, the following terms have the meanings indicated.

B. Terms Defined.

(1) "Accreditation body" means a nonprofit, impartial organization that requires conformance to 17025 ISO/IEC requirements and is a signatory to the international laboratory accreditation cooperation (ILAC) mutual recognition arrangement for testing.

(2) "Cannabis industry" means all cannabis registrants, licensees, and their agents in Maryland.

**.02 Independent Testing Laboratory Registration.**

A. An independent testing laboratory shall register with the Administration.

B. To register, an independent laboratory shall:

(1) Submit a completed independent laboratory registration form;

(2) Pay the registration fee specified in COMAR 14.17.21.

(3) Submit a copy of the certificate of accreditation accompanied by the scope of accreditation; and

(4) Submit the name, address, date of birth, and Social Security Number or Individual Taxpayer Identification Number of each independent testing laboratory employee and a copy of the application form completed by each independent testing laboratory employee.

C. The Administration may issue a provisional registration to an independent testing laboratory that has not yet been issued a certificate of accreditation in Maryland if the independent testing laboratory submits:

(1) A copy of the contract with the accreditation body with which it is applying to become accredited and a copy of the proposed scope of the accreditation;

(2) Evidence the independent testing laboratory has been accredited by the accreditation body in another jurisdiction; and

(3) All other required components listed in §B of this regulation.

D. Once it has obtained a certificate of accreditation, a provisionally registered independent testing laboratory shall apply to be registered, subject to the following terms:

(1) The term of the registration may not exceed the term of the provisional registration; and

(2) No additional registration fee need be paid for that term.

**.03 Standards of Care.**

A. The independent testing laboratory shall:

(1) Follow the methodologies, ranges and parameters which are contained in the scope of the accreditation for testing cannabis or cannabis products;

(2) Establish standard operating procedures and method validation or verification, if applicable, for testing that are approved by the accrediting body and the Administration;

(3) Establish and follow written procedures for verifying the experience and education of laboratory employees;

(4) Before an independent testing laboratory employee works or volunteers for the independent testing laboratory, register the employee with the Administration;

(5) Upon termination of the independent testing laboratory's association with a registered independent testing laboratory employee:

(a) Obtain any keys or other entry devices from the terminated independent testing laboratory employee;

(b) Ensure the terminated independent laboratory employee can no longer gain access to the laboratory premises; and

(c) Within 1 business day of the termination of independent laboratory employee, notify the Administration of the termination;

(6) Notify the Administration within 1 business day after the independent testing laboratory obtains notice of any kind that its accreditation has been denied, suspended or revoked;

(7) Implement the testing requirements established in COMAR 14.17.08.05 and identified in the Administration's Technical Authority for cannabis testing;

(8) Maintain a continuous or motion-activated video surveillance recording system that:

(a) Records all activity high quality and high resolution images capable of clearly revealing facial detail;

(b) Operates 24 hours a day, 365 days a year without interruption;

(c) Provides a date and time stamp for every recorded frame; and

(d) Captures activity at each area where cannabis is tested, disposed of, or stored;

(9) Store and retain all recordings of security video surveillance in a format that can be easily accessed for investigational purposes for a minimum of 90 calendar days;

(10) Make any security video surveillance recording available to the Administration or law enforcement agency for just cause as requested within 48 hours;

(11) Conspicuously display its laboratory registration at the registered premises; and

(12) Maintain a log of all visitors to the premises for 2 years.

B. Violation.

(1) Failure to provide the Administration with any video surveillance recording within 48 hours of a request from the Administration is a violation of COMAR 14.17.14.04.

(2) Each day of recording within the minimum timeframe stated in §A(9) of this regulation that a licensee fails to provide to the Administration constitutes a separate violation.

**.04 Term and Renewal.**

A. The registration is valid for 2 years.

B. An independent testing laboratory may renew its registration by submitting to the Administration:

(1) A copy of the independent testing laboratory registration form;

(2) Payment of the registration fee specified in COMAR 14.17.21; and

(3) Submission of copies of the most recent:

(a) Assessment from the accreditation body; and

(b) Proficiency testing results obtained by the independent testing laboratory.

**.05 Independent Testing Laboratory Responsibilities.**

A. An independent testing laboratory shall:

(1) Establish and follow statistically valid sampling methods to obtain samples from licensees;

- (2) Adopt standard operating procedures that are approved by the Administration to test cannabis, cannabis concentrate, and any other product that contains more than 0.5 milligrams of THC per serving and 2.5 milligrams of THC per package;
  - (3) Perform testing and analysis of cannabis and cannabis products in accordance with the Administration's Technical Authority.
  - (4) In the event of a test result which falls out of specification:
    - (a) Follow standard operating procedure to confirm or refute the original result; and
    - (b) Notify the Administration of the failed test result within 24 hours of the determination.
  - (5) Issue to the licensee a certificate of analysis for each batch, with supporting data, to report concentrations of compounds, presences of contaminants, and whether the batch is within specifications for certain characteristics, as required by the Technical Authority; and
  - (6) After the analysis is complete, weigh, document, and destroy all green waste in accordance with a standard operating procedure approved by the Administration.
- B. An independent testing laboratory may only handle, test, or analyze cannabis or cannabis products if it:
- (1) Has been registered by the Administration;
  - (2) Is independent from all other persons and entities involved in the cannabis industry;
  - (3) Is accredited by an accreditation body or has a provisional registration from the Administration;
  - (4) Has established standard operating procedures that provide for adequate chain of custody controls for samples transferred to the independent testing laboratory for testing, which are approved by the Administration; and
  - (5) Enters timely and accurate data into the seed-to-sale tracking system that identifies and tracks samples.
- C. Upon request, in a format determined by the Administration, independent testing laboratories shall:
- (1) Provide materials to the State Cannabis Testing Laboratory to conduct the activities under Regulation .07B of this chapter;
  - (2) As part of a licensee inspection, analyze samples for deviation from specification and provide a written report to the Administration.

**.06 Transportation of Products Containing Cannabis.**

- A. A registered independent testing laboratory may transport samples of cannabis and products containing cannabis from the premises of a licensed grower, processor, or dispensary to the independent testing laboratory.
- B. A registered independent testing laboratory shall transport samples of cannabis and products containing cannabis:
  - (1) With oversight by at least one independent testing laboratory employee registered with the Administration; and
  - (2) Using a vehicle that meets the criteria specified in COMAR 14.17.09.03.

**.07 State Cannabis Testing Laboratory.**

- A. The Administration shall operate a State Cannabis Testing Laboratory under the Alcoholic Beverages and Cannabis Article, §36-204, Annotated Code of Maryland.
- B. The Administration shall operate a State Cannabis Testing Laboratory to:
  - (1) Prepare, conduct, and analyze proficiency testing events for independent testing laboratories registered under this chapter;
  - (2) Develop cannabis testing methodologies;
  - (3) Conduct compliance testing on cannabis samples;
  - (4) Establish and verify standard operating procedures for independent testing laboratories;
  - (5) Develop and facilitate quality assurance and compliance controls for micro growers and micro processors;
  - (6) Remediate problems with registered independent testing laboratories and recommend Administration sanctions; and
  - (7) Test products for adverse event reporting, research, and other purposes deemed necessary by the Administration, including:
    - (a) Licensed cannabis products produced and sold in accordance with this subtitle;
    - (b) Unlicensed cannabis products produced or sold in violation of this subtitle;
    - (c) Hemp derived products; and
    - (d) Any other products required to be tested for the public health or public safety of Maryland.
- C. Pilot Programs.
  - (1) The State Cannabis Testing Laboratory may establish pilot programs for the purposes of:
    - (a) Improving public health and safety;
    - (b) Reviewing existing regulatory standards; or
    - (c) Developing new regulatory standards.
  - (2) As part of a pilot program established under this section, the Administration may waive, reduce or amend existing testing standards.
  - (3) Participation in a pilot program will be determined by the Administration, in a manner prescribed by the Administration.

**14.17.09 Other Cannabis Businesses**

Authority: Alcoholic Beverages and Cannabis Article, §§36-202, 36-203, 36-401, and 36-409, Annotated Code of Maryland

**.01 Scope.**

This chapter applies to any registrant who conducts transportation, disposal, or security services for any cannabis licensee in Maryland.

**.02 Cannabis Registrants.**

- A. A registrant shall be registered with the Administration prior to providing any transportation, disposal, or security services for any cannabis licensee in Maryland.
- B. To register, a cannabis business shall submit:
  - (1) A completed registration form;
  - (2) The name, address, date of birth, and Social Security number of each agent for the cannabis business;
  - (3) A security plan, including emergency protocol;
  - (4) A copy of the articles of incorporation and authorization to do business in Maryland;
  - (5) The registration fee specified in COMAR 14.17.21;

- (6) Any secure cannabis transport vehicle for inspection by the Administration; and
- (7) Proof that fingerprints have been submitted to CJIS and the FBI for every cannabis agent.
- C. The Administration may approve a cannabis registration if the business:
  - (1) Submits a complete and accurate registration form;
  - (2) Is authorized to do business in Maryland; and
  - (3) Pays the required fee specified in COMAR 14.17.21.
- D. The Administration may deny a registration for any good cause as determined by the Administration.
- E. The Administration may collect demographic information from applicants at the time of registration.
- F. The Administration may deny or revoke a cannabis business registration if any agent or individual with ownership interest in the business is convicted of or pleads nolo contendere to a crime involving moral turpitude, whether or not any appeal or other proceeding is pending to have the conviction or plea set aside.
- G. The registration is valid for 2 years.
- H. The business may renew its registration by submitting to the Administration:
  - (1) A copy of the registration form; and
  - (2) Proof that fingerprints have been submitted to CJIS and the FBI for every cannabis agent.
- I. A licensee may only contract with Administration-registered cannabis businesses for the provisions of services under this regulation.

**.03 Transport Operations.**

- A. This regulation governs the transport of cannabis or cannabis products by a licensed grower, processor, dispensary, or a registered transporter business between the premises of licensees, independent testing laboratories, the State Cannabis Testing Laboratory, and for green waste disposal.
- B. A licensee or registrant shall ensure:
  - (1) Agents have on their person their current, active driver's license;
  - (2) Agents have on their person Administration-issued proof of:
    - (a) The licensee's or registrant's current licensure or registration; and
    - (b) Their own registration;
  - (3) While in transit, agents do not wear any clothing or symbols that may indicate ownership or possession of cannabis;
  - (4) Each vehicle used to transport cannabis is operated by at least one registered agent; and
  - (5) All cannabis is transported in one or more locked and secure storage containers which may not be accessible while in transit.
- C. A vehicle used to transport cannabis:
  - (1) Shall have and display current vehicle registration;
  - (2) Shall be insured as required by law;
  - (3) Shall be equipped with locked and secure storage containers anchored to the inside of the vehicle;
  - (4) Shall conceal storage containers so they are not visible or identifiable from outside of the vehicle; and
  - (5) May not display any sign or illustration related to cannabis or a licensee.
- D. The requirements in §C(2) and (3) do not apply to a registrant that only disposes of green waste.
- E. Electronic Manifest.
  - (1) A shipping licensee shall create an electronic manifest to record the chain of custody for each cannabis shipment.
  - (2) The electronic manifest shall record:
    - (a) The name and address of the shipping licensee;
    - (b) The shipping licensee's shipment identification number;
    - (c) The weight and description of each individual package that is part of the shipment, and the total number of individual packages;
    - (d) The name of the registered grower agent, processor agent, or dispensary agent that prepared the shipment;
    - (e) The name and address of the receiving licensee or other receiving party if applicable; and
    - (f) Any handling or storage instructions.
  - (3) The electronic manifest shall contain the following entries as points in the chain of custody:
    - (a) An entry by a registered grower agent, registered processor agent, or registered dispensary agent who has prepared the shipment, including the date and time of preparation;
    - (b) An entry by a registered grower agent, processor agent, or dispensary agent of the date and time of the placement of the shipment into the secure cannabis transport vehicle;
    - (c) An entry by the receiving licensee's agent receiving the shipment, including the date and time of the acceptance; and
    - (d) If any other person had custody or control of the shipment, that person's identity, the circumstances, duration, and disposition.
- F. Delivering and Receiving Cannabis Shipments.
  - (1) Upon arrival of a secure cannabis transport vehicle, the shipping licensee agent who delivers the shipment shall notify an appropriate receiving licensee agent to continue the chain of custody in the electronic manifest of the shipment of cannabis or cannabis products.
  - (2) An agent of the receiving licensee shall:
    - (a) Log into the seed-to-sale tracking system;
    - (b) Take custody of a shipment of products containing cannabis;
    - (c) Confirm that:
      - (i) The agent who delivers the shipment is carrying appropriate identification;
      - (ii) The packaging is secure, undamaged, and appropriately labeled;
      - (iii) Each package in the shipment is labeled as described in the electronic manifest; and
      - (iv) The contents of the shipment are as described in the electronic manifest;
    - (d) Record the confirmations in the electronic manifest;
    - (e) Obtain in the electronic manifest the signature or identification number of the agent who delivers the shipment;
    - (f) Record in the electronic manifest the date and time the receiving licensee agent takes custody of the shipment;

- (g) Enter the products containing cannabis into the seed-to-sale tracking system;
  - (h) Segregate the items in the shipment from the inventory until the item can be inspected;
  - (i) Inspect each item to ensure that the packaging of each item is undamaged, accurate, and complete; and
  - (j) Upon determining the item passes inspection, release the item into the stock.
- (3) The agent who delivers the shipment shall provide a copy of the electronic manifest for the shipment to the receiving licensee.
- (4) The agent who delivers the shipment shall provide the completed electronic manifest to the shipping licensee.
- (5) The shipping licensee shall retain the electronic manifest for the shipment for 2 years.
- (6) **Discrepancy in the Shipment.**
- (a) A discrepancy between the electronic manifest and the shipment, identified by an agent who delivers the shipment or a receiving agent, shall be reported by each agent to three agent's supervisor.
  - (b) If a discrepancy can be immediately rectified, the accepting processor supervisor shall record the rectification in the electronic manifest.
  - (c) A discrepancy that cannot be immediately rectified shall be reported to the Administration by the receiving licensee within 24 hours of the observation of the discrepancy and the shipping licensee shall initiate an investigation of the discrepancy.
  - (d) The shipping licensee shall submit to the Administration:
    - (i) Within 7 calendar days of the observation of the discrepancy, a preliminary report of an investigation of a discrepancy; and
    - (ii) Within 30 calendar days, a final report of the investigation.
- H. Licensees and registrants transporting or receiving edible cannabis products shall comply with COMAR 14.17.11.05-.9.
- I. A registered transporter business may not deliver cannabis to qualifying patients, registered caregivers, or adult-use consumers.

**.04 Incubator Spaces.**

- A. An incubator space may provide one or more of the following:
  - (1) Secure storage of cannabis or cannabis products for licensed micro dispensaries;
  - (2) Commercial kitchen space for the processing and production of cannabis products by licensed micro processors; or
  - (3) Space for the cultivation of cannabis by licensed micro growers.
- B. An incubator space shall comply with the requirements of COMAR 14.17.10, 14.17.11, and 14.17.12 for the:
  - (1) Security of the premises;
  - (2) Sanitation of any cannabis or cannabis product produced at the incubator space;
  - (3) Safety of any cannabis cultivated at the incubator space, including the use of pesticides;
  - (4) Storage of cannabis and cannabis products; and
  - (5) Use of the seed-to-sale tracking system.
- C. The incubator space licensee shall make a good faith effort to:
  - (1) Secure any cannabis, cannabis products, inventory, equipment, or other materials on the licensed premise; and
  - (2) Prevent theft or diversion of any cannabis, cannabis products, inventory, equipment, or other materials by license holders, agents, or members of the public.
- D. The incubator space licensee holder may assess a fair market rent for the use or storage of the facility.
- E. The incubator space licensee may not accept or receive any equity stake, ownership share, or control of a micro license facility as a condition of rent or use of the space.

**14.17.10 Cannabis Grower Operations**

Authority: Alcoholic Beverages and Cannabis Article, §§36-202, 36-203, 36-401, 36-402, and 36-410, Annotated Code of Maryland

**.01 Scope.**

- A. Unless otherwise specified this chapter applies to a business licensed to grow cannabis under COMAR 14.17.06.06 and 14.17.07.05.
- B. This chapter applies to all cannabis grown in Maryland intended for either adult-use or medical-use sales.

**.02 Cannabis Grower Premises.**

- A. A grower premises shall:
  - (1) Be located within Maryland;
  - (2) Conform to local zoning and planning requirements; and
  - (3) Conspicuously display an Administration-issued grower license at the licensed premises.
- B. **Additional Provisions for Field or Greenhouse Cultivation Premises.**
  - (1) A grower premises for field cultivation of cannabis shall be situated to maintain the greatest achievable level of privacy and security.
  - (2) An area of cultivation shall be securely surrounded by fencing and gates constructed to prevent unauthorized entry.
  - (3) Fencing and gates shall be equipped with a security alarm system that:
    - (a) Covers the entire perimeter;
    - (b) Is continuously monitored; and
    - (c) Is capable of detecting power loss.
  - (4) The premises shall be protected by a video surveillance recording system to ensure:
    - (a) Surveillance of the entire perimeter of the area of cultivation;
    - (b) Surveillance over all portions of the security fence and all gates; and
    - (c) Adherence to the video surveillance requirements of this chapter.
  - (5) A video surveillance system shall be supported by adequate security lighting which may be modified as necessary to include motion control sensors to protect light-dark cycles for proper cultivation.
- C. A grower may not make modifications or renovations:

- (1) Without prior approval by the Maryland Cannabis Administration in a manner prescribed by the Administration; or
- (2) That increase a standard grower's capacity to greater than the canopy limits prescribed in Alcoholic Beverages and Cannabis Article §36-402(B), Annotated Code of Maryland.

D. A grower facility premises shall be constructed to prevent unauthorized entry.

E. Security Lighting.

- (1) The grower shall design and install lighting fixtures to ensure proper surveillance.
- (2) This provision does not apply to lighting in areas of a grower's premises that are used to cultivate cannabis.

F. Security Alarm Systems.

- (1) A grower shall maintain a security alarm system that covers all:
  - (a) Perimeter entry points and portals at all premises;
  - (b) Rooms that hold cannabis;
  - (c) Locations where records are stored on-site; and
  - (d) Locations where records are stored off-site.
- (2) A security system shall:
  - (a) Be continuously monitored;
  - (b) Be capable of detecting smoke and fire;
  - (c) Be capable of detecting power loss;
  - (d) Include panic alarm devices mounted at convenient, readily-accessible locations throughout the licensed premises;
  - (e) Remain operational until a licensed premises no longer has any cannabis, seeds, or cuttings on the premises; and
  - (f) Be equipped with auxiliary power sufficient to maintain operation for at least 48 hours.

G. Video Surveillance Requirements.

- (1) A grower shall maintain a motion-activated video surveillance recording system at all premises that:
  - (a) Records all activity in images of high quality and high resolution capable of clearly revealing facial detail;
  - (b) Operates 24-hours a day, 365 days a year without interruption; and
  - (c) Provides a date and time stamp for every recorded frame.
- (2) A grower shall post appropriate notices advising visitors of the video surveillance.
- (3) A surveillance camera shall be located and operated to capture each exit from the premises.
- (4) A surveillance camera shall capture activity at each:
  - (a) Entrance to an area where cannabis is grown, tested, cured, manufactured, processed, or stored; and
  - (b) Area where cannabis is trimmed, packaged, cured, or stored.
- (5) The storage of all recordings of security video surveillance shall be:
  - (a) Access-limited;
  - (b) Secured by a security alarm system that is independent of the main premises security alarm system;
  - (c) In a format that can be easily accessed for investigational purposes; and
  - (d) Retained for a minimum of 90 calendar days.
- (6) Any recording of security video surveillance shall be made available to the Administration or law enforcement agency for just cause as requested within 48 hours.
- (7) Violation.
  - (a) Failure to provide the Administration with any recording of video surveillance within 48 hours of a request from the Administration is a violation of COMAR 14.17.14.04.
  - (b) Each day of recording within the timeframe in §G(5)(d) of this regulation that a grower fails to provide to the Administration constitutes a separate violation.

H. Handwashing Sinks. A grower shall:

- (1) Ensure that agents engaged in creating usable cannabis products have easy access to a handwashing sink that provides warm water of sufficient volume under pressure for effective handwashing procedures;
- (2) Maintain at least one handwashing sink for the following number of agents who are engaged in creating usable cannabis products while on duty at the same time:
  - (a) Every 15 agents; and
  - (b) Any fraction of 15 agents.

I. Visitor to the Premises.

- (1) When a visitor is admitted to the licensed premises, a registered agent shall:
  - (a) Log the visitor in and out;
  - (b) Retain with the log a photocopy of the visitor's government-issued identification;
  - (c) Continuously, physically supervise the visitor while they are on the premises; and
  - (d) Ensure that the visitor does not touch any cannabis.
- (2) An Administration investigator is not subject to the visitor requirements established in §I(1) of this regulation.
- (3) The grower shall maintain a log of all visitors for 2 years.

J. Micro growers may not operate a facility greater than the limits established in Alcoholic Beverages and Cannabis Article, §36-401(C)(2)(i), Annotated Code of Maryland.

### **.03 Cannabis Grower Controls.**

A. Receipt of Material.

- (1) A grower shall quarantine material that is received to produce cannabis.
- (2) A grower shall inspect material for defects, contamination, and compliance with a grower's specifications.
- (3) Material may not be released from quarantine by a grower until the material:
  - (a) Passes inspection; and

(b) Is determined to be acceptable for use as intended.

**B. Growing Cannabis.**

**(1) Horticultural Controls.**

(a) Water. The grower shall keep a record of water quality testing on site and make it available for inspection.

(b) Fertilizer. As part of the standard operating procedure, a grower shall:

(i) Adopt a nutrient management plan prepared by a certified nutrient management consultant;

(ii) Use fertilizer or hydroponic solution of a type, formulation, and at a rate, to support healthy growth of cannabis; and

(iii) Maintain records of the type and amounts of fertilizer and any growth additives used.

(c) Unless the cannabis is field grown, a grower shall install, as part of the standard operating procedure, a system to monitor, record, and regulate:

(i) Temperature;

(ii) Humidity;

(iii) Ventilation; and

(iv) Lighting, if used.

(d) Unless the cannabis is field grown, a grower shall seal or screen the premises ventilation system with a mesh or filtering system fine enough to exclude most plant pests.

(e) Pest Monitoring. A grower shall use integrated pest management practices and techniques to identify and manage plant pathogen and pest problems, including:

(i) A door control system sufficient to prevent pest entry;

(ii) Regular visual inspection of plants and growing areas for the presence of pests;

(iii) The use of sticky cards in growing areas; and

(iv) Identification and recording of all pests or pathogens detected and the measures taken for control.

(f) Pest Control. Pesticide applicators and applications shall follow State and federal pesticide requirements for any pesticide applied.

(g) Sanitation. Sanitation shall comply with the grower's standard operating procedures.

(h) Green Waste. A grower shall weigh, document, and destroy all green waste in accordance with the standard operating procedures.

**(2) Equipment. A grower shall:**

(a) Maintain equipment that comes in contact with cannabis to prevent contamination;

(b) Maintain cleaning and equipment maintenance logs;

(c) Ensure all scales are National Type Evaluation Program-approved; and

(d) Have any scale, balance, or other measurement device, and any automatic, mechanical, or electronic equipment:

(i) Annually calibrated by a calibration laboratory accredited to International Organization for Standardization (ISO) standard 17025 ISO/IEC by an accreditation body that is a signatory to the International Laboratory Accreditation Cooperation (ILAC) Mutual Recognition Arrangement; and

(ii) Checked at least once per month to ensure accuracy.

(e) Make records and certifications required under §B(2)(c) and (d) of this regulation available to the Administration available upon request.

**C. Inventory Controls.**

(1) A grower shall enter timely and accurate data into the Administration's designated seed-to-sale tracking system to track the grower's stock of cannabis from the time the cannabis is propagated from seed or cutting to the time it is delivered to a:

(a) Licensed processor; or

(b) Licensed dispensary.

(2) Upon receipt of raw material for cultivation, a grower shall record in the seed-to-sale tracking system:

(a) The date delivered; and

(b) The number of cuttings or seeds delivered or the weight of the seeds for each variety in the shipment.

(3) Requirements for Receipt of Material. A grower:

(a) Shall quarantine material that is received to be used to produce cannabis;

(b) Shall inspect material for defects, contamination, and compliance with a grower's specifications; and

(c) May not release material from quarantine until it:

(i) Passes inspection; and

(ii) Is determined acceptable for use as intended.

(4) Plant Tagging and Entry into Seed-to-Sale Tracking System.

(a) For each plant, as soon as practical, a grower shall:

(i) Create a unique identifier for each plant;

(ii) Assign each plant to a batch;

(iii) Enter information regarding the plant into the seed-to-sale tracking system;

(iv) Create a tag with the unique identifier and batch number; and

(v) Securely attach the tag to a plant container or plant.

(b) A tag shall be:

(i) Indelible and tamper-evident; and

(ii) Made of a material that resists variation in temperature and moisture.

(5) Control of Harvested Cannabis. A grower shall:

(a) Upon completion of curing or drying of each batch, weigh cannabis to update the seed-to-sale tracking system for the batch; and

(b) At least monthly, conduct a physical inventory of the stock and compare the physical inventory of stock with the stock reflected in seed-to-sale tracking system.

**D. Quality Controls.**

**(1) Production and Process Controls.**



- (a) A grower shall cultivate each plant and produce each batch of cannabis in conformity with standard operating procedures.
- (b) A grower shall record the cultivation process in accordance with standard operating procedures to ensure:
  - (i) Consistency of the batch with the variety; and
  - (ii) Accuracy of the day-to-day production.
- (c) A grower shall record any deviation defined as a material change from the standard operating procedure which would impact the quality of the batch in the log.
- (d) A grower may not release any batch of cannabis if there was any deviation in production of the batch from the standard operating procedure unless:
  - (i) After independent testing of the batch in accordance with the criteria set forth in COMAR 14.17.08.05A, the grower determines, as a result of such testing, that the batch meets the specification for the variety; and
  - (ii) The determination is recorded.
- (2) During the process of cultivation, a grower shall regularly inspect each plant to ensure proper growth and absence of pests and disease.
- (3) A grower shall hold cannabis in secure, segregated storage until released for distribution.
- (4) A grower shall use an Administration-registered independent testing laboratory to test each batch of cannabis and obtain a certificate of analysis.
- (5) **Batch Release Controls.**
  - (a) If a grower, upon review of the certificate of analysis, determines that a batch meets the specification for the variety, the grower may:
    - (i) Assign an expiration date to the batch;
    - (ii) Release the batch for distribution; and
    - (iii) Revise the status of the batch in the seed-to-sale tracking system.
  - (b) If a grower receives test results that do not meet specifications, the grower:
    - (i) Shall notify the Administration of the determination within 24 hours of receiving the test results;
    - (ii) May rework or reprocess the batch according to their standard operating procedure; and
    - (iii) If applicable, shall ensure the reworked or reprocessed batch is resampled and retested by the independent testing laboratory to confirm that all required specifications are met.
  - (c) If a batch is being transferred to a licensed processor for processing, the grower may release the batch for distribution without having a certificate of analysis or being sampled or tested by an independent testing laboratory.
  - (d) All cannabis products shall have a certificate of analysis, as specified in COMAR 14.17.08.05, prior to transfer to a licensed dispensary.
- (6) A grower shall retain every certificate of analysis.
- (7) **Stability Testing and Retention Sampling.**
  - (a) A grower shall provide a sample from each released batch to an independent testing laboratory sufficient to perform stability testing at 6-month intervals to:
    - (i) Ensure product potency and purity; and
    - (ii) Provide support for expiration dating.
  - (b) Retention samples retained from each released batch shall be:
    - (i) Tested by a registered independent testing laboratory other than the original certifying laboratory following an adverse event reported to the Administration;
    - (ii) Properly stored by the grower; and
    - (iii) Properly discarded 6 months after the expiration date of the batch.

**E. Sanitation.**

- (1) Scales, surfaces, and other equipment use for the purposes of creating usable cannabis products shall be cleaned and sanitized:
  - (a) Between shifts;
  - (b) Between packaging, repackaging, or otherwise creation of usable cannabis products with different usable cannabis batches;
  - (c) Before beginning any packaging, repackaging, or other creation of usable cannabis products; and
  - (d) After the completion of any packaging or creation of usable cannabis products.
- (2) A grower shall maintain an accurate log of cleaning and sanitation required under §E(1) of this regulation.

**.04 Micro Grower Premises and Operations.**

A micro grower's canopy may not exceed the restrictions established in the Alcoholic Beverages and Cannabis Article, §36-401(c)(2)(i), Annotated Code of Maryland.

**.05 Product Returned for Destruction and Disposal of Green Waste.**

- A. A grower shall accept any product returned for destruction and record as green waste.
- B. A grower shall otherwise destroy any other product recorded as green waste with standard operating procedures.

**.06 Product Reservations and Trade Practices.**

- A. Except as specified in §C of this regulation, a grower licensed under COMAR 14.17.06.06 shall make a good faith effort to transfer at least 10 percent of cannabis grown to:
  - (1) Licensed processors and dispensaries that have no common ownership interest or control with the grower; or
  - (2) Social equity licensees as defined in COMAR 14.17.01 .
- B. In fulfilling the requirement in §A of this regulation, a grower shall to the extent practicable:
  - (1) Prioritize social equity licensees; and
  - (2) Ensure that approximately equal amounts of cannabis are transferred to licensed processors and dispensaries.
- C. A social equity grower licensee shall make a good faith effort to transfer at least 10 percent of cannabis grown to licensed processors and dispensaries that have no common ownership interest or control with the social equity grower licensee.
- D. The Administration may query the seed-to-sale tracking system to ensure compliance with this regulation.

E. If a grower is found in violation of this regulation, the Administration may:

- (1) Issue a fine; and
- (2) Restrict, suspend, or revoke the license.

**.07 Visitor to the Premises.**

A. When a visitor is admitted to the premises, an agent shall:

- (1) Log the visitor in and out;
- (2) Retain with the log a photocopy of the visitor's government-issued identification;
- (3) Continuously, physically supervise the visitor while they are on the premises; and
- (4) Ensure that the visitor does not touch any cannabis.

B. An Administration investigator is not subject to the visitor requirements established in §A of this regulation.

C. The grower shall maintain a log of all visitors for 2 years.

**.08 Discrepancy, Theft, and Diversion Reporting.**

A. Discrepancy Reporting.

(1) If a grower discerns a discrepancy between the inventory of stock and the seed-to-sale tracking system outside of normal weight loss due to moisture loss and handling, the grower shall commence an investigation of the discrepancy within one business day.

(2) Failure to report a discrepancy within one business day may be used as evidence of diversion.

B. Theft or Diversion. If the grower finds evidence of a theft or diversion, the grower shall report the theft or diversion to the Administration and to the law enforcement agency with jurisdiction in the grower's area within 1 business day.

C. Within 30 business days of discovering the theft, diversion, or discrepancy, the grower shall:

- (1) Complete an investigation;
- (2) Amend its standard operating procedures, if necessary; and
- (3) Send a report of the investigation to the Administration.

**.09 Standard Operating Procedures.**

A. A grower shall establish written standard operating procedures in accordance with this subtitle to include all aspects of:

(1) Inventory control, including:

- (a) Identifying and tracking the grower's stock of cannabis in the seed-to-sale tracking system; and
- (b) Monthly physical inventory;

(2) Receiving material used to produce cannabis;

(3) Shipping and transporting cannabis or products containing cannabis;

(4) Sanitation, including:

- (a) Storage of cannabis;
- (b) Maintaining the sanitation of equipment that comes into contact with cannabis; and
- (c) Good hygiene practices and the wearing of protective clothing by agents;

(5) Equipment maintenance and calibration;

(6) Handling, packaging, and labeling of cannabis products and byproducts;

(7) Rework or reprocessing;

(8) Green waste procedures;

(9) Non-green waste procedures;

(10) Security and visitor procedures, including theft and diversion prevention;

(11) Storage, handling, and disposal of recalled materials.

(12) Irrigation, propagation, cultivation, fertilization, including the use of growing media or hydroponic solution;

(13) Recording the cultivation process;

(14) Pest monitoring and management;

(15) Harvesting, drying, curing; and

(16) Research and development procedures.

B. A grower's standard operating procedures shall:

- (1) Be available to each agent in a form the agent understands;
- (2) Be available on-site for inspection by the Administration; and
- (3) Accurately reflect the procedures used at the premises.

### **14.17.11 Cannabis Processor Operations**

Authority: Alcoholic Beverages and Cannabis Article, §§36-202, 36-203, and 36-401, Annotated Code of Maryland

**.01 Scope.**

Unless otherwise specified this chapter applies to a business licensed to process cannabis under COMAR 14.17.06.07 and COMAR 14.17.07.06.

**.02 Cannabis Processor Premises.**

A. A processor premises shall:

- (1) Be located within Maryland;
- (2) Conform to local zoning and planning requirements; and
- (3) Conspicuously display a processor license at the licensed premises.

B. A processor may not make modifications or renovations to a processor premises without prior approval by the Administration in a manner prescribed by the Administration.

C. A processor facility premises shall be constructed to prevent unauthorized entry.

D. The processor shall design and install lighting fixtures to ensure proper surveillance.

E. Security Alarm Systems.

(1) A processor shall maintain a security alarm system that covers all:

- (a) Perimeter entry points and portals at all premises;
- (b) Rooms that hold cannabis;
- (c) Locations where records are stored on-site; and
- (d) Locations where records are stored off-site.

(2) A security system shall:

- (a) Be continuously monitored;
- (b) Be capable of detecting smoke and fire;
- (c) Be capable of detecting power loss;
- (d) Include panic alarm devices mounted at convenient, readily-accessible locations throughout the licensed premises;
- (e) Remain operational until a licensed premises no longer has any cannabis, seeds, or cuttings on the premises; and
- (f) Be equipped with auxiliary power sufficient to maintain operation for at least 48 hours.

F. Video Surveillance Requirements.

(1) A processor shall maintain a motion-activated video surveillance recording system at all premises that:

- (a) Records all activity in images of high quality and high resolution capable of clearly revealing facial detail;
- (b) Operates 24-hours a day, 365 days a year without interruption; and
- (c) Provides a date and time stamp for every recorded frame.

(2) A processor shall post appropriate notices advising visitors of the video surveillance.

(3) A surveillance camera shall be located and operated to capture each exit from the premises.

(4) A surveillance camera shall capture activity at each:

- (a) Entrance to an area where cannabis is processed, tested, packaged, or stored; and
- (b) Area where cannabis is processed, packaged, or stored.

(5) The storage of all recordings of security video surveillance shall be:

- (a) Access-limited;
- (b) Secured by a security alarm system that is independent of the main premises security alarm system;
- (c) In a format that can be easily accessed for investigational purposes; and
- (d) Retained for a minimum of 90 calendar days.

(6) Any recording of security video surveillance shall be made available to the Administration or law enforcement agency for just cause as requested within 48 hours.

(7) Violation.

(a) Failure to provide the Administration with any recording of video surveillance within 48 hours of a request from the Administration is a violation of COMAR 14.17.14.04.

(b) Each day of recording within the timeframe stated in §F(5)(d) of this regulation that a processor fails to provide to the Administration constitutes a separate violation.

G. Handwashing Sinks. A processor shall:

(1) Ensure that agents engaged in creating usable cannabis products have easy access to a handwashing sink that provides warm water of sufficient volume under pressure for effective handwashing procedures;

(2) Maintain at least one handwashing sink for the following number of agents who are engaged in creating usable cannabis products while on duty at the same time:

- (a) Every 15 agents; and
- (b) Any fraction of 15 agents.

**.03 Cannabis Processor Facility Operations.**

A. A processor shall:

(1) Create and enter timely and accurate data into the seed-to-sale tracking system to identify and track the processor's stock of cannabis from the time it is delivered or produced to the time it is delivered to another licensee and

(2) At least monthly, conduct a physical inventory of the stock and compare the physical inventory of stock with the stock reflected in the seed-to-sale tracking system.

B. Receipt of Products Containing Cannabis.

(1) A processor may not:

- (a) Acquire cannabis from an individual or entity in Maryland other than a licensee;
- (b) Acquire cannabis from outside of Maryland unless authorized by the Administration; or
- (c) Transport cannabis to any place outside of Maryland.

(2) Hemp.

(a) A processor may acquire hemp, as defined in Agriculture Article, §14-101, Annotated Code of Maryland, from a person licensed to produce hemp by:

- (i) The Maryland Department of Agriculture;
- (ii) The Secretary of the U.S. Department of Agriculture; or
- (iii) An agency of another state pursuant to a hemp production plan that has been approved by the Secretary of the U.S. Department of

Agriculture.

(b) Any product derived from hemp shall comply with:

- (i) The testing standards established in COMAR 14.17.08 and the Technical Authority;
- (ii) The relevant manufacturing standards established in this chapter and COMAR 14.17.13; and
- (ii) The relevant packaging and labeling standards established in COMAR 14.17.18.

(c) A licensed processor shall follow the process for receiving cannabis established in COMAR 14.17.09.03.

D. Sanitary Storage of Cannabis. A processor shall:

(1) Maintain the cleanliness of any building or equipment used to store or display cannabis;

(2) Ensure cannabis is free from contamination;

(3) Require a processor agent to report any personal health condition that might compromise the cleanliness or quality of the cannabis the processor agent might handle;

(4) Dispose and segregate storage of any cannabis:

(a) That is outdated, damaged, deteriorated, misbranded, or adulterated; or

(b) Whose containers or packages have been improperly or accidentally opened.

E. Equipment Sanitation, Accuracy, and Maintenance of Logs. A processor shall:

(1) Maintain the sanitation of equipment that comes in contact with cannabis.

(2) Ensure all scales are National Type Evaluation Program-approved;

(3) Ensure that any scale, balance, or other measurement device and any automatic, mechanical, or electronic equipment is:

(a) Annually calibrated by a calibration laboratory accredited to International Organization for Standardization (ISO) standard 17025 ISO/IEC by an accreditation body that is signatory to the International Laboratory Accreditation Cooperation (ILAC) Mutual Recognition Arrangement; and

(b) Checked at least once each month to ensure accuracy.

(4) Maintain an accurate log recording the:

(a) Cleaning of equipment;

(b) The maintenance of equipment; and

(c) The calibration of equipment.

(5) Make records and certifications required under §E(2) and (3) of this regulation available to the Administration available upon request.

F. Sanitation.

(1) Scales, surfaces, and other equipment use for the purposes of creating usable cannabis products shall be cleaned and sanitized:

(a) Between shifts;

(b) Between packaging, repackaging, or otherwise creation of usable cannabis products with different usable cannabis batches;

(c) Before beginning any packaging, repackaging, or otherwise creation of usable cannabis products; and

(d) After the completion of any packaging or creation of usable cannabis products.

(2) A processor shall maintain an accurate log of cleaning and sanitation required under §F(1) of this regulation.

**.04 Cannabis Product Processing.**

A. Controls for Processing of Cannabis Concentrates and Cannabis-Infused Products.

(1) A licensed processor of cannabis concentrates and cannabis-infused products shall:

(a) Develop standard operating procedures in accordance with COMAR 14.17.11.10, good manufacturing practices, and a training plan before producing cannabis concentrates and cannabis-infused products;

(b) Require that any person involved in processing cannabis concentrates and cannabis-infused products:

(i) Is appropriately trained in accordance with their job description to safely operate and maintain the system used for processing;

(ii) Has direct access to applicable material safety sheets and labels; and

(iii) Follows OSHA protocols for handling and storage of all chemicals; and

(c) Assign a unique lot number to each lot of cannabis concentrate or cannabis-infused product.

(d) If using a solvent-based extraction method, ensure solvents are at least 99 percent pure.

(e) Require:

(i) The use of solvents in a professional grade, closed-loop extraction system designed to recover the solvents;

(ii) Work in a spark-free environment with proper ventilation; and

(iii) Following all applicable OSHA regulations, and local fire, safety and building codes in the processing and storage of the solvents.

(f) If using carbon dioxide gas extraction, ensure:

(i) Every vessel is rated to a minimum of 900 pounds per square inch;

(ii) The use of a professional grade, closed-loop system; and

(iii) The use of carbon dioxide that is at least 99 percent pure.

(2) A licensed processor may use heat, screens, presses, steam distillation, ice water, and other methods to produce cannabis concentrates.

B. Upon successful completion of a validation process, the licensed processor shall use an Administration-registered independent testing laboratory to test each unique lot of cannabis concentrate or cannabis-infused product and obtain a certificate of analysis.

C. Batch Release Controls.

(1) If a licensed processor, upon review of the certificate of analysis, determines that a lot meets the specification for the product, the licensed processor may:

(a) Assign an expiration date to the lot;

(b) Release the lot for distribution; and

(c) Revise the status of the lot in the seed-to-sale tracking system.

(2) If a licensed processor receives test results that the lot does not meet specifications, the licensed processor:

(a) Shall notify the Administration of the determination within 24 hours of the receiving the test results;

(b) May rework or reprocess the lot according to their standard operating procedure;

(c) If applicable, shall ensure the reworked or reprocessed lot is resampled and retested by the independent testing laboratory to meet all required specifications.

(3) A licensed processor shall retain every certificate of analysis.

(4) All cannabis products shall have a certificate of analysis, as specified in COMAR 14.17.08.05A(5), prior to transfer to a licensed dispensary.

*D. Stability Testing and Retention Sampling.*

- (1) A processor shall provide a sample from each unique lot to an independent testing laboratory sufficient to perform stability testing at 6-month intervals to:
  - (a) Ensure product potency and purity; and
  - (b) Provide support for expiration dating.
- (2) Retention samples retained from each released lot shall be:
  - (a) Tested by the State Cannabis Testing Laboratory following an adverse event reported to the Administration;
  - (b) Properly stored by the licensed processor; and
  - (c) Properly discarded 6 months after the expiration date of the lot.

**.05 Edible Cannabis Product Processing.**

A. A processor that produces edible cannabis products as defined in COMAR 14.17.01 shall maintain facilities and manufacture and transport edible products in accordance with this regulation, COMAR 14.17.11.05-1—.05-9, and COMAR 14.17.13.05.

*B. Issuance of Permit.*

- (1) Before engaging in the business of possessing, processing, packaging, labeling, transferring, transporting, selling, or distributing edible cannabis products, a processor shall obtain a permit from the Administration.
- (2) To obtain a permit, a processor shall:
  - (a) Submit a completed permit application;
  - (b) Pay the registration fee specified in COMAR 14.17.21;
  - (c) Make available all edible cannabis product processing standard operating procedures required by COMAR 14.17.11.10;
  - (d) Pass a pre-operation inspection; and
  - (e) Conspicuously post applicable State and local licenses at the licensed premises.
- (3) The processor may apply for a permit to manufacture edible cannabis products at:
  - (a) The processor's premises; or
  - (b) A facility under the legal control of the processor that meets:
    - (i) All zoning and planning requirements; and
    - (ii) The requirements of this chapter.
- (4) The Administration may deny a permit if the processor:
  - (i) Violates or fails to meet the requirements of this chapter; or
  - (ii) Fraudulently or deceptively attempts to obtain a permit.

*C. Trade Secrets.*

- (1) A processor shall provide the Administration with the recipe for each edible cannabis product prior to offering the product for distribution or sale to a licensed dispensary.
- (2) A processor shall notify the Administration of any ingredient or recipe that the processor considers a trade secret.
- (3) The Administration shall maintain the confidentiality of trade secret information in accordance with State Government Article, §10-617, and Health-General Article, §21-259, Annotated Code of Maryland.
- (4) If the Administration determines that the information about an ingredient or recipe is necessary to conduct a disease outbreak investigation, the Administration may disclose the trade secret to the appropriate investigators.

**.05-1 Edible Cannabis Product Processing – Definitions.**

A. In COMAR 14.17.12.05—.05-9, the terms in §B of this regulation have the meaning indicated.

*B. Terms Defined.*

- (1) "Approved source" means a source of:
  - (a) Cannabis approved, licensed, and regulated by the Administration; or
  - (b) Food ingredients regulated by an approving authority.
- (2) "Approving authority" means the agency designated in the laws of Maryland, another state, or another country to license or permit a food processing plant.
- (3) "Commercially sterile" means the condition achieved by the:
  - (a) Application of heat, pressure, or other energy or matter that renders a food ingredient free of:
    - (i) Microorganisms capable of reproducing in the food ingredient under normal non-refrigerated conditions of storage and distribution; and
    - (ii) Viable microorganisms, including spores, that cause disease; or
  - (b) Control of water activity and the application of heat, pressure, or other energy or matter that renders the food ingredient free of microorganisms capable of reproducing in the food ingredient under normal non-refrigerated conditions of storage and distribution.
- (4) "Cookware" means items used during the processing of ingredients or edible cannabis products, including pots, pans, utensils, and containers.
- (5) "Critical control point" means a point in the receiving, storage, processing, or distribution of ingredients or edible cannabis products where there is a reasonable likelihood that improper control may cause, allow, or contribute to a hazard to public health.
- (6) Critical Item.
  - (a) "Critical item" means a safety requirement that if violated requires:
    - (i) Immediate correction;
    - (ii) Destruction of any ingredients or edible cannabis products which may be affected;
    - (iii) The cessation of some or all processing operations; or
    - (iv) Closure of the licensed premises.
  - (b) "Critical item" includes the following requirements:
    - (i) Food ingredients be obtained from an approved source and approved for human consumption by an approving authority;
    - (ii) Cannabis ingredients be obtained from an approved source;

- (iii) All ingredients and edible cannabis products be protected from contamination;
- (iv) All processes provide safe edible cannabis products with proper control at critical control points;
- (v) Licensed processor sanitation be adequate, provide safety, and prevent illness transmissible through edible cannabis products or ingredients;
- (vi) Equipment allows for proper processing and sanitation;
- (vii) Edible cannabis products be packaged and labeled for safety;
- (viii) A sufficient volume of potable hot and cold water supply under adequate pressure be available to facilitate proper handwashing procedures outlined in this chapter; and
- (ix) Sewage be discharged in compliance with applicable laws and regulations.
- (7) "Food" means any substance that is used as food or drink for human beings or as a component of food or drink for human beings.
- (8) "Food ingredient" means a substance that is used as a component of food, including:
  - (a) Flavoring;
  - (b) Food coloring; and
  - (c) Preservatives.
- (9) "Ingredient" means any component of an edible cannabis product that is intended for human consumption, approved by the Administration, and composed of:
  - (a) Food or food ingredients; or
  - (b) Cannabis.
- (10) "Permit" means a permit issued by the Administration to a licensed processor for the purpose of manufacturing edible cannabis products.
- (11) "Permittee" means a licensed processor authorized by the Administration to manufacture edible cannabis products.
- (12) Potentially Hazardous Edible Cannabis Product.
  - (a) "Potentially hazardous edible cannabis product" means an edible cannabis product that requires temperature control because the product is in a form capable of supporting:
    - (i) The rapid and progressive growth of infectious or toxigenic microorganisms; or
    - (ii) The growth and toxin production of *Clostridium botulinum*.
  - (b) "Potentially hazardous edible cannabis product" does not include products with a water activity (aw) value of 0.85 or less.
- (13) Potentially Hazardous Ingredient.
  - (a) "Potentially hazardous ingredient" means a natural or synthetic component of food or an edible cannabis product intended for human consumption that requires temperature control because the ingredient is in a form capable of supporting the:
    - (i) Rapid and progressive growth of infectious or toxigenic microorganisms; or
    - (ii) Growth and toxin production of *Clostridium botulinum*.
  - (b) "Potentially hazardous ingredient" does not include an ingredient with a:
    - (i) Water activity (aw) value of 0.85 or less;
    - (ii) Commercially sterile ingredient in a hermetically sealed container.
- (14) "Quarantine area" means an area within a licensed premise in which ingredients, cannabis, or cannabis finished products that may be contaminated are temporarily stored prior to disposal or collection by a public health agency.

**.05-2 Edible Cannabis Product Processing – General Premises Requirements.**

- A. The premises and operations shall conform to all local zoning and planning requirements.
- B. A permittee shall conspicuously display at the premises a permit to process edible cannabis products.
- C. No modifications or renovations to licensed processor premises shall be undertaken without prior approval by the Maryland Cannabis Administration.
- D. The premises shall be completely separated from an area used as living quarters by solid, impervious floors, walls, and ceilings with no connecting openings.
- E. A room or area in which ingredients or edible cannabis products are processed or stored, or in which cookware equipment is cleaned, sanitized, or stored, shall:
  - (1) Be separated from other rooms or areas at the licensed premises by tight walls, ceilings, and self-closing doors;
  - (2) Be refrigerated or mechanically ventilated using exhaust and supply fans to:
    - (a) Remove grease vapors, steam, condensation, heat, and odor;
    - (b) Provide filtered air and positive air pressure to the room; and
    - (c) Prevent condensation and grease from accumulating on surfaces and equipment;
  - (3) Have a floor, ceiling, and walls that are smooth, washable, and impervious to water;
  - (4) Have floor-wall joints that are coved and impervious to water; and
  - (5) Prevent overhead pipes, ducts, conduits, evaporators, and other structures required to manufacture edible cannabis products from:
    - (a) Being located over ingredient or edible cannabis product storage, preparation, manufacturing, packaging, or labeling areas; and
    - (b) Leaking on or contaminating ingredients, edible cannabis products, cookware, or packaging or labeling materials.
- F. Artificial Lighting.
  - (1) A room or area in which ingredients or edible cannabis products are processed or stored, or in which cookware or equipment are cleaned, sanitized, or stored, shall have artificial lights that provide at a minimum:
    - (a) 40-foot candles of light on all work surfaces used for processing and warewashing; and
    - (b) 20-foot candles of light on surfaces used solely for storage.
  - (2) The artificial lighting shall consist of:
    - (a) Shatter-resistant bulbs; or
    - (b) Light shields that protect exposed light bulbs or fixtures from breakage and prevent glass fragments from contacting ingredients, edible cannabis products, or contact surfaces.
- G. Floor Drains.

- (1) *The permittee shall:*
  - (a) *If a floor receives water because of processing or cleaning, install and maintain floor drains at a rate of one floor drain for every 400 square feet of floor area; and*
  - (b) *Ensure that the floor is sloped to one or more floor drains at a pitch of 1/8 to 1/4 inch per foot.*
- (2) *Pooling or standing water is not allowed.*

**H. Lavatories.**

- (1) *The premises shall be constructed to include:*
  - (a) *A separate, gender-segregated lavatory for men and women, or a gender-neutral lavatory; and*
  - (b) *One toilet for the following number of agents who are on duty at the same time:*
    - (i) *Every 15 agents; and*
    - (ii) *Any fraction of 15 agents.*
- (2) *A lavatory may not open directly into an area in which:*
  - (a) *Ingredients or edible cannabis products are stored, processed, packaged, or labeled; or*
  - (b) *Cookware or equipment is washed or stored.*
- (3) *Each lavatory shall be equipped with:*
  - (a) *Ventilation with mechanical air exhaust at the rate of 2 cubic feet per minute of air for each square foot of floor area or a screened window that allows the entrance of outside air;*
  - (b) *Easily cleanable and durable walls and ceiling;*
  - (c) *A smooth, impervious, and easily cleanable floor;*
  - (d) *Artificial lighting that provides 20-foot candles of light when measured 30 inches above the floor;*
  - (e) *A handwashing sink;*
  - (f) *Soap;*
  - (g) *Paper towels or warm air hand drying devices;*
  - (h) *Warm water of sufficient volume under pressure for effective handwashing; and*
  - (i) *A covered trash receptacle.*

**I. Non-Green Waste.**

- (1) *The premises shall include non-green waste containers that are:*
  - (a) *Adequate in number to maintain sanitary conditions;*
  - (b) *Accessible to agents at locations where non-green waste is generated;*
  - (c) *Labeled as not suitable for any green waste;*
  - (d) *Easily cleanable; and*
  - (e) *Placed on a hard and impermeable surface.*
- (2) *Non-green waste containers located inside shall be leak-proof and emptied and cleaned at least daily.*
- (3) *Non-green waste containers located outdoors shall be:*
  - (a) *Impervious to leaks, vermin, and insects;*
  - (b) *Equipped with a drain that conveys wastewater from the container directly into a sewerage system that meets all applicable State and local codes and properly disposes of the wastewater;*
  - (c) *Large enough to hold waste until the waste is taken off-site; and*
  - (d) *Covered.*

**J. In any event where the permittee is unable to ensure adequate sanitation, such as during an electrical outage or water shut-off, the permittee shall:**

- (1) *Cease all edible cannabis processing;*
- (2) *Conduct a risk analysis to determine whether any ingredients, edible cannabis products, or packaging or labeling materials were contaminated; and*
- (3) *Notify the Administration within 24 hours of the event.*

**.05-3 Edible Cannabis Product Processing – Receipt of Ingredients.**

**A. Ingredients and other supplies necessary to process edible cannabis products shall be received in a designated area identified in the standard operating procedures.**

**B. This regulation does not apply to the receipt of cannabis, cannabis concentrates, or cannabis-infused products that are not intended to be used as an ingredient in edible cannabis products.**

**C. Each receiving area shall have a barrier that reasonably prevents the entry of:**

- (1) *Insects;*
- (2) *Vermin;*
- (3) *Pathogenic microorganisms;*
- (4) *Toxic or deleterious chemicals;*
- (5) *Foreign matter;*
- (6) *Dust; or*
- (7) *Animals.*

**D. Any dock or overhead door may only be open when ingredients, edible cannabis products, waste, or other items are:**

- (1) *Received;*
- (2) *Removed from the premises; or*
- (3) *Moved between receiving areas.*

**E. Upon receipt of each delivery, a permittee shall:**

- (1) *Inspect the delivery for damage and potential contamination;*
- (2) *Inspect the delivery for potentially hazardous ingredients;*

- (3) Enter timely and accurate temperature data for potentially hazardous ingredients; and
- (4) Confirm that each:
  - (a) Delivery is not damaged or contaminated; or
  - (b) Damaged or contaminated item is recorded in the receiving log.
- F. All ingredients shall be clearly labeled by the permittee with the:
  - (1) Name of the ingredient;
  - (2) Batch or lot number;
  - (3) Date of receipt; and
  - (4) Expiration or use-by date.
- G. A permittee shall maintain for at least 2 years a log of the:
  - (1) Date and time of each delivery of ingredients;
  - (2) Name and quantity of ingredients received;
  - (3) Batch or lot number of each ingredient received;
  - (4) Temperature data required under §E(3) of this regulation;
  - (5) Name of the product manufacturer or licensee and, if different, the name of the shipping company; and
  - (6) Name of processor agent responsible for receiving the shipment.
- H. All food ingredients shall be produced by a commercial manufacturer that is licensed by an approving authority.
- I. Spoiled, unwholesome, vermin-infested, or insect-infested ingredients are not allowed onto the premises and shall be:
  - (1) Removed immediately from the premises and properly disposed of;
  - (2) If it is not practicable to remove immediately, placed in a quarantine area temporarily until proper disposal; or
  - (3) If deemed necessary as part of an investigation by the Administration or other State, local, or federal regulatory agency, placed in a quarantine area until collection.

**.05-4 Edible Cannabis Product Processing – Storage of Ingredients and Edible Cannabis Products.**

- A. All ingredients and edible cannabis products shall be kept in a secure controlled environment that:
  - (1) Meets the requirements set forth in this chapter; and
  - (2) Is a dry storage area, refrigerated storage area, or freezer storage area.
- B. Storage standard operating procedures shall preserve freshness, prevent contamination, and maintain cannabinoid content of any ingredients or edible cannabis products.
- C. Food ingredients may not be stored in the same areas as cannabis unless as outlined in standard operating procedures and approved by the Administration.
- D. Storage equipment shall be positioned so that:
  - (1) Storage surfaces are at least 6 inches:
    - (a) Above the floors; and
    - (b) Away from the walls; and
  - (2) Ingredient contact surfaces are at least 18 inches above the floor.
- E. Dry Storage Area.
  - (1) A dry storage area shall be maintained between 50°F and 70°F.
  - (2) A dry storage area shall have:
    - (a) Adequate ventilation to remain below 60 percent relative humidity; and
    - (b) A thermometer and hygrometer in plain sight that are calibrated based on the manufacturer's recommendations to ensure accuracy.
- F. Refrigerated Storage Area.
  - (1) A refrigerated storage area shall:
    - (a) Be maintained at or below 40°F; and
    - (b) Have thermometers that are easily readable and accurate to plus or minus 2°F.
  - (2) A permittee shall:
    - (a) Position a temperature sensor to register the warmest air in the temperature-controlled space; or
    - (b) Have several thermometers throughout the area to ensure accuracy, consistency, and adequate cooling.
  - (3) A refrigerator unit shall have doors that close tightly and seal fully.
  - (4) In the case of a power outage, if the refrigerator unit:
    - (a) Remains below 40°F for the duration of the power outage, the refrigerator contents are considered safe; and
    - (b) Rises above 40°F for more than 2 hours, then:
      - (i) Any ingredients or edible cannabis products shall be discarded; and
      - (ii) The permittee shall notify the Administration within 24 hours.
- G. If any ingredients or edible cannabis products that were stored in the refrigerator do not require temperature control for safety, a permittee may conduct a risk analysis to determine whether the ingredients or edible cannabis products remain safe for human consumption.
- H. The permittee shall maintain a record of any risk analysis conducted, the agent responsible for the risk analysis, and any ingredients or edible cannabis products that the permittee determines remain safe for human consumption.
- I. Freezer Storage Area.
  - (1) A freezer storage area shall:
    - (a) Be maintained at or below 0°F; and
    - (b) Have thermometers that are easily readable and accurate to plus or minus 2°F.
  - (2) A permittee shall:
    - (a) Position a temperature sensor to register the warmest air in the temperature-controlled space; or
    - (b) Have several thermometers throughout the area to ensure accuracy, consistency, and adequate cooling.
  - (3) A freezer unit shall have doors that close tightly and seal fully.



- (4) In the case of a power outage, if the freezer unit:
  - (a) Remains at or below 0°F for the duration of the power outage, its contents are considered safe; and
  - (b) Rises above 0°F for more than 2 hours, then:
    - (i) Any ingredients or edible cannabis products that were stored in the freezer shall be discarded; and
    - (ii) The permittee shall notify the Administration within 24 hours.
- (5) If any ingredients or edible cannabis products that were stored in the freezer do not require temperature control for safety, a permittee may conduct a risk analysis to determine whether the ingredients or edible cannabis products remain safe for human consumption.
- (6) The permittee shall maintain a record of any risk analysis conducted, the agent responsible for the risk analysis, and any ingredients or edible cannabis products that the permittee determines remain safe for human consumption.

**J. Potentially Hazardous Ingredients.**

- (1) The internal temperature of a potentially hazardous ingredient shall:
  - (a) Be kept at 41°F or less, or 135°F or greater; and
  - (b) For ingredients with a non-proteolytic *Clostridium botulinum* potential hazard, be kept at 38°F or less during refrigerated storage.
- (2) When the internal temperature of a potentially hazardous ingredient is kept at temperatures other than specified in §J(1) of this regulation:
  - (a) A scheduled process approved by the Administration, specifying the temperature and amount of time at that temperature, shall be used; and
  - (b) Documentation of any corrective action taken and the agent responsible for monitoring the corrective action plan shall be kept for a minimum of 2 years and made available to the Administration upon request.

**K. All ingredients and edible cannabis products shall be clearly labeled and stored in a manner that:**

- (1) Facilitates first-expired, first-out (FEFO) procedures; and
- (2) Is approved by the Administration.

**L. Each temperature-controlled equipment unit shall have a temperature sensor visible from outside of the temperature-controlled equipment unit.**

**M. For each dry storage area, refrigerator storage area, and freezer storage area, a permittee shall:**

- (1) Monitor the temperature 24 hours a day, 365 days a year without interruption;
- (2) Document the temperature at least two times a day, 365 days a year without interruption; and
- (3) If outside the specified temperature range, document the time, date, any appropriate corrective action, and the agent responsible for monitoring the corrective action plan.

**N. Poisonous or Toxic Materials.**

- (1) A permittee shall ensure that any poisonous or toxic materials are:
  - (a) Kept in the original bulk container before use;
  - (b) Prominently and distinctively marked or labeled for easy identification;
  - (c) Used in accordance with manufacturer's guidelines; and
  - (d) Not used or stored in a way that is likely to contaminate cannabis, ingredients, edible cannabis products, or packaging and labeling materials.
- (2) A permittee shall make a safety data sheet that is specific to any poisonous or toxic material available to each agent in a form that the agent understands.

**.05-5 Edible Cannabis Product Processing – Equipment.**

**A. General Requirements.**

- (1) The permittee shall prevent any ingredient or edible cannabis product from coming into contact with a surface or substance other than a clean and sanitary surface or substance intended for food contact or incorporation into food.
- (2) Any heating and cooling equipment in close contact with ingredients or edible cannabis products shall be:
  - (a) Food grade;
  - (b) Approved for use in food processing areas; or
  - (c) Designed to prevent any contact with any ingredient or edible cannabis product.
- (3) The permittee shall ensure that:
  - (a) The warewashing area includes a three-compartment sink able to hold and wash cookware and equipment in the kitchen;
  - (b) Larger cookware or equipment that cannot have at least 50 percent of its contact surface submerged in the three-compartment sink complies with approved standard operating procedures for cleaning and sanitizing the cookware or equipment;
  - (c) Agents are trained to clean the larger cookware and equipment according to the standard operating procedures; and
  - (d) A log is maintained for 2 years detailing the date, time, and agent responsible for cleaning and sanitizing the larger cookware or equipment.
- (4) Equipment used to process ingredients and edible cannabis products shall be:
  - (a) Maintained in a sanitary and working condition;
  - (b) Tested and calibrated according to the equipment manufacturer's instructions to ensure accuracy; and
  - (c) Positioned in a manner that does not impede proper cleaning and sanitation procedures.
- (5) Equipment used to process ingredients and edible cannabis products shall meet design standards intended for food production equipment, such as those established by the:
  - (a) National Sanitation Foundation (NSF);
  - (b) Bakery Industry Sanitation Standards Committee;
  - (c) National Automatic Merchandising Association;
  - (d) International Association of Milk and Food Sanitarians;
  - (e) American Society of Mechanical Engineers; or
  - (f) U.S. Department of Agriculture.
- (6) A thermometer used to monitor the temperature of any ingredient, edible cannabis product, or storage area shall be:
  - (a) Validated at least once per month using standard operating procedures approved by the Administration; and

(b) Calibrated based on the manufacturer's recommendations to ensure accuracy, and at a minimum:

(i) Annually; or

(ii) When validation procedures identify a thermometer is not accurate to plus or minus 2°F.

**B. Contact Surfaces.**

(1) Materials used as contact surfaces of equipment or cookware shall be:

(a) Nontoxic;

(b) Inert to ingredients;

(c) Nonporous and nonabsorbent;

(d) Corrosion-resistant;

(e) Durable;

(f) If stainless steel, made of stainless steel of American Iron and Steel Institute Type 304, or equivalent; and

(g) Maintained in good condition.

(2) Contact surfaces of equipment or cookware shall be designed, constructed, and maintained to be:

(a) Smooth;

(b) Easily cleanable;

(c) Free of difficult-to-clean internal surfaces;

(d) Self-emptying or self-draining if an interior surface;

(e) Visible for inspection or readily disassembled for inspection;

(f) If manually cleaned:

(i) Readily accessible for cleaning without tools; or

(ii) If not readily accessible, readily disassembled for cleaning with the use of simple tools kept available near the equipment; and

(g) If cleaned and sanitized by pressurized cleaning-in-place system, readily accessible to the cleaning and sanitizing solutions without disassembly.

**.05-6 Edible Cannabis Product Processing – Cleaning and Sanitation Procedures.**

**A. General Requirements.**

(1) A permittee shall establish standard operating procedures for cleaning and sanitizing any surface, cookware, or equipment that comes into contact with ingredients or edible cannabis products that:

(a) Ensure proper sanitation throughout the premises;

(b) Are available to each agent in a form the agent understands; and

(c) Are approved by the Administration.

(2) Any surface that comes into contact with ingredients or edible cannabis products shall be cleaned and sanitized:

(a) In accordance with cleaning and sanitation procedures for food contact surfaces of cookware and equipment specified in COMAR 10.15.03;

(b) After preparing potentially hazardous ingredients; and

(c) When there is an interruption in processing of greater than 2 hours.

(3) The permittee shall use a cleaning and sanitizing schedule and procedure demonstrated by scientific evidence to kill pathogens and be safe for use on surfaces that come into contact with ingredients and edible cannabis products.

(4) Any surface that only comes into contact with fully processed edible cannabis products shall be cleaned and sanitized:

(a) Each time more than 8 hours elapse between the start of processing and the previous cleaning and sanitizing;

(b) If processing more than one type of edible cannabis product, at a frequency sufficient to prevent cross-contamination of allergens or different dosage forms;

(c) After processing has been completed;

(d) When there is an interruption in processing of greater than 2 hours; and

(e) As often as needed during processing to prevent contamination of edible cannabis products.

**B. Any surface, utensil, or equipment that does not contact ingredients or edible cannabis products shall be cleaned:**

(1) According to COMAR 10.15.04; and

(2) As often as necessary to maintain sanitary conditions.

**C. Vermin and insects shall be eliminated so that there is minimal potential for contamination of ingredients or edible cannabis products.**

**D. Pesticides may not be used to exterminate vermin unless:**

(1) Approved for use in food processing areas; or

(2) The permittee:

(a) Applies the pesticides only in areas not used for storage or processing of ingredients or edible cannabis products; and

(b) Accurately enters the data into the seed-to-sale tracking system.

**.05-7 Edible Cannabis Product Processing – Agent Sanitation.**

**A. The permittee shall ensure that each agent:**

(1) Practices good personal hygiene and does not contaminate ingredients or edible cannabis products;

(2) Wears clean outerwear and, if necessary, a hair or beard covering, or both;

(3) Wears gloves when handling any cannabis plant material or cannabis concentrate;

(4) If wearing gloves:

(a) Uses gloves that are intended for food contact;

(b) Washes their hands thoroughly before putting on the gloves; and

(c) Washes their hands and replaces the gloves in accordance with COMAR 10.15.03.14J and after an activity that:

(i) Is likely to soil the gloves; or

(ii) Damages the gloves;

(5) If not wearing gloves, washes their hands and the exposed portions of their arms:

- (a) Frequently, and after an activity that is likely to soil their hands;
- (b) Immediately upon entrance to any area containing ingredients or edible cannabis products;
- (c) Immediately before engaging in preparation for the production of edible cannabis products;
- (d) After using the lavatory;
- (e) After coughing, sneezing, or using a handkerchief or disposable tissue;
- (f) After using tobacco;
- (g) After eating or drinking;
- (h) After handling soiled linens, equipment, or cookware;
- (i) During preparation for production of edible cannabis products, as often as necessary to remove soil and contamination and to prevent cross-contamination when changing tasks;
- (j) When switching between working with ingredients or unfinished edible cannabis products and working with fully processed edible cannabis products;
- (k) Before donning gloves for working with edible cannabis products or ingredients; and
- (l) After engaging in any other activities that may contaminate the hands;
- (6) If handling ingredients or edible cannabis products, maintains trim and clean fingernails and does not wear artificial fingernails; and
- (7) Is excluded from working with ingredients or edible cannabis products, packaging materials, labeling materials, clean equipment, clean utensils, or clean linens:
  - (a) If the agent has any disease caused by:
    - (i) *Entamoeba histolytica*;
    - (ii) *Vibrio cholera*;
    - (iii) *Staphylococcus aureus*;
    - (iv) *Escherichia coli* O157:H7 or other Enterohemorrhagic or Shiga-toxin producing *Escherichia coli*;
    - (v) *Hepatitis A*;
    - (vi) *Salmonella* spp.;
    - (vii) *Shigella* spp.;
    - (viii) *Norovirus*;
    - (ix) Group A beta-hemolytic *Streptococcus*; or
    - (x) *Salmonella Typhi*, typhoid-like fever or carrier thereof;
  - (b) If the agent has an:
    - (i) Illness transmissible through food or edible cannabis products; or
    - (ii) Exposed and open sore or cut; or
  - (c) If the agent is experiencing:
    - (i) Persistent sneezing, coughing, or a runny nose that causes discharges from the eyes, nose, or mouth;
    - (ii) Fever;
    - (iii) Diarrhea, unless a physician has certified the agent as noninfectious;
    - (iv) Vomiting; or
    - (v) Jaundice, unless a physician has certified the agent as noninfectious.

**B. The premises shall ensure good personal hygiene by providing:**

- (1) Lockers or similar storage facilities for the secure storage of personal items in a designated non-working area;
- (2) Adequate hand-washing facilities as set forth in this chapter;
- (3) Signage in each lavatory that instructs agents to wash their hands before returning to work;
- (4) A water fountain or other water dispenser that provides potable water without the use of reusable cups;
- (5) An area for agents to consume food and beverages that is not used in conjunction with the processing or storage of:
  - (a) Ingredients;
  - (b) Edible cannabis products;
  - (c) Packaging and labeling materials; or
  - (d) Cookware; and
- (6) If necessary, to ensure safety and sanitation, sanitizer foot baths, footwear covers, or hand dips.

**C. The permittee shall:**

- (1) Ensure that each agent who handles ingredients or edible cannabis products successfully completes a food handler certificate course, from an entity accredited by the American National Standards Institute (ANSI) or an equivalent food safety accrediting body:
  - (a) Within 90 days of commencing employment at the premises; and
  - (b) Every 3 years during employment; and
- (2) Maintain a log of agent training in ingredient and edible cannabis product handling.

**.05-8 Edible Cannabis Product Processing – Manufacture.**

- A. A permittee shall ensure the consistent and safe manufacture of edible cannabis products.
- B. Potentially hazardous edible cannabis products may not be manufactured unless approved by the Administration
  - (1) Pathogenic microorganisms are excluded or eliminated from edible cannabis products before being offered for human consumption;
  - (2) All edible cannabis products undergo thermal processing or another process scientifically proven to kill pathogenic microorganisms that pose a threat to human health, as outlined in applicable standard operating procedures and approved by the Administration;
  - (3) The heating, cooling, or re-heating of ingredients or edible cannabis products use methods that prevent contamination; and
  - (4) All edible cannabis products are safe for human consumption.
- C. The permittee shall provide a shelf-life study in accordance with the Administration's Technical Authority for cannabis testing, to prove the manufacturing processes prevent contamination of edible cannabis products or premature degradation of therapeutic compounds.

**.05-9 Transport of Edible Cannabis Products.**

- A. If transporting or shipping edible cannabis products that require temperature control for safety and stability, a permittee shall ensure the vehicle or transportation equipment:
- (1) Provides adequate temperature control to prevent the edible cannabis products from becoming unsafe during transport; and
  - (2) Complies with the requirements established in 21 CFR §1.908(c).
- B. A permittee shall maintain a detailed log of the temperature of the edible cannabis products at the time of departure for at least 2 years.
- C. The receiving licensee shall maintain a detailed log of the temperature of the edible cannabis products at the time of arrival at the licensed dispensary for at least 2 years.
- D. If any edible cannabis products are declined upon arrival to the licensed dispensary due to contamination, damage, or an unsafe temperature, the permittee shall, within 24 hours:
- (1) Document the declination and the reason for the declination in the seed-to-sale tracking system; and
  - (2) Dispose of the rejected material in accordance with the permittee's approved green waste disposal plan.

**.06 Micro Processor Premise and Operations.**

Micro processors may not process more cannabis than the limits established in Alcoholic Beverages and Cannabis Article, §36-401(C)(2)(ii), Annotated Code of Maryland.

**.07 Product Returned for Destruction and Disposal of Green Waste.**

- A. A processor shall accept any product returned for destruction and record as green waste.
- B. A processor shall otherwise destroy any other product recorded as green waste in accordance with standard operating procedures.

**.08 Visitor to the Premises.**

- A. When a visitor is admitted to the premises, a registered agent shall:
  - (1) Log the visitor in and out;
  - (2) Retain with the log a photocopy of the visitor's government-issued identification;
  - (3) Continuously, physically supervise the visitor while they are on the premises; and
  - (4) Ensure that the visitor does not touch any cannabis.
- B. An Administration investigator is not subject to the visitor requirements established in §A of this regulation.
- C. The processor shall maintain a log of all visitors for 2 years.

**.09 Discrepancy, Theft, and Diversion Reporting.**

- A. Discrepancy Reporting:
  - (1) If a processor discerns a discrepancy between the inventory of stock and the seed-to-sale tracking system outside of normal weight loss due to moisture loss and handling, the processor shall commence an investigation of the discrepancy within one business day.
  - (2) Failure to report a discrepancy within one business day may be used as evidence of diversion.
- B. Theft or Diversion. If the processor finds evidence of a theft or diversion, the processor shall report the theft or diversion to the Administration and to the law enforcement agency with jurisdiction in the processor's area within 1 business day.
- C. Within 30 business days of discovering the theft, diversion, or discrepancy, the processor shall:
  - (1) Complete an investigation;
  - (2) Amend its standard operating procedures, if necessary; and
  - (3) Send a report of the investigation to the Administration.

**.10 Standard Operating Procedures.**

- A. A processor shall establish standard operating procedures for all aspects of:
  - (1) Inventory control, including:
    - (a) Identifying and tracking the processor's stock of cannabis in the seed-to-sale tracking system; and
    - (b) Monthly physical inventory;
  - (2) Receiving, shipping, and transporting cannabis or products containing cannabis;
  - (3) Sanitation, including:
    - (a) Storage of cannabis;
    - (b) Maintaining the sanitation of equipment that comes into contact with cannabis; and
    - (c) Good hygiene practices and the wearing of protective clothing by agents;
  - (4) Equipment maintenance and calibration;
  - (5) Handling, packaging, and labeling cannabis and cannabis products;
  - (6) Reworking or reprocessing a lot if the processor receives a test result that the lot does not meet specifications;
  - (7) Green waste procedures;
  - (8) Security and visitor procedures, including theft and diversion procedures.
  - (9) Storage, handling, and disposing of recalled materials; and
  - (10) Producing cannabis concentrates and cannabis-infused products, including:
    - (a) Methods, equipment, solvents, and gases when processing cannabis concentrates and cannabis-infused products;
    - (b) Use of solvents in a professional grade, closed-loop extraction system designed to recover the solvents;
    - (c) Work in a spark-free environment with proper ventilation;
    - (d) Following all applicable OSHA regulations, and local fire, safety and building codes in the processing and storage of the solvents;
    - (e) If applicable, carbon dioxide extraction; and
  - (11) If applicable, producing edible cannabis products, including receipt of ingredients, storage, equipment maintenance, sanitation, manufacture, and transport.
- B. A processor's standard operating procedures shall:
  - (1) Be available to each agent in a form the agent understands;
  - (2) Be available on-site for inspection by the Administration; and

(3) Accurately reflect the procedures used at the premises.

## 14.17.12 Cannabis Dispensary Operations

Authority: Alcoholic Beverages and Cannabis Article, §§36-202, 36-203, 36-401, and 36-410, Annotated Code of Maryland

### .01 Scope.

Unless otherwise specified, this chapter applies to all business licensed to dispense cannabis under COMAR 14.17.06.08 or COMAR 14.17.07.08.

### .02 Standard Cannabis Dispensary.

- A. A dispensary licensed under COMAR 14.17.06.08 shall:
- (1) Be located in Maryland;
  - (2) Conform to all local zoning and planning requirements;
  - (3) Conspicuously display valid proof of dispensary licensure; and
  - (4) Provide accommodations for qualifying patients and registered caregivers in accordance with COMAR 14.17.04.05.
- B. A dispensary may not make modifications or renovations to the standard dispensary premises licensed under COMAR 14.17.06.08 without the prior approval of Maryland Cannabis Administration.
- C. The Administration may require a dispensary licensed under this regulation to conspicuously display:
- (1) Minimum purchase age and identification requirements; and
  - (2) Other information related to health and safety provided by the Administration.
- D. Any display required by the Administration under §C of this regulation shall be in a manner and size determined by the Administration.
- E. A dispensary shall restrict access to the licensed premises to only:
- (1) Qualifying patients;
  - (2) Registered caregivers; and
  - (3) Individuals 21 years old or older.
- F. Notwithstanding §E of this regulation, a dispensary may allow children younger than eight years old to enter the licensed premises if they are accompanied for the duration of their visit by a:
- (1) Qualifying patient; or
  - (2) Registered caregiver.
- G. A standard dispensary premises shall:
- (1) Be constructed to prevent unauthorized entry.
  - (2) Contain a secure room to store the cannabis inventory, which:
    - (a) Shall be constructed of concrete or similar building material that prevents unauthorized entry;
    - (b) May not be placed adjacent to an exterior wall of the premises; and
    - (c) Shall have only one entrance door that:
      - (i) Prevents unauthorized entry;
      - (ii) Is equipped with a cipher or chip-activated keyed lock or equivalent; and
      - (iii) Is not visible from public areas of the premises.
- H. A dispensary shall store its cannabis inventory in the secure room other than while the licensed dispensary is open for business and 2 hours before and 2 hours after.
- I. A dispensary may request an exemption to §H of this regulation for the purposes of conducting inventory review. Requests for an exemption shall be:
- (1) Made in a manner prescribed by the Administration; and
  - (2) Explicitly authorized by the Administration prior to the exemption.
- J. The licensed dispensary shall design and install lighting fixtures to ensure proper surveillance.
- K. Security Alarm Systems.
- (1) A dispensary shall maintain a security alarm system that covers all:
    - (a) Perimeter entry points and portals at all premises;
    - (b) Rooms that hold cannabis;
    - (c) Locations where records are stored on-site; and
    - (d) Locations where records are stored off-site.
  - (2) A security system shall:
    - (a) Be continuously monitored;
    - (b) Be capable of detecting smoke and fire;
    - (c) Be capable of detecting power loss;
    - (d) Include panic alarm devices mounted at convenient, readily-accessible locations throughout the licensed premises;
    - (e) Remain operational until a licensed premises no longer has any cannabis, seeds, or cuttings on the premises; and
    - (f) Be equipped with auxiliary power sufficient to maintain operation for at least 48 hours.
- L. Video Surveillance Requirements.
- (1) A dispensary shall maintain a motion-activated video surveillance recording system at all premises that:
    - (a) Records all activity in images of high quality and high resolution capable of clearly revealing facial detail;
    - (b) Operates 24-hours a day, 365 days a year without interruption; and
    - (c) Provides a date and time stamp for every recorded frame.
  - (2) A dispensary shall post appropriate notices advising visitors of the video surveillance.
  - (3) A surveillance camera shall be located and operated to capture each exit from the premises.
  - (4) A surveillance camera shall capture activity at each:

- (a) Entrance to an area where cannabis is packaged, stored, or dispensed; and
- (b) Area where cannabis is packaged, stored, or dispensed.
- (5) Recordings of security video surveillance shall be:
  - (a) Access-limited;
  - (b) Secured by a security alarm system that is independent of the main premises security alarm system;
  - (c) In a format that can be easily accessed for investigational purposes; and
  - (d) Retained for a minimum of 90 calendar days.
- (6) Any recording of security video surveillance shall be made available to the Administration or law enforcement agency for just cause as requested within 48 hours.
- (7) Violation.
  - (a) Failure to provide the Administration with any recording of video surveillance within 48 hours of a request from the Administration is a violation of COMAR 14.17.14.04.
  - (b) Each day of recording within the timeframe stated in §L(5)(d) that a dispensary fails to provide to the Administration constitutes a separate violation.

*M. Standard Dispensary Premises Organization.*

- (1) A dispensary premises shall be divided into a public zone and an operations zone.
- (2) Public Zone.
  - (a) The public zone shall have:
    - (i) A waiting area open to the general public; and
    - (ii) A service area in which an adult-use consumer, qualifying patient, or caregiver may consult with a dispensary agent and receive cannabis.
  - (b) The dispensary shall restrict entry into the service area to verified adult-use consumers, qualifying patients, and registered caregivers.
  - (c) The dispensary's hours of business shall be displayed at the entrance to the public zone.
- (3) Operations Zone.
  - (a) All operations other than consulting with adult-use consumers, qualifying patients, and registered caregivers and dispensing cannabis shall be carried out in the operations zone.
  - (b) The operations zone shall be appropriately divided into separate areas for:
    - (i) Cannabis storage;
    - (ii) Cannabis preparation and packaging;
    - (iii) Use by dispensary agents for breaks; and
    - (iv) Changing clothing and dispensary agent lockers.
  - (c) Tamper-evident logbooks or electronic identification logs shall document the movement of persons to and from the operations zone.
  - (d) Appropriate signage shall clearly delineate the separate zones.
- (5) Doors and other access points between zones shall be secured.
- (6) Security alarms systems and video surveillance, as described in §§K and L of this regulation, shall be used to monitor the separation between zones.
- (7) All cannabis, other than that being displayed, packaged, or dispensed during business hours, shall be kept in a secure room.
- (8) No individual other than a dispensary agent may handle the inventory in a display case or elsewhere in the dispensary until dispensed.

*N. Visitors.*

- (1) When a visitor is admitted to the operations zone of the premises, a registered dispensary agent shall:
  - (a) Log the visitor in and out;
  - (b) Retain with the log a photocopy of the visitor's government-issued identification;
  - (c) Continuously, physically supervise the visitor while they are on the premises; and
  - (d) Ensure that the visitor does not touch any cannabis.
- (2) The dispensary shall maintain a log of all visitors to the operations zone for 2 years.
- (3) An Administration investigator is not subject to the visitor requirements in this section.
- O. To provide drive-through dispensing services, a standard dispensary shall:*
  - (1) Dispense through a window or other opening in the exterior wall of a dispensary that enables a registered dispensary agent to serve an adult-use consumer, a qualifying patient, or a registered caregiver who drives a vehicle to the dispensary without a:
    - (a) Registered dispensary agent leaving the dispensary service area; or
    - (b) Qualifying patient, registered caregiver, or adult-use consumer leaving their vehicle;
  - (2) Pass a pre-operation inspection before use;
  - (3) Meet all other requirements for a dispensary service area, including:
    - (a) The window or opening in the exterior wall must be constructed to prevent unauthorized entry;
    - (b) Security lighting, alarms systems, and video surveillance, as described in this regulation;
    - (c) Displaying the licensed dispensary's license and hours of operation shall be displayed at the entrance to the drive-through dispensing zone; and
    - (d) Doors and other access points between public and operations zones shall be secured; and
  - (4) Adhere to its standard operating procedures and requirements for dispensing cannabis established in COMAR 14.17.12.04.

*P. To provide curbside pick-up, a standard dispensary shall:*

- (1) Designate curbside pick-up parking spots within 100 feet from the dispensary's main entrance and ensure that dispensary agents only deliver cannabis or cannabis products to the designated parking spots;
- (2) Capture the on-site delivery on its motion-activated video surveillance recording system as required in §L of this regulation;
- (3) Adhere to:
  - (a) Its standard operating procedures;
  - (b) Dispensing requirements in COMAR 14.17.12.04; and

(c) *If fulfilling an online order, COMAR 14.17.12.08.*

**.03 Micro Dispensary.**

A. *A micro dispensary may store its inventory in:*

- (1) *A storage facility that it controls and operates, in accordance with §C of this regulation;*
- (2) *A storage facility controlled and operated by a licensed grower, processor, or incubator space, in accordance with §C of this regulation; or*
- (3) *A storage facility controlled and operated by a licensed standard dispensary, in accordance with Regulation .02 of this chapter.*

B. *A micro dispensary shall ensure any cannabis or cannabis product has been transferred within the seed-to-sale tracking system to the control of the micro dispensary as prescribed in COMAR 14.17.09.03 prior to:*

- (1) *Any delivery of the cannabis or cannabis product;*
- (2) *Any transportation of the cannabis or cannabis product to a storage facility; and*
- (3) *Any receipt of cannabis or cannabis product to a storage facility.*

C. *If a micro dispensary operates its own storage facility, the micro dispensary shall adhere to the following requirements:*

- (1) *The storage facility shall:*
  - (a) *Be located in Maryland;*
  - (b) *Maintain relevant and current building codes and standards;*
  - (c) *Be constructed to prevent unauthorized entry;*
  - (d) *In areas where cannabis is stored, provide adequate lighting, ventilation, temperature, humidity, space, and equipment to maintain product quality;*
  - (e) *Be maintained in a clean and orderly condition; and*
  - (f) *Be free from infestation by insects, rodents, birds, and pests of any kind.*
- (2) *The micro dispensary shall:*
  - (a) *Prohibit access to the storage facility to anyone other than:*
    - (i) *The micro dispensary owner;*
    - (ii) *The micro dispensary agents; and*
    - (iii) *If applicable, the owner and agents of the licensee that controls or operates the storage facility.*
  - (b) *Ensure the storage facility is securely locked and protected from entry, except for the actual time required to remove, replace, or repackage cannabis;*
  - (c) *Design and install lighting fixtures to ensure proper surveillance;*
  - (d) *A micro dispensary shall maintain a security alarm system that covers all:*
    - (i) *Perimeter entry points and portals at all premises;*
    - (ii) *Rooms that hold cannabis;*
    - (iii) *Locations where records are stored on-site; and*
    - (iv) *Locations where records are stored off-site.*
  - (e) *The security system in B(2)(d) shall:*
    - (i) *Be continuously monitored;*
    - (ii) *Be capable of detecting smoke and fire;*
    - (iii) *Be capable of detecting power loss;*
    - (iv) *Include panic alarm devices mounted at convenient, readily-accessible locations throughout the licensed premises;*
    - (v) *Remain operational until a licensed premises no longer has any cannabis, seeds, or cuttings on the premises; and*
    - (vi) *Be equipped with auxiliary power sufficient to maintain operation for at least 48 hours.*
  - (f) *Maintain a motion-activated video surveillance recording system that:*
    - (i) *Records all activity in images of high quality and high resolution capable of clearly revealing facial detail;*
    - (ii) *Operates 24-hours a day, 365 days a year without interruption;*
    - (iii) *Provides a date and time stamp for every recorded frame;*
    - (iv) *Shall capture activity at each area and entrance to an area where cannabis is packaged, stored, or prepared for transport; and*
  - (g) *Keep all locks and security equipment, including video surveillance and alarm systems, in good working order.*

D. *Delivery Operations.*

- (1) *A micro dispensary shall verify that the individual placing the order is a consumer is at least 21 years old, a qualifying patient, or a registered caregiver prior to order placement, using an ordering system that complies with COMAR 14.17.12.08.*
- (2) *A micro dispensary shall only travel:*
  - (a) *Between licensees, registrants, or from one delivery address to another delivery address; and*
  - (b) *In Maryland.*
- (3) *A micro dispensary shall only make deliveries to residences as defined in COMAR 14.17.01 and medical facilities in the authorized service area*
- (4) *Agents conducting deliveries shall have on their person:*
  - (a) *Their current, active driver's license; and*
  - (b) *Administration-issued proof of the micro dispensary's licensure and their own registration;*
- (5) *Agents conducting deliveries shall wear a body camera that records surveillance for the duration of the time they are operating a delivery vehicle that contains cannabis or cannabis products;*
- (6) *While in transit, delivery agents may not wear any clothing or symbols that may indicate ownership or possession of cannabis*
- (7) *Each secure cannabis transport vehicle shall be operated by at least one registered agent;*
- (8) *Only registered agents may occupy the delivery vehicle while the vehicle contains cannabis or cannabis products;*
- (9) *All cannabis shall be transported in one or more locked and secure storage containers which may not be accessible while in transit;*
- (10) *A micro dispensary agent shall transport cannabis or cannabis products in an enclosed vehicle that:*
  - (a) *Has and displays a current vehicle registration;*

- (b) Is insured as required by law;
- (c) Is equipped with:
  - (i) A global positioning system (GPS) that enables the micro dispensary to monitor the vehicle's location for the entirety of its delivery routes;
  - (ii) Locked and secure storage containers anchored to the inside of the vehicle; and
  - (iii) A motion-activated video-surveillance system that captures activity around all storage containers that contain cannabis or cannabis products;

- (d) Conceals storage containers so they are not visible or identifiable from outside of the vehicle; and
- (e) Does not display any sign or illustration related to cannabis, cannabis products, or a cannabis licensee.

E. When purchasing cannabis from another licensee, a micro dispensary shall coordinate with the licensee to create an electronic manifest to record the chain of custody for each cannabis shipment in accordance with COMAR 14.17.09.03E and F.

F. A micro dispensary shall:

(1) Ensure that its stock of cannabis is timely and accurately tracked in the seed-to-sale tracking system from the time it is acquired by the micro dispensary to the time it is delivered and dispensed to a qualifying patient, registered caregiver, or adult-use consumer;

(2) At least daily, monitor video surveillance recorded by the delivery agent's body camera and the camera installed inside the delivery vehicle; and

(3) At least daily, monitor the GPS records of all delivery vehicles, including stops made along the delivery route.

G. A micro dispensary licensed to dispense cannabis under COMAR 14.17.07.07 may not:

(1) Transport cannabis or cannabis products not associated with an active invoice, order, or product manifest;

(2) Transport cannabis or cannabis products in any vehicle noncompliant with §D(10) of this regulation;

(3) Dispense cannabis or cannabis products without a prior order submitted to the licensed business;

(4) Dispense cannabis or cannabis products from the storage facility premises;

(5) Carry cannabis or cannabis products in the delivery vehicle with a value in excess of \$5,000 at any time.

H. For the purposes §G(5) of this regulation, the value of cannabis goods shall be determined using the current retail price of all cannabis or cannabis products carried by or within the delivery vehicle.

I. A micro dispensary owner shall be a registered agent.

J. Video Surveillance Requirements.

(1) Recordings of security video surveillance as required in this regulation shall be:

(a) Access-limited;

(b) In a format that can be easily accessed for investigational purposes;

(c) Retained for a minimum of 90 calendar days; and

(d) Made available to the Administration or law enforcement agency for just cause as requested within 48 hours.

(2) Violation.

(a) Failure to provide the Administration with any recording of video surveillance within 48 hours of a request from the Administration is a violation of COMAR 14.17.14.04.

(b) Each day of recording within the timeframe stated in §J(1)(c) that a micro dispensary fails to provide to the Administration constitutes a separate violation.

#### **.04 Dispensary Operations.**

A. Dispensing Medical Cannabis.

(1) A dispensary agent shall dispense medical cannabis only from the service area or other area as designated by the Administration in COMAR 14.17.12.02 and .03 to a qualifying patient or caregiver who has presented:

(a) An Administration-issued patient or caregiver identification number; and

(b) A valid government-issued photo identification.

(2) Before any distribution of medical cannabis, a dispensary agent shall query the Administration data network using a unique log-in that identifies the registered dispensary agent and verify:

(a) That the qualifying patient or caregiver is currently registered;

(b) That a certifying provider issued a valid written certification to the qualifying patient;

(c) That the amount of medical cannabis that has already been dispensed pursuant to the written certification; and

(d) Whether a qualifying patient is actively enrolled in the Maryland Medical Assistance Program or in the Veterans Affairs Maryland Health Care System, and therefore, eligible for discounted medical cannabis pursuant to COMAR 14.17.04.06.

(3) A dispensary agent may provide information on:

(a) The available types of medical cannabis, cannabis varieties, and medical cannabis finished products;

(b) Methods by which medical cannabis can be taken; and

(c) How unused cannabis may be returned for disposal.

(4) 30-day Supply.

(a) A qualifying patient or caregiver may obtain a portion of a 30-day supply at any time once the written certification is presented to a licensed dispensary, provided the portion being sought when added to portions previously obtained does not exceed a 30-day supply.

(b) The dispensary agent shall enter the weight of usable cannabis or the weight of delta-9-tetrahydrocannabinol (THC) dispensed in the Administration data network.

(5) A dispensary agent may decline to dispense medical cannabis to a qualifying patient or caregiver if, in the dispensary agent's professional opinion, the patient or caregiver appears to be currently under the influence of drugs or alcohol.

(6) A dispensary may not distribute a sample of medical cannabis.

(7) If not used to purchase medical cannabis within 120 days of issuance, a written certification becomes null and void.

(8) Any dispensing to a qualified patient or registered caregiver shall be recorded by the dispensary agent as a sale of medical cannabis using the seed-to-sale tracking system.



*B. Dispensing Adult-Use Cannabis.*

(1) A dispensary agent shall dispense cannabis only from the service area or other area as designated by the Administration in COMAR 14.17.12.02 and .03 to a consumer who has presented a government-issued photo identification card that is valid, unexpired, and contains the consumer's birth date.

(2) A government-issued identification card under §B(1) of this regulation includes:

- (a) State driver's license;
- (b) U.S. passport;
- (c) U.S. passport card;
- (d) Non-driver's state photo ID card;
- (e) Foreign passport;
- (f) U.S. military ID card; and
- (g) Tribal card.

(3) A government-issued photo identification card does not include a student identification card issued by a public institution or university.

(4) Before any distribution of cannabis, a dispensary agent shall log in to the Administration data network using a unique log-in that identifies the dispensary agent.

(5) At the point of sale, a dispensary agent shall verify that the consumer is 21 years old or older using the consumer's government-issued photo identification.

(6) A dispensary agent may provide information on:

- (a) The available types of cannabis, cannabis varieties, and cannabis finished products;
- (b) Methods of cannabis administration; and
- (c) How to return unused cannabis for disposal.

(7) Sales limits.

(a) A dispensary agent may not knowingly dispense to an individual an amount of cannabis or cannabis products greater than the personal use amount under Criminal Law Article, §5-101, Annotated Code of Maryland in a single day.

(b) For the purposes of calculating the personal use amount of cannabis that can be dispensed, an individual may not purchase more than:

- (i) 1.5 ounces of usable cannabis products as defined in COMAR 14.17.01;
- (ii) 12 grams of concentrated cannabis products; or
- (iii) Edible cannabis products, capsules, and tinctures that do not exceed 750 milligrams of tetrahydrocannabinol.

(c) For the purpose of determining sales limits under this subsection, cannabis vaporizing devices shall be weighed and considered as concentrated cannabis products.

(8) A dispensary agent may decline to dispense cannabis to a consumer if, in the dispensary agent's professional opinion, the consumer appears to be:

- (a) Currently under the influence of drugs or alcohol;
- (b) Attempting to purchase cannabis products for resale or diversion; or
- (c) Obtaining an amount of cannabis products greater than the personal use amounts under §B(7) of this regulation.

(9) Consumers purchasing cannabis under this section may purchase:

- (a) Usable cannabis products as specified in COMAR 14.17.13.11;
- (b) Cannabis vaporizing devices as specified in COMAR 14.17.13.08;
- (c) Concentrated cannabis products as specified in COMAR 14.17.13.10;
- (d) Home cultivation products;
- (e) Infused non-edible cannabis products;
- (f) Edible cannabis products under COMAR 14.17.13.05 and capsules, and tinctures under COMAR 14.17.13.06 with up to:
  - (i) 10 milligrams of THC per serving; and
  - (ii) 100 milligrams of THC per container.

(10) Consumer Profiles. A dispensary may not:

- (a) Use an adult-use consumer's personal information, including records of their purchases, to create or maintain a customer profile without the consumer's express permission; or
- (b) Deny an adult-use consumer the opportunity to purchase adult-use cannabis exclusively on the basis that the customer does not consent to the storage and use of their personal information.

*C. Dispensing Controls.*

(1) A dispensary may not sell, transfer, or deliver cannabis or cannabis products unless the licensee verifies by means of a valid driver's license or other government-issued photo identification containing the bearer's date of birth, in accordance with Alcoholic Beverages and Cannabis Article, §36-1101(A), Annotated Code of Maryland;

(2) A dispensary shall use the seed-to-sale tracking system to track its stock of cannabis from the time it is received by the dispensary to the time it is delivered or dispensed to another licensee, a registrant, a qualifying patient, registered caregiver, or adult-use consumer;

(3) A dispensary may not distribute samples of cannabis or cannabis products to consumers;

(4) A dispensary agent or owner may not dispense cannabis to themselves; and

(5) If a dispensary offers reduced cost or discount cannabis or cannabis products to an agent, the reduced cost or discount available shall be distributed in accordance with the standard operating procedure.

D. At least monthly, a dispensary shall conduct a physical inventory of its stock of cannabis and compare the physical inventory of stock with the stock reflected in seed-to-sale tracking system.

**.05 Coordination of Enforcement Efforts between Maryland Cannabis Administration and the Comptroller of Maryland.**

A. The Administration may query the seed-to-sale tracking system and shall, upon request from the Comptroller of Maryland, provide information from the seed-to-sale tracking system to the Comptroller of Maryland to ensure proper compliance, collection, and assessment of the sales and use tax by dispensaries and on-site consumption establishments.

*B. If a dispensary fails to pay a tax to the Office of the Comptroller when due under Tax-General Article, Annotated Code of Maryland, the Administration may:*

- (1) Levy a fine; and*
- (2) Restrict, suspend, or revoke the cannabis license.*

**.06 Product Reservations and Trade Practices.**

*A. Products not authorized for adult-use consumers under Regulation .04B of this chapter shall only be sold, distributed, or otherwise dispensed to qualifying patients and caregivers.*

*B. Except as specified in §D of this regulation, a dispensary licensed under COMAR 14.17.06.08 or COMAR 14.17.07.07 shall make a good faith effort to allow for at least 25 percent of product available for retail sales to be products grown, manufactured, extracted, or otherwise produced by:*

- (1) Licensees that have no common ownership interest or control with the dispensary licensee; or*
- (2) Social equity licensees as defined in COMAR 14.17.01.*

*C. In fulfilling the requirement in §B of this regulation, a dispensary shall prioritize social equity licensees.*

*D. Social equity dispensary licensees shall make a good faith effort to allow for at least 25 percent of product available for retail sales to be products grown, manufactured, extracted, or otherwise produced by licensees that have no common ownership interest or control with the dispensary licensee.*

*E. The Administration may query the seed-to-sale tracking system to ensure compliance with this regulation.*

*F. If a dispensary is found in violation of this regulation, the Administration may:*

- (1) Issue a fine; and*
- (2) Restrict, suspend, or revoke the license.*

**.07 Product Returned for Destruction and Disposal of Green Waste.**

*A. Product Returned for Destruction. A dispensary shall:*

- (1) Accept and record the return of any cannabis from an adult-use consumer, qualifying patient, or a registered caregiver; and*
- (2) Destroy the returned cannabis.*

*B. Disposal of Green Waste. A dispensary may either:*

- (1) Ship any cannabis that is surplus or out of date or that is waste from processing or repackaging to a licensed grower for disposal; or*
- (2) Dispose of such material in accordance with the dispensary's approved waste disposal plan.*

**.08 Online, Telephone, or Other Remote Ordering.**

*A. A dispensary may use an online, telephone or other remote order system to place pre-orders for:*

- (1) Pick-up at a standard dispensary; and*
- (2) Delivery by a micro dispensary.*

*B. To fulfill an order, a dispensary shall comply with dispensing requirements in COMAR 14.17.12.04.*

*C. An ordering system for cannabis or cannabis products shall:*

- (1) Prior to order placement, validate the individual is 21 years old or older, a qualifying patient, or a registered caregiver by:
  - (a) Employing a neutral age screen to verify the individual is 21 years old or older or an alternative screening mechanism to verify the individual is a qualifying patient, or a registered caregiver; or*
  - (b) Using another method to validate that the individual is 21 years old or older, a qualifying patient, or a registered caregiver;**
- (2) Include a notice that a valid, government-issued photo identification card as set forth in Regulation .04B(2) of this chapter is required to receive the order of cannabis or cannabis products; and*
- (3) Collect the name and date of birth of the individual submitting the order.*

*D. Until the consumer, qualifying patient, or registered caregiver presents valid identification as set forth in Regulation .04A(1) or B(2) of this chapter, whichever applies, and the dispensary agent confirms that the identification card displays a name and date of birth that matches the information collected in §C(3) of this regulation, a dispensary may not:*

- (1) Dispense cannabis products; or*
- (2) Collect payment.*

*E. A dispensary may not sell or otherwise transfer any cannabis or cannabis products to a consumer through an unlicensed third party, intermediary business, broker, or any other business or entity.*

*F. Only a micro dispensary may deliver cannabis to qualifying patients, registered caregivers, or adult-use consumers in accordance with COMAR 14.17.12.03.*

**.09 Hours of Operations.**

*A dispensary may not conduct sales before 8 a.m. or past 11 p.m.*

**.10 Discrepancy, Theft, or Diversion.**

*A. Discrepancy Reporting.*

*(1) If a dispensary discerns a discrepancy between the inventory of stock and the seed-to-sale tracking system outside of normal weight loss due to moisture loss and handling, the dispensary shall commence an investigation of the discrepancy within one business day.*

*(2) Failure to report a discrepancy within one business day may be used as evidence of diversion.*

*B. Theft or Diversion. If the dispensary finds evidence of a theft or diversion, the dispensary shall report the theft or diversion to the Administration and to the law enforcement agency with jurisdiction in the dispensary's area within 1 business day.*

*C. Within 30 business days of discovering the theft, diversion, or discrepancy, the dispensary shall:*

- (1) Complete an investigation;*
- (2) Amend its standard operating procedures, if necessary; and*
- (3) Send a report of the investigation to the Administration.*

**.11 Standard Operating Procedures.**

- A. A dispensary shall establish standard operating procedures in accordance with this subtitle for all aspects of:
- (1) Inventory control, including:
    - (a) Tracking the dispensary's stock of cannabis in the seed-to-sale tracking system from the time it is received by the dispensary to the time it is delivered or dispensed to another licensee, a registrant, a qualifying patient, a registered caregiver, or an adult-use consumer; and
    - (b) Monthly physical inventory;
  - (2) Receiving cannabis or products containing cannabis;
  - (3) Receipt, storage, and distribution of edible cannabis products;
  - (4) Safe and sanitary storage of cannabis;
  - (5) Equipment cleaning, maintenance, calibration;
  - (6) Handling, packaging, and labeling cannabis and cannabis products;
  - (7) Green waste procedures;
  - (8) Security and visitor procedures, including theft and diversion prevention;
  - (9) Storage, handling, and disposing of recalled materials;
  - (10) Dispensing cannabis and cannabis products to qualifying patients, registered caregivers, and adult-use consumers; and
  - (11) If applicable:
    - (a) Delivering cannabis to a qualifying patient, a registered caregiver, or an adult-use consumer;
    - (b) Repackaging cannabis into usable cannabis products;
    - (c) Providing reduced cost or discount cannabis or cannabis products to its agents;
    - (d) Drive-through dispensing; and
    - (e) Curbside dispensing.
- B. A dispensary's standard operating procedures shall:
- (1) Be available to each agent in a form the agent understands;
  - (2) Be available on-site for inspection by the Administration; and
  - (3) Accurately reflect the procedures used at the premises.

### 14.17.13 Cannabis Products

Authority: Alcoholic Beverages and Cannabis Article, §§36-202, 36-203, and 36-203.1, Annotated Code of Maryland

#### .01 Definitions.

- A. In this chapter, the following terms have the meanings as indicated.
- (1) "Current Good Manufacturing Practices" or "cGMP" means a manufacturing process that complies with 21 CFR Part 111 or 21 CFR Part 210.
  - (2) "Food" means any substance that is used as food or drink for human beings or as a component of food or drink for human beings.
  - (3) "Food ingredient" means a substance that is used as a component of food, including:
    - (a) Flavoring;
    - (b) Food coloring; and
    - (c) Preservatives.
  - (4) "Ingredient" means any component of an edible cannabis product that is intended for human consumption, approved by the Administration, and composed of:
    - (a) Food or food ingredients; or
    - (b) Cannabis.
  - (5) "Permittee" means a licensed processor authorized by the Administration to manufacture edible cannabis products.

#### .02 Finished Products for Retail Sale.

- A. A dispensary is only authorized to dispense a finished product that has been sealed, labeled, and packaged in accordance with COMAR 14.17.18.
- B. Except as described in Regulation .11 of this chapter, a dispensary shall only obtain finished cannabis products from a licensed grower or processor.

#### .03 Product Reservations.

- A. Medical Cannabis Products.
- (1) The Administration shall require that certain finished cannabis products be dispensed only to qualifying patients or registered caregivers to:
- (a) Ensure adequate supply of medical cannabis products; and
  - (b) Reserve high potency products for medical patients.
- (2) No part of this section may be construed to prohibit the dispensing of other finished cannabis products to qualifying patients in accordance with COMAR 14.17.12.04, including:
- (a) Cannabis vaporizing devices;
  - (b) Home cultivation products;
  - (c) Usable cannabis products; and
  - (d) Edible cannabis products containing less than:
    - (i) 10 milligrams of tetrahydrocannabinol per serving; or
    - (ii) 100 milligrams of tetrahydrocannabinol per package.
- B. Adult-Use Cannabis Products. Individuals purchasing cannabis products for adult-use may purchase:
- (1) Cannabis vaporizing devices;
  - (2) Concentrated cannabis products with a total weight of 1 gram or less;

- (2) Home cultivation products;
- (3) Usable cannabis products;
- (4) Infused non-edible cannabis products; and
- (5) Edible cannabis products, tinctures, and capsules containing equal to or less than:
  - (i) 10 milligrams of tetrahydrocannabinol per serving; and
  - (ii) 100 milligrams of tetrahydrocannabinol per package.
- C. Infused pre-rolls are not subject to the weight limit in §B(2) of this regulation.
- D. Licensed dispensaries shall otherwise provide products for retail sale in accordance with COMAR 14.17.12.06.

**.04 Product Testing.**

- A. Finished cannabis products for retail sale shall be tested by an independent testing laboratory authorized by the Administration in accordance with COMAR 14.17.08 prior to any sale, distribution, or dispensing.
- B. Testing, sampling, and other laboratory protocols shall be performed by the independent testing laboratory in accordance with the Administration's Technical Authority.

**.05 Edible Cannabis Products.**

**A. General Requirements.**

- (1) Before engaging in the business of possessing, processing, packaging, labeling, transferring, transporting, selling, or distributing edible cannabis products to a dispensary, a licensed processor shall obtain a permit from the Administration in accordance with COMAR 14.17.11.05B.
- (2) Prior to offering the products for distribution or sale to a licensed dispensary, a permittee shall obtain approval from the Administration for all edible cannabis products by submitting a request in a manner prescribed by the Administration.
- (3) A permittee seeking approval to offer an edible cannabis product shall submit:
  - (a) A photograph, digital image, or digital rendering of the product, labeling, and packaging;
  - (b) The varying levels of potency and dosing of the edible cannabis product;
  - (c) The recipe, including the production process, for manufacturing the edible cannabis product; and
  - (d) Any scientific studies or laboratory testing results supporting the stability and approximate expiration date of the edible cannabis product.
- (4) The Administration shall review and approve each edible cannabis product before the product may be commercially manufactured or sold by a permittee, to ensure the:
  - (a) Product complies with the requirements of this chapter; and
  - (b) Safety of minors.

**B. Dosage Requirements.**

- (1) Unless expressly authorized by the Administration, an edible cannabis product may not contain more than:
  - (a) 10 milligrams of THC per serving; and
  - (b) 100 milligrams of THC per package.
- (2) Each single serving contained in a package of a multiple-serving edible cannabis product shall be physically separated in a way that enables an individual to determine how much of the edible cannabis product constitutes a single serving.
- (3) An intact product form containing multiple servings does not meet the requirements of §B(2) if it has demarcations or delineations on the product to indicate individual servings.
- (4) The Administration may approve a request to manufacture a high potency edible cannabis product containing more than 10 milligrams of THC per serving or 100 milligrams of THC per package if:
  - (a) A permittee submits a request in a form prescribed by the Administration; and
  - (b) The request complies with §G of this regulation.
- (5) An edible cannabis product consisting of multiple servings shall be homogenized so that each serving contains the same concentration of THC.

**C. Appearance of Edible Cannabis Products.**

- (1) A permittee shall only manufacture or distribute solid edible cannabis product in geometric shapes.
- (2) A permittee may not manufacture an edible cannabis product that due to its shape, design, or flavor is likely to appeal to minors.
- (3) The manufacture or sale of edibles in the following shapes is prohibited:
  - (a) Human, animal, toy, or fruit;
  - (b) A shape that bears the likeness or contains characteristics of a realistic or fictional human, animal, or fruit, including artistic, caricature, or cartoon renderings; and
  - (c) A commercially available food or beverage product that targets, or is primarily marketed to minors.

**D. Liquid Edible Product Requirements.**

- (1) A liquid edible product container may not contain more than a single serving per container.
- (2) A single serving of a liquid edible product may not exceed 10 milligrams of THC per container.
- (3) A liquid edible product shall otherwise comply with this regulation.

**E. Prohibited Products.**

- (1) Edible cannabis products may not contain:
  - (a) Meat;
  - (b) Seafood;
  - (c) Unpasteurized eggs; or
  - (d) Unpasteurized dairy of any type.
- (2) The following types of products may not be sold:
  - (a) Alcoholic beverages, as defined in Alcoholic Beverage and Cannabis Article, §1-101, Annotated Code of Maryland; and
  - (b) Any product containing any non-cannabis additive that would increase potency or toxicity, or that would create an unsafe combination with other psychoactive substances, including nicotine and caffeine.

(3) The prohibition in §E(2)(b) of this regulation does not apply to products containing naturally occurring caffeine, such as coffee, tea, or chocolate.

F. Compliance with State and Federal Food Safety Requirements. In addition to the other requirements set forth in this chapter, a permittee shall comply with all applicable food safety regulations including:

- (1) 21 CFR, as amended;
- (2) 21 U.S.C. §343, as amended;
- (3) 21 U.S.C. §§451-471, as amended; and
- (4) 21 U.S.C. §§601-695, as amended.

G. High Potency Edible Cannabis Products.

(1) Edible products produced with approval by the Administration under §B(4) of this regulation shall comply with Current Good Manufacturing Practices under 21 CFR Part 111 or 21 CFR Part 210.

(2) A permittee shall submit to the Administration a third-party certification that demonstrates compliance with §G(1) of this regulation.

(3) Demonstration of compliance required under §G(2) shall include:

(a) Proof of the third party's accreditation to certify for Current Good Manufacturing Practices that complies with 21 CFR Part 111 or 21 CFR Part 210; and

(b) An attestation that the third party performed a facility audit of the licensed processor's facility using an audit checklist within the scope of accreditation that complies with 21 CFR Part 111 or 21 CFR Part 210;

(c) The audit checklist for cGMP 21 CFR Part 111 or 21 CFR Part 210, facility score, the audit checklist score scale, and a corrective plan to remediate any deficiencies identified during the audit; and

(d) The dosage form is recognized by the United States Pharmacopeia, the National Formulary, or the Food and Drug Administration.

(4) Edible products produced with approval by the Administration under §B(4) of this regulation may not:

(a) Be a liquid edible product as described in §D of this regulation; or

(b) Contain more than:

(i) 40 milligrams of THC per serving; and

(ii) 400 milligrams of THC per package.

(5) A dispensary shall only sell or dispense high potency edible products to qualified patients and registered caregivers.

(6) A processor shall label high potency edible products in accordance with COMAR 14.17.18.04.

H. The Administration shall maintain permittee trade secrets in conformity with COMAR 14.17.11.05.

#### **.06 Capsule and Tincture Products.**

A. A tincture shall:

(1) Contain no additional non-cannabis ingredients except potable water, unless approved by the Administration; and

(2) For vegetable oil tinctures, be manufactured in accordance with the regulation of edible cannabis products under COMAR 14.17.13.05E—H and COMAR 14.17.11.05—.05-9, except for COMAR 14.17.11.05B.

(3) Be dispensed in a container that:

(a) Has a resealing, child-resistant cap, or closure; and

(b) Includes a dropper measuring device within the package.

B. A licensee is encouraged to manufacture varying levels of potency for each tincture or capsule product the permittee distributes, including products containing:

(1) 2.5 milligrams of THC per serving; and

(2) 5 milligrams of THC per serving.

C. A dispensary shall only sell or dispense capsule and tincture products with more than 10 milligrams of tetrahydrocannabinol per serving and 100 milligrams tetrahydrocannabinol per package to qualifying patients or registered caregivers.

#### **.07 Home Cultivation Products.**

A. A licensed dispensary is authorized to sell and distribute home cultivation products intended to assist with the home cultivation of cannabis.

B. A licensed dispensary may sell up to:

(1) Two actively growing plants or seedlings to an adult use consumer; and

(2) Four actively growing plants or seedlings to a qualifying patient who is 21 years old or older or to a registered caregiver.

C. Seedlings not sold by a dispensary shall be destroyed and recorded as green waste in accordance with standard operating procedures if the plant is:

(1) Taller than eight inches;

(2) Wider than eight inches; or

(3) Otherwise in a flowering or vegetative state.

D. A licensed dispensary may not cultivate cannabis plants.

E. A licensed dispensary shall only acquire home cultivation products under this regulation from a licensed grower.

#### **.08 Cannabis Vaporizing Devices.**

A. A dispensary may sell cannabis vaporizing devices to:

(1) Individuals 21 years old or older; or

(2) Registered patients and qualifying caregivers.

B. A cannabis vaporizing device may include a cartridge containing a concentrated or infused cannabis liquid for the purposes of heating and producing a vapor.

C. A cartridge that contains more than 1 gram of a concentrated cannabis product may only be sold to qualifying patients or registered caregivers.

D. Cannabis vaporizing devices may not include:

(1) Vitamin E Acetate; or

(2) Any other solvent, solution, or other substance deemed to be a risk to public health or safety by the Administration according to COMAR 14.17.02.04.

**.09 Infused Non-Edible Products.**

A. A dispensary shall only sell or dispense infused non-edible products that contain more than 10 milligrams tetrahydrocannabinol per serving and 100 milligrams tetrahydrocannabinol per package, including the allowable permitted in the Technical Authority, to qualifying patients or registered caregivers.

B. Infused non-edible products containing more than 10 milligrams tetrahydrocannabinol per serving or 100 milligrams tetrahydrocannabinol per package shall be labeled in accordance with COMAR 14.17.18.04.

**.10 Concentrated Cannabis Products.**

A. A dispensary shall only sell or dispense concentrated cannabis products with a total weight that exceeds 1 gram to qualifying patients or registered caregivers.

B. Concentrated cannabis products with a total weight that exceeds 1 gram shall be labeled in accordance with COMAR 14.17.18.04.

**.11 Usable Cannabis Products.**

A. Usable cannabis products may be sold to:

- (1) Individuals 21 years of age or older; or
- (2) Qualifying patients and registered caregivers.

B. A licensed dispensary may package, repack, wrap, roll, or otherwise create usable cannabis products from usable cannabis in accordance with §§C and D of this regulation.

C. Repackaging Requirements.

(1) Handwashing sinks.

(a) A dispensary shall ensure that agents engaged in creating usable cannabis products have easy access to a handwashing sink that provides warm water of sufficient volume under pressure for effective handwashing procedures;

(b) A dispensary shall maintain at least one handwashing sink for the following number of agents who are engaged in repackaging while on duty at the same time:

- (i) Every 15 agents; and
- (ii) Any fraction of 15 agents.

(2) Scales.

(a) A scale used by a licensed dispensary for the creation of usable cannabis products shall be:

- (i) A National Type Evaluation Program approved device;
- (ii) Calibrated and recertified annually.

(b) A licensed dispensary shall make records and certifications required under (a) of this subsection available to the Administration available upon request.

(3) Sanitation.

(a) Scales, surfaces, and other equipment use for the purposes of creating usable cannabis products shall be cleaned and sanitized:

- (i) Between shifts;
- (ii) Between packaging, repackaging, or otherwise creation of usable cannabis products with different usable cannabis batches;
- (iii) Before beginning any packaging, repackaging, or otherwise creation of usable cannabis products; and
- (iv) After the completion of any packaging, repackaging, or otherwise creation of usable cannabis products.

(b) Licensed dispensaries shall maintain an accurate log of cleaning and sanitation required under §(a) of this subsection.

D. Products produced by dispensaries under this regulation shall be packaged and labeled in accordance with COMAR 14.17.18.

E. Transfer limits and Inventory Controls on Usable Cannabis.

(1) Usable cannabis transferred from a licensed grower to a licensed dispensary for the purposes of creation of usable cannabis products may not exceed:

- (a) 1 pound in a single package; or
- (b) 50 pounds in a single transfer.

(2) A licensed dispensary shall have no more than 50 pounds of usable cannabis in inventory at a given time for the purposes of creating usable cannabis products.

(3) The Administration may query the seed-to-sale tracking system to ensure compliance with this section.

F. A dispensary may not weigh, package, repack, or create usable cannabis products at the point of sale, or conduct deli-style sales.

## **14.17.14 Complaints, Enforcement, Record Keeping, and Inspections of Cannabis Businesses**

Authority: Alcoholic Beverages and Cannabis Article, §§36-202, 36-203, and 36-901, Annotated Code of Maryland

**.01 Complaints, Adverse Events, and Recall.**

A. The Administration, licensees, and certifying providers shall establish a procedure to receive, organize, store, and respond to all oral, written, electronic or other complaints regarding any cannabis product and severe adverse events.

B. In the event a licensee or certifying provider receives a complaint regarding the quality or safety of a product, including a report of a serious adverse event, the licensee or certifying provider shall report the complaint within 24 hours to:

- (1) The Administration;
- (2) If applicable, the licensed grower or processor from which the cannabis originated; and
- (3) If applicable, the licensed dispensary that dispensed the cannabis.

C. Complaint Investigation Process.

(1) After notifying the Administration about a complaint as required in §B of this regulation, a licensee or certifying provider shall:

(a) Promptly identify the batch number or lot number of the cannabis or cannabis product, or any other product that is the subject of the complaint; and

(b) Investigate the production of the batch or lot to determine if there was a deviation from the standard operating procedure in the production of the batch or lot to determine if there was a deviation from the standard operating procedure in the production of the batch or lot;

(c) Send part of the retention sample of the batch or lot to an independent testing laboratory to determine if it meets quality and safety standards; and

(d) If there is reasonable cause to suspect communicable disease transmission from or by an agent, collect morbidity history from any suspected agents.

(2) If the sample analysis conducted under §C(1) of this regulation reveals that the batch or lot fails to meet quality and safety standards, the licensee shall:

(a) Order a recall of all products derived from or included in the batch or lot;

(b) To the extent possible, notify all adult-use consumers, patients, caregivers, and dispensaries who may have obtained cannabis products from such a batch or lot of the recall; and

(c) Pay reimbursement for any returned cannabis.

(3) In the case of a report of a serious adverse event, if the investigation reveals a deviation from the standard operating procedure in the production of the batch or lot, the licensee shall:

(a) Order a recall of all products derived from or included in the batch or lot;

(b) Notify all adult-use consumers, patients, caregivers, and dispensaries who may have obtained cannabis from such a batch or lot of the recall; and

(c) Pay reimbursement for any returned cannabis.

(4) If the licensee's investigation reveals there is reasonable cause to suspect communicable disease transmission from or by an agent, the licensee shall ensure that appropriate follow-up action is taken, whenever applicable, including but not limited to:

(a) Immediately excluding any indicated agent from the licensed facility;

(b) Issuing an order to recall all products derived from, or included in, any affected batch or lot;

(c) To the extent possible, notifying all adult-use consumers, patients, caregivers, and dispensaries who may have obtained cannabis from any affected batch or lot of the recall;

(d) Reimbursing for any returned cannabis;

(e) Immediate closing the licensed premises until medical and epidemiological evidence shows that the likelihood of further disease transmission is low; and

(f) In accordance with COMAR 10.06.01, conducting an investigation, a report, and control of a communicable disease outbreak.

#### D. Custody of Returned Recalled Cannabis Products.

(1) The licensee shall develop a procedure to ensure cannabis that is recalled is stored and segregated until disposal of recalled material is authorized by the Administration.

(2) Within 24 hours of the receipt of notice from the Administration that the disposal of recalled cannabis is authorized, the licensee shall dispose of the recalled cannabis according to its standard operating procedure.

### **.02 Records.**

A. A licensee shall maintain, independent of the seed-to-sale tracking system, a searchable, secure, tamper-evident record of each distribution that contains:

(1) If applicable, the name and address of the patient;

(2) The quantity delivered; and

(3) The product name, strength, batch number and lot number.

B. A licensee shall maintain:

(1) To ensure uniformity, for each batch and lot:

(a) Records of production and distribution; and

(b) Daily checklists;

(2) Record of test methods and test results for each batch and lot, including graphs, charts, or spectra from laboratory instrumentation;

(3) A log of individuals visiting each premises; and

(4) A duplicate set of all records at a secure, off-site location.

F. Unless otherwise specified, a licensee, or a certifying provider shall retain a record for a period of 2 years.

### **.03 Inspections.**

A. In this regulation, "Investigator" means any Administration employee or contractor designated by the Administration to carry out an inspection under this regulation.

B. Submission of an application to be a licensee or registrant irrevocably gives the Administration consent to conduct all inspections to ensure compliance with State law and regulations.

C. The Administration may inspect all of a cannabis business applicant's premises and operations to ensure conformity with its application, State law, and regulations.

D. In the case of an inspection before the issuance of a license, the Administration shall arrange the inspection to take place at a mutually agreeable time.

E. Announced and Unannounced Inspections.

(1) The Administration may conduct announced and unannounced inspections of a licensee or registrant subject to the Administration's regulation, mission, and function, to determine compliance with statute and regulations.

(2) Failure by a licensee or registrant to provide the Administration with immediate access to any part of a premises, requested material, information, or agent as part of an inspection may result in the imposition of a civil fine, suspension of license, or revocation of license.

(3) During an inspection, the Administration may:

- (a) Review and make copies of any and all records, including but not limited to financial data, sales data, employment data, or other material that would otherwise be considered proprietary;
- (b) Enter any place, including but not limited to vehicles in which cannabis is held, dispensed, sold, produced, tested, delivered, transported, manufactured or otherwise disposed of;
- (c) Inspect all equipment, raw and processed material, containers and labeling;
- (d) Inventory any cannabis;
- (e) Inspect any equipment, instruments, tools or machinery used to process:
  - (i) Cannabis; or
  - (ii) Cannabis product;
- (f) Investigate complaints; and
- (g) Question personnel present at the location and any agent of the licensee.
- (4) During an inspection, a material misstatement, omission, misrepresentation, or untruth by the cannabis business applicant, licensee, registrant, or agent may result in:
  - (a) Denial of the application;
  - (b) The imposition of a civil fine;
  - (c) Suspension of a license or registration; or
  - (d) Revocation of a license or registration.

**F. Sample Collection and Testing as Part of Inspection.**

- (1) During an inspection, the Administration may obtain samples for testing of any:
  - (a) Cannabis;
  - (b) Cannabis product;
  - (c) Media used to grow cannabis;
  - (d) Chemicals or solvents used to process cannabis concentrate;
  - (e) Labels or containers for cannabis;
  - (f) Paraphernalia;
  - (g) Environmental swabs;
  - (h) Any waste material; and
  - (i) Raw or processed material.
- (2) An investigator may contract with an independent testing laboratory or the State Cannabis Testing Laboratory to analyze the samples for any deviation from specification questioned by the investigator.

**G. Investigative Actions.**

- (1) In the event that an investigator has cause to suspect an operational failure or conditions that create a likelihood of diversion, contamination, or a risk to the public health:
  - (a) An investigator may:
    - (i) Suspend the distribution of some or all cannabis from the cannabis licensee;
    - (ii) Order immediate evacuation of the premises and seal the entry door; or
    - (iii) Quarantine some or all cannabis;
  - (b) The Administration shall undertake a review of the inspection findings and may:
    - (i) Request a recall of the cannabis;
    - (ii) Request independent testing of affected cannabis;
    - (iii) Approve a procedure to reprocess the cannabis;
    - (iv) Notify law enforcement if diversion is suspected; or
    - (v) Order the destruction of contaminated or substandard cannabis; and
  - (c) The Administration may notify the local fire department or police department, or appropriate regulatory agency, regarding a risk to public health and safety.
- (2) During an inspection or any investigation, a licensee, registrant, or agent, or employee shall comply with an Administration request to:
  - (a) Appear for a sworn statement; or
  - (b) Submit documents responsive to any Administration request.

**H. The Administration shall leave a receipt and create a documented chain of custody for anything removed from the premises during an inspection.**

**I. Report of an Inspection and Letter of Non-Compliance.**

- (1) An investigator shall:
  - (a) Prepare an investigative report; and
  - (b) Deliver a copy of the report and obtain a receipt for the delivery.
- (2) Within 10 business days from the receipt of a letter of non-compliance imposing a fine or demanding corrective action, a licensee shall:
  - (a) Respond in writing to each demand for corrective action;
  - (b) Set forth a plan for corrective action to be taken and the timetable for correction; and
  - (c) Pay the fine set forth in the letter of non-compliance.
- (3) Upon receipt of a letter of non-compliance, a licensee or registrant may request an evidentiary hearing on the same provided such request is made in writing within 30 days of receipt of the letter of non-compliance in accordance with COMAR 14.17.22.
- (4) If a licensee or registrant does not submit a request for a hearing in writing within the 30-day period, the agency action becomes a final determination and is not subject to appeal.

**.04 Discipline and Enforcement.**

**A. Diversion.**

- (1) A licensee, registrant, or agent may not:



- (a) Divert cannabis or cannabis products for any unauthorized sale or distribution;
- (b) Fail to maintain records in accordance with this subtitle or the licensee's standard operating procedures;
- (c) Fail to accurately track, tag, or otherwise record inventory in the seed-to-sale tracking system; or
- (d) Sell or dispense cannabis or cannabis products in a manner that:
  - (i) Exceeds the personal use amount of cannabis or cannabis products;
  - (ii) Is reasonably expected to be in violation of the personal use amount; or
  - (iii) Could otherwise reasonably give rise to any other violation of law.

(2) A licensee, registrant, or agent may not conduct a series of transactions that would be in violation of §A(1)(d) of this regulation.

**B. Health Endangerment.**

(1) A licensee, registrant, or agent may not:

- (a) Apply any contaminant to cannabis or cannabis products;
- (b) Handle cannabis or cannabis products in a manner that would endanger health and safety;
- (c) Store cannabis or cannabis products in a manner that would endanger health and safety;
- (d) Otherwise risk the health and safety of a patient or consumer.

(2) A licensee, registrant, or agent may not sell, dispense or otherwise distribute cannabis or cannabis products to an individual younger than 21 years old unless the individual is a qualifying patient over the age of 18.

C. A licensee or registrant may not substantially deviate or demonstrate a pattern of deviation from:

- (1) Its standard operating procedures;
- (2) Its application;
- (3) State, federal, or local:
  - (a) Law;
  - (b) Regulations; or
  - (c) Ordinances.

D. The Administration may fine, suspend, restrict, revoke, or otherwise sanction any cannabis licensee or registrant for:

- (1) Any violation of the Alcoholic Beverages and Cannabis Article, Title 36, Annotated Code of Maryland;
- (2) Any violation of this subtitle;
- (3) Restricting, limiting, or otherwise impeding an inspection or investigation by the Administration;
- (4) A material misstatement, omission, misrepresentation, or untruth by the licensee, registrant, registered agent, or other employee; or
- (5) Any other violation of State, federal, or local:
  - (a) Law;
  - (b) Regulation; or
  - (c) Ordinances.

**.05 Fines and Suspension Proceedings.**

A. Definitions. In this regulation, the following terms have the meanings indicated.

- (1) "Letter of non-compliance" means a written communication from the Administration to a licensee or registrant that imposes a fine or demands corrective action.
- (2) "Respondent" means a licensee, registrant or selected applicant who is issued a letter of non-compliance, notice of intent to summarily suspend, or order of summary suspension.
- (3) "Show cause hearing" means a non-evidentiary hearing to provide the parties involved with an opportunity for oral argument on a notice of intent to summarily suspend or a summary suspension.

B. A licensee, registrant, or agent who violates Regulation .04A—D of this chapter or COMAR 14.17.20 is subject to a fine of up to \$10,000 per violation.

C. Each day a violation continues is a separate violation under this section.

D. The licensee, registrant, or agent assessed a fine under this regulation may:

- (1) Elect to pay the imposed fine; or
- (2) Request an evidentiary hearing in accordance with COMAR 14.17.22 not later than 30 days after the receipt of the notice of the fine.

E. If a respondent does not submit a request for an evidentiary hearing within 30 days from receipt of the letter of non-compliance or administrative charges, the agency determination becomes final and is not subject to appeal.

F. The Administration may impose late fees to respondents who do not pay fines by the date indicated in a Letter of Non-Compliance or in a final agency determination, as described in COMAR 14.17.22.10.

G. The Administration shall remit any penalty collected under this regulation to the:

- (1) Medical Cannabis Compassionate Use Fund;
- (2) Cannabis Business Assistance Fund;
- (3) Community Reinvestment and Repair Fund; or
- (4) Cannabis Public Health Fund.

H. Funds from fines remitted under §F of this regulation shall be distributed at the discretion of the Administration by evaluating:

- (1) Available fund balances;
- (2) Uses of the fund; and
- (3) Future needs of the fund.

I. Summary Suspension.

- (1) The Administration shall order the summary suspension of a license or registration if the Administration determines that the threat to public health, safety, or welfare requires immediate suspension of a license or registration.
- (2) The Administration shall promptly give the licensee or registrant:
  - (a) Written notice of the suspension, the findings, and the reasons that support the findings; and
  - (b) An opportunity for a hearing before the Administration.

- (3) Service of notice of intent shall be made by:
- (a) Serving the notice of intent via hand delivery to the point of contact on file;
  - (b) Sending the notice of intent via certified mail to the address the licensee or registrant is required to maintain with the Administration; or
  - (c) Other reasonable means to effect service.
- (4) A licensee or registrant aggrieved by the action of the Administration under this regulation may request a show cause hearing by filing a written request for a hearing not later than 30 days after receipt of notice of the Administration's action.

**J. Notice of Intent to Summarily Suspend a License or Registration.**

(1) The Administration may issue a Notice of Intent to Summarily Suspend a cannabis license or registration if the Administration determines that a suspension of a license or registration is necessary to protect the health and welfare of the public.

(2) The Administration shall promptly give the licensee or registrant:

- (a) Written notice of the suspension, the findings, and the reasons that support the findings; and
- (b) An opportunity for a hearing before the Administration.

(3) Service shall be made by:

- (a) Serving the Notice of Intent via Hand delivery to the point of contact on file;
- (b) Sending the Notice of Intent via Certified mail to the address the licensee or registrant is required to maintain with the Administration;

or

(c) Other reasonable means to effect service.

(4) A licensee or registrant aggrieved by the action of the Administration under this regulation may request a show cause hearing by filing a request for a hearing in writing not later than 30 days after receipt of notice of the Administration's action.

**K. Show Cause Hearing.**

(1) If requested in writing, the show cause hearing shall be held promptly within a reasonable time after the effective date of the action.

(2) The show cause hearing shall be conducted before the Administration's director or a designee who:

- (a) Shall determine procedural issues;
- (b) May impose reasonable time limits on each party's oral argument; and
- (c) Shall make rulings reasonably necessary to facilitate the effective and efficient operation of the show cause hearing.

(3) At the conclusion of the show cause hearing, the Administration director or a designee may:

- (a) Affirm the order of summary suspension or notice of intent to summarily suspend;
- (b) Rescind the order of summary suspension;
- (c) Enter into a consent order with the respondent on behalf of the Administration; or
- (d) Enter into an interim order with the respondent on behalf of the Administration warranted by the circumstances of the case, including one providing for a stay of the summary suspension, subject to certain conditions.

(6) After the show cause hearing, if the Administration Director or a designee decides to continue the summary suspension, the licensee or registrant aggrieved by the decision may pursue a hearing in accordance with COMAR 14.17.22.

(7) Contesting a summary suspension or notice of intent to summarily suspend through a show cause hearing does not toll or otherwise excuse the requirement that an aggrieved party request a hearing within 30 days of notice of intent to summarily suspend, as set forth in §I(4) or §J(4) of this regulation.

(8) If the licensee or registrant against whom the action is contemplated does not appear, the Administration may hear and determine the matter.

(9) A show cause hearing is not subject to the hearing procedures set forth in COMAR 14.17.22.

**.06 Advertising.**

A. All advertisements for cannabis products, businesses, licensees, or other cannabis-related services shall comply with the requirements of Alcoholic Beverages and Cannabis Article, §§36-901—36-903, Annotated Code of Maryland.

B. A standard licensee, registrant, agent, or employee who violates §A of this regulation:

(1) Is subject to a fine not exceeding:

- (a) \$1,000 for the first violation;
- (b) \$10,000 for the second violation occurring within 24 months after the first violation;
- (c) \$25,000 the third violation occurring within 24 months after the second violation; and
- (d) \$50,000 for each subsequent violation occurring within 24 months after the preceding violation; and

(2) May elect to:

- (a) Pay the imposed fine; or
- (b) Request a hearing not later than 30 days from the receipt of the fine.

C. Any violations that occurred between May 3, 2023 and the effective date of these regulations count for purposes of calculating the appropriate fine.

D. In accordance with the hearing provisions in Regulation .05 of the chapter, the Administration may deny, suspend, or revoke the license or registration of a licensee, registrant, agent, or employee who violates §A of this regulation.

## **14.17.15 Cannabis Business Agents**

Authority: Alcoholic Beverages and Cannabis Article, §§36-202, 36-203, 36-501, and 36-1001—1003, Annotated Code of Maryland

**.01 Scope.**

A. This chapter applies to agents as defined in COMAR 14.17.01.

B. This chapter applies to individuals who are employed, volunteer, or work for management companies as defined in COMAR 14.17.06.05.

**.02 Registration.**

- A. To volunteer or work for a licensee or registrant, an individual shall be registered with the Administration as an agent.
- B. Agent registration shall be conducted pursuant to Alcoholic Beverages and Cannabis Article, §36-501, Annotated Code of Maryland.
- C. A licensee shall apply to register an agent by submitting to the Administration:
  - (1) The name, address, date of birth, and Social Security Number or Individual Tax Identification Number of an agent;
  - (2) Documentation of the submission of fingerprints of the agent of to the Criminal Justice Information System's Central Repository in accordance with the Alcoholic Beverages and Cannabis Article, §36-505, Annotated Code of Maryland;
  - (3) The request for the criminal history record information of the agent to be forwarded to the Administration.
- D. As a condition of registration, an agent shall report to the Administration a conviction of or plea of nolo contendere to a crime involving moral turpitude within 14 days of the conviction or plea.
- E. The Administration may:
  - (1) Disqualify as an agent an individual who has been convicted of or pleaded nolo contendere to a crime involving moral turpitude, whether or not any appeal or other proceeding is pending to have the conviction or plea set aside; and
  - (2) Revoke the registration of an agent who is convicted of or pleads nolo contendere to a crime involving moral turpitude, whether or not any appeal or other proceeding is pending to have the conviction or plea set aside.
- F. The Administration may not deny a cannabis agent registration based on any cannabis-related offense occurring before July 1, 2023.

**.03 Registered Agent Identification Cards.**

- A. The Administration shall issue to each registered agent an identification card which includes a photograph of the face of the registered agent taken no more than 6 months before the date of the application.
- B. At all times every registered agent at a licensed or registered premises shall visibly wear the identification card issued to the registered agent by the Administration.
- C. The agent shall apply for renewal of the identification card every 2 years.
- D. If a registered agent's identification card is lost, destroyed, or stolen, within 24 hours of becoming aware of the loss, destruction or theft, the licensee shall:
  - (1) Report the loss, destruction, or theft to the Administration;
  - (2) Apply for a replacement card; and
  - (3) Pay a replacement card fee specified in COMAR 14.17.21.
- E. An identification card remains the property of the Administration and the Administration may order the return or seizure of an identification card if the registration is revoked or expires.
- F. If a registered agent's identification card is lost, destroyed, or stolen, a copy of the notification to the Administration shall be evidence of registration until a new card is obtained from the Administration.

**.04 Termination.**

- A. Within 30 days of the termination of a registered agent, the licensee or registrant shall:
  - (1) Take custody of the terminated registered agent's identification card;
  - (2) Obtain any keys or other entry devices from the terminated registered agent; and
  - (3) Ensure the terminated registered agent can no longer gain access to the licensed premises.
- B. Within one business day of the termination of a registered agent, a licensee or registrant shall:
  - (1) Notify the Administration:
    - (a) Of the termination and the circumstance of the termination; and
    - (b) Whether the terminated registered agent has returned the agent's identification card; and
  - (2) Initiate delivery of the terminated registered agent's identification card to the Administration.
- C. The Administration shall revoke the registration of an agent upon receiving notification that an agent is no longer associated with a licensee.
- D. If a registered agent did not return the agent's identification card within 30 days of the termination, the Administration shall notify the law enforcement agency with jurisdiction in the licensee's area.

**.05 Training.**

- A. The licensee shall train all registered agents on:
  - (1) Federal and State cannabis laws and regulation and other laws and regulations pertinent to the agent's responsibilities;
  - (2) Standard operating procedures;
  - (3) The State alcohol and drug free workplace policy, as identified in COMAR 21.11.08.03;
  - (4) Detection and prevention of diversion of cannabis;
  - (5) Security procedures;
  - (6) Safety procedures including responding to:
    - (a) A medical emergency;
    - (b) A fire;
    - (c) A chemical spill; and
    - (d) A threatening event such as:
      - (i) An armed robbery;
      - (ii) An invasion;
      - (iii) A burglary; and
      - (iv) Any other criminal incident.
- B. The licensee shall retain training materials and attendance records and make the training materials available for inspection by the Administration.
- C. A registered agent employed by cannabis licensee shall complete a responsible vendor training program that:
  - (1) Meets the minimum requirements under Alcoholic Beverages and Cannabis Article, §§36-1001—36-1003, Annotated Code of Maryland;
 and

(2) Is registered with the Administration in accordance with §E(3) of this regulation.

D. A responsible vendor training program required under §E of this regulation shall be in addition to the training requirements under §A of this regulation.

E. Responsible Vendor Training Program.

(1) To offer a responsible medical or adult-use cannabis vendor, server, and seller training program, a person shall submit an application to the Administration. (2) To be considered for approval, the proposed training program application shall meet the minimum educational standards established in Alcoholic Beverages and Cannabis Article, §36-1001(C).

(3) Applications approved by the Administration shall be registered with the Administration for a period of three years from the date of approval.

(4) The Administration shall assess a fee for the application, registration, and renewal of a responsible vendor training program under this regulation as specified in COMAR 14.17.21.

(5) A person offering a responsible vendor training program under this paragraph may not have ownership or control of any cannabis license.

(6) A person offering a responsible vendor training program shall:

(a) Maintain records for at least four years; and

(b) Make these records available to the Administration upon request.

## **14.17.16 Cannabis Business Owners**

Authority: Alcoholic Beverages and Cannabis Article, §§36-202, 36-501, 36-502, 36-503, 36-504, and 36-801, Annotated Code of Maryland

### **.01 Conditions of Ownership and Control.**

A. An individual who holds any amount of ownership interest or control in a cannabis licensee shall be 21 years old or older.

B. The requirement in §A of this regulation does not apply to beneficiaries of ownership interests held in a trust if:

(1) The trustee is 21 years old or older; and

(2) Ownership interests do not vest prior to the beneficiary's 21<sup>st</sup> birthday.

C. The Administration may force divestiture of an individual with ownership interest or control from the licensed business if they are convicted or plead *nolo contendere* to a crime involving moral turpitude, whether or not any appeal or other proceeding is pending to have the conviction or plea set aside.

D. Transfers.

(1) A person wishing to hold an ownership interest of greater than 5 percent or control in a cannabis license shall comply with the application requirements under the Alcoholic Beverages and Cannabis Article, §36-502, Annotated Code of Maryland.

(2) A license issued, regulated, or otherwise authorized under this subtitle shall only be transferred in accordance with the Alcoholic Beverages and Cannabis Article, §36-503, Annotated Code of Maryland.

(3) Applicants and transferees under this chapter shall submit to a criminal history record check in accordance with the Alcoholic Beverages and Cannabis Article, §36-505, Annotated Code of Maryland.

### **.02 Disclosure of Ownership and Control.**

A. Each licensee shall submit to the Administration a table of organization, ownership, and control in a manner designated by the Administration:

(1) On or before July 1 of each year;

(2) Within 10 business days of any change in ownership interest greater than 5 percent; and

(3) Upon request by the Administration.

B. The table of organization, ownership, and control shall identify the management structure, ownership, and control of the licensee, including but not limited to the:

(1) Name of each owner or principal officer and any other individual or entity with the authority to control the licensee;

(2) The office or position held, if any; and

(3) The percentage of ownership interest, if any.

C. The identification of ownership shall include:

(1) The name and percentage of ownership interest of each individual or business entity with ownership of more than 5 percent of the voting shares of the entity, to the extent such information is known or contained in 13D or 13G Securities and Exchange Division filings; and

(2) To the extent known, the names and percentage of interest of ownership of persons who are relatives of one another and who together exercise control over or own more than 10 percent of the voting shares of the entity.

D. A licensee that is owned or controlled, in whole or in part, by another entity shall disclose to the Administration:

(1) The relationship between the licensee and the parent or affiliate; and

(2) Each owner, board member, or officer and any other individual with control or management authority over those entities owning or controlling the license.

E. Any individual identified as having ownership or control of a license may not have other ownership interest that exceeds the limitations set forth in Alcoholic Beverages and Cannabis Article §36-401(E), Annotated Code of Maryland.

### **.03 Annual Report on Minority Owners and Employees.**

On or before August 1 of each year, each licensee shall submit a report in a manner determined by the Administration regarding the licensee's minority owners and employees.

### **.04 Mandatory Reporting of Legal Actions.**

A. The required reporting under this regulation applies to a legal action whether in Maryland or another jurisdiction.

B. Notification.

(1) A licensee or its parent, affiliate, or any subsidiary shall notify and provide a description to the Administration within 30 days of any of the following events:

(a) The filing of any administrative, civil, or criminal action against the licensee or its parent, affiliate, or subsidiary by any governmental entity, private entity, or individual;

(b) The disposition of any administrative, civil, or criminal action against the licensee or its parent, affiliate, or subsidiary by any governmental entity, private entity, or individual, whether by judgment, final order, consent order, or other negotiated resolution; or

(c) The filing for bankruptcy of the licensee or its parent, affiliate, or subsidiary, the entry of a court order for the placement into receivership, or the date of an assignment for the benefit of creditors.

(2) An individual with ownership interest or control greater than 5 percent shall notify and provide a description to the Administration within 30 days of any of the following events:

(a) The filing for bankruptcy of the licensee or its parent, affiliate, or subsidiary, the entry of a court order for the placement into receivership, or the date of an assignment for the benefit of creditors; or

(b) An owner's conviction of or plea of nolo contendere to a crime involving moral turpitude whether or not any appeal or other proceeding is pending to have the conviction or plea set aside.

(3) The notification and description of the event required under §B(1)–(2) of this regulation shall be provided to the Administration within 14 calendar days after receiving:

(a) Proper service of process in accordance with the rules of civil or criminal procedure of a court of competent jurisdiction; or

(b) Formal written notice in accordance with the administrative rules of an administrative agency with jurisdiction.

C. The description under §B(3) of this regulation shall include the following:

(1) Title and docket number;

(2) Name and location of the court;

(3) Names of the parties;

(4) General nature and scope of the legal action; and

(5) Any judgment, final order, consent order, or other negotiated resolution.

#### **.05 Prohibited Acts.**

A. A licensee may not transfer ownership of the license for the purpose of:

(1) Improperly shielding the license or the value of the license from any judgement or liability; or

(2) Furthering any action or plan of action that violates any State, local or federal law.

B. Except as authorized under Alcoholic Beverages and Cannabis Article, Title 36, Annotated Code of Maryland, a licensee may not be:

(1) A member of the General Assembly;

(2) An employee of the Administration; or

(3) Otherwise be in violation of the Alcoholic Beverages and Cannabis Article, §36-504, Annotated Code of Maryland.

C. An individual, group of individuals or persons may not own multiple, non-majority or unreported shares or interests in a cannabis license unless every holding is a passive interest that:

(1) Has an aggregate ownership interest of less than 5 percent; and

(2) Does not have control over the license.

D. Owners found in violation of this regulation by the Administration may be subject to any of the following sanctions:

(1) Fine;

(2) Suspension or revocation of the licensed business; or

(3) Forced divestiture of the owner from the licensed business.

### **14.17.17 Receivership.**

Authority: Alcoholic Beverages and Cannabis Article, §§36-202, 36-203, and 36-503, Annotated Code of Maryland

#### **.01 Definitions.**

A. In this chapter, the following terms have the meanings indicated:

(1) "Licensee" means a licensed grower, processor, or dispensary.

(2) "Secured creditor" means a lending institution defined under the Financial Institutions Article, §1-101, Annotated Code of Maryland that has been approved by the Administration to obtain a security interest in the proceeds from an Administration -approved sale of a grower, processor, or dispensary license.

#### **.02 Notice of Receivership Action Involving Cannabis Licensee.**

A. Any person who files any receivership or trustee action involving any cannabis licensee shall provide the Administration with original notice of the action in a manner specified by the Administration.

B. The Administration will find a licensee compliant with this chapter only if it receives original notice of the action and the receiver is selected consistent with Administration requirements.

#### **.03 Selection of an Eligible Receiver.**

A. Subject to approval by the Administration under Regulation .04 of this chapter, a creditor may select an eligible receiver who is a third party to oversee the disposition of a cannabis license, including the licensee's assets, if the licensee:

(1) Is the subject of an order requiring appointment of a receiver;

(2) Becomes insolvent; or

(3) Otherwise materially breaches or defaults on its material obligations secured by the associated license.

B. Not later than 10 business days before the Administration approves the receiver, the creditor who selects a prospective receiver for approval under Regulation .04 of this chapter shall submit the following information to the Administration:

(1) Proof of the creditor's secured interest in the proceeds from a sale of the license of the associated licensee;

(2) Proof of an order requiring appointment of a receiver, insolvency, or evidence of the licensee's material breach or default on its material obligations, as set forth in the associated Administration-approved security agreement; and

(3) Any additional information requested by the Administration.

**.04 Application for Receivership.**

A. A prospective receiver shall apply for and receive approval from the Administration to serve as a receiver under this chapter.

B. The applicant for receivership shall submit to the Administration a completed application, in a form developed by the Administration, accompanied by the following:

(1) Documentation establishing the applicant's qualifications and ability to oversee the orderly disposition of the secured license in a manner that facilitates continuity of the licensee's operations to the extent possible.

(2) A list of all owners and principal officers of the applicant and supporting documentation, including:

(a) Certificate of incorporation;

(b) Bylaws;

(c) Articles of organization;

(d) Operating agreements;

(e) Certificate of limited partnership;

(f) Resolution of a board of directors; or

(g) Other similar business formation documents;

(3) Documentation establishing that the individual or entity is eligible to do business in Maryland throughout the term of the receivership;

(4) Criminal history record information demonstrating that the applicant for receivership does not have any disqualifying criminal conviction applicable to licensees under this subtitle;

(5) Financial records, including a record of tax payments in all jurisdictions in which an applicant has operated a business for the 3 years before the filing of the application;

(6) An affidavit confirming that the applicant does not have a financial or ownership interest in any licensee in Maryland;

(7) A disposition of license plan, subject to Administration approval, which includes:

(a) A detailed description of the plan for the orderly disposition of the license and associated business assets to satisfy the security interest in the right to the proceeds from the sale of the license; and

(b) A proposed timeline for the orderly disposition of the license of the associated licensee.

(8) Any additional information requested by the Administration.

C. The application shall be accompanied by a non-refundable receivership application fee specified in COMAR 14.17.21.

D. Administration Determination of Receivership.

(1) Upon receipt of a completed receiver application and associated fee, the Administration shall either approve, deny, or request additional information from the applicant.

(2) If the applicant fails to provide any additional requested information to the Administration within 30 days of the request, the application shall be considered denied.

(4) The approved receiver:

(a) Shall maintain compliance with the eligibility requirements under this chapter, as evidenced by submitting an annual report to the Administration attesting to continued compliance beginning one calendar year after the date the receiver is approved;

(b) Shall be a third party that is not affiliated with a creditor that has or asserts rights regarding a Maryland cannabis licensee; and

(c) May not have a financial or ownership interest in any Maryland cannabis licensee during the period the receiver is actively carrying out its responsibilities under this chapter.

**.05 Receiver's Responsibilities.**

A. A receiver shall comply with the provisions in this subtitle and Alcoholic Beverages and Cannabis Article, Title 36, Annotated Code of Maryland governing a Maryland cannabis licensee that is subject to the receivership.

B. Material Violation.

(1) In the event of a material violation by the receiver, the Administration shall provide the creditor associated with the receivership with written notice of the violation and an opportunity to cure within 45 days after receipt of the written notice, unless the Administration determines that the violation is an imminent threat to public health and safety, in which case the Administration shall terminate the receivership immediately.

(2) The Administration shall terminate the receivership if after providing notice and the opportunity to cure, the material violation is not cured within the 45-day period.

(3) Whenever the Administration terminates a receivership under this regulation, the creditor may select another prospective receiver for Administration approval under Regulation .04 of this chapter.

(4) If a court is overseeing the matter for which a receiver has been appointed, the Administration shall provide notice to the court of a material violation by the receiver.

(5) If the violation is an imminent threat to public health and safety, the Administration shall terminate the receivership immediately and notify the court within 1 business day of terminating the receivership.

**.06 Disposition of a Cannabis License.**

A. A receiver appointed under this chapter shall initiate and oversee the orderly disposition of a license and associated business assets in accordance with a disposition of license plan submitted to the Administration that includes:

(1) A detailed description of the plan for the orderly disposition of the license and associated business assets; and

(2) A proposed timeline for the orderly disposition of the license of the associated licensed grower, processor, or dispensary.

B. Notification. A receiver shall:

(1) Issue public notice of the method, manner, time, place, and other terms of the disposition in a newspaper of general circulation in the jurisdiction in which the licensee is located and authorized to do business at least 60 days prior to the planned disposition, including the following information in clear, bold type:

(a) Name and contact information of the secured creditor;

(b) Name of licensee, and doing business as (d/b/a) or trade name, if applicable;

- (c) License number;
- (d) License classification;
- (e) Date, time, and location of planned disposition;
- (f) Deadline for obtaining pre-approval from the Administration to qualify as an eligible bidder at the planned disposition; and
- (g) Terms and conditions imposed by the secured creditor on the disposition process and on the successful bidder; and

(2) Provide a copy of the information in §B(1) of this regulation to the Administration for the purpose of posting on the Administration's website.

C. To qualify as an eligible bidder seeking to obtain the cannabis license, an individual, or in the case of an entity, each individual who would acquire an ownership interest of 5 percent or more of the cannabis license that is the subject of the disposition, shall provide the following information to the Administration not later than 30 days before the deadline for obtaining Administration approval to qualify as a bidder at the planned disposition of the license:

- (1) Name and contact information;
- (2) Criminal history record information;
- (3) Completed ownership and control attestation form provided by the Administration for each individual who intends to hold an ownership interest of 5 percent or more;
- (4) Evidence of immediately available financial resources sufficient to pay the deposit at the planned disposition and to close the transaction within 10 days of the ratified and final disposition;
- (5) Demonstration that the bidder meets all material requirements for licensure; and
- (6) Any additional information requested by the Administration.

**D. Process for Final Disposition.**

(1) Upon completion of the planned disposition, the successful bidder shall prepare and submit to the Administration, within 3 days after the conclusion of the planned disposition, the necessary documentation to obtain final approval for the transfer and sale of the license, including a completed request to transfer ownership of a cannabis license provided by the Administration.

(2) Upon receipt of final approval of the transfer and sale of the license by the Administration, the disposition shall be considered ratified and final.

E. To facilitate the orderly disposition of a secured license and associated assets, the provisions set forth in Alcoholic Beverages and Cannabis Article, §36-503, Annotated Code of Maryland do not apply to the sale or transfer of the license pursuant to this chapter.

F. Notwithstanding §E of this regulation, the sale or transfer of a license in accordance with this chapter shall be conducted in good faith, and the provisions of this chapter may not be used as a mechanism to circumvent the sale or transfer of ownership requirements under Alcoholic Beverages and Cannabis Article, §36-503, Annotated Code of Maryland.

G. All cannabis, as defined in Alcoholic Beverages and Cannabis Article, §36-101, must be disposed of in accordance with this subtitle and Alcoholic Beverages and Cannabis Article, Title 36, Annotated Code of Maryland.

**H. Termination of Receivership.**

(1) Upon ratified and final disposition of the cannabis license and associated assets:

- (a) The receivership terminates; and
- (b) The receiver shall be immediately released of any responsibility associated with the receivership, and from liability for any actions or omissions that occur after the termination of the receivership.

(2) Nothing in this regulation shall be construed as limiting the liability of the receiver for any actions or omissions that occurred during the period that the receivership was in effect.

**.07 Administration Approval Required.**

Notwithstanding any provision of this regulation, a cannabis license may not be transferred or operated without express approval of the Administration.

## **14.17.18 Finished Product Packaging**

Authority: Alcoholic Beverages and Cannabis Article, §§36-202, 36-203, and 36-203.1, Annotated Code of Maryland

**.01 Definitions.**

A. In this chapter, the following terms have the meanings indicated.

**B. Terms Defined.**

- (1) "Cartoon" means a drawing showing the features of the subject in a simplified or exaggerated way.
- (2) "Child resistant" means with respect to packaging of cannabis or cannabis product ready for retail sale, designed or constructed to be significantly difficult for a typical child younger than 5 years old to open and not to be significantly difficult for a typical adult to open, and complies with 16 C.F.R. § 1700.15(B)(1).
- (3) "Exit packaging" means an opaque bag, pouch or other container that cannabis, cannabis products and/or cannabis seeds and plants are placed after a retail sale and before the purchased items leave the licensed premise.
- (4) "Lot" means all of a cannabis finished product that is uniform, that is intended to meet specifications, and that is manufactured, packaged, or labeled together during a specified time period according to a single lot record.
- (5) "Marketing layer" means the outermost layer of a retail sale container, which is most predominantly apparent and visible. If the container consists of only a single layer, then the outer surface of the container is the marketing layer.
- (6) "Tamper evident" means with respect to a device or process, bearing a seal, a label or a marking that makes unauthorized access to or tampering with a package, product, or container easily detectable.

**.02 General Packaging Requirements.**

A. All items shall be individually packaged by a licensed grower or processor prior to distribution to any licensed dispensary for retail sale.

B. Packaging Requirements.

(1) All packaging of any cannabis product for retail sale shall be:

- (a) Tamper evident;
- (b) Child resistant; and
- (c) Plain and opaque.

(2) Tamper evident packaging required under this section:

(a) For soft sided packaging:

- (i) Shall be sealed at the opening in a way that indicates if the container has been opened or tampered with; and
- (ii) Once opened must remain clear that the package has previously been opened; or

(b) For a rigid container:

- (i) Shall contain a tamper evident seal; or
- (ii) The lid or enclosure shall have an adhesive band or seal that once opened must remain clear that the package has previously been opened.

(3) Any soft sided package shall be four mil or greater in thickness.

(4) Any package containing multiple servings shall be resealable.

**.03 General Labeling Requirements.**

A. All cannabis and cannabis products for retail sale shall be properly labeled in accordance with this regulation.

B. Labels required under this regulation shall:

- (1) Except as specifically authorized, be printed directly on, or on a label or sticker affixed directly to, the marketing layer.
- (2) Use text no smaller than size 6 font or 1/12 an inch.
- (3) Use text clearly written and printed in the English language.

C. Warning Statements.

(1) All products sold for retail shall include the following warning statements in a manner that complies with §B of this regulation:

- (a) "The contents may only be lawfully consumed by a consumer 21 years old or older, or a registered medical cannabis patient."
- (b) "Consumption of cannabis may impair your ability to drive a car or operate machinery. Please use extreme caution."
- (c) "There may be health risks associated with cannabis use, especially if pregnant or breastfeeding."
- (d) "This package contains cannabis. Keep out of reach of children and animals."

(2) Any product intended for topical application shall include a statement identifying that the product is not intended for human consumption, ingestion, or inhalation.

(3) Any product for retail sale shall include the Maryland Poison Center emergency telephone number.

D. Product Information.

(1) All products sold for retail shall include the following product information in a manner that complies with §B of this regulation:

- (a) Net weight of the cannabis, or cannabis product;
- (b) Finished product lot number;
- (c) Name of the licensee that packaged the product;
- (d) Name and phone number of the licensee that manufactured the product to report an adverse event;
- (e) An itemization, including weight, of all cannabinoid and terpene ingredients specified for the product, with concentrates of any cannabinoid of less than one percent printed with a leading zero before the decimal point;
- (f) If applicable, a list of all major allergens contained in and used to manufacture the cannabis finished product in accordance with the Food Allergen Labeling and Consumer Protection Act of 2004, 21 U.S.C. § 343 (2010), specifically milk, eggs, fish, crustacean shellfish, tree nuts, peanuts, wheat and soybeans;
- (g) A list of all noncannabis ingredients;
- (h) A list of any solvents used to produce the product; and
- (i) Dates corresponding to the date that:
  - (i) The product was harvested, packaged, or produced; and
  - (ii) The product would be considered expired by, or best used by.

(2) Cannabinoid and terpene itemization required under §D(1)(e) of this regulation may be printed on an inner layer of a label.

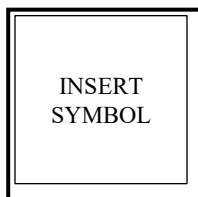
E. A certificate of analysis completed by an independent testing laboratory in accordance with COMAR 14.17.08 and the Technical Authority shall be made available on the package through a link or QR code.

F. Universal Symbol.

(1) Packages shall display the universal symbol:

- (a) On the front or most predominantly displayed area of the package;
- (b) In an area no smaller than ½ inch by ½ inch;
- (c) In the form provided by the Administration and may not be modified, recreated, stylized, stretched, or otherwise distorted; and
- (d) On a background where the symbol is clearly distinguishable and identifiable.

(2) The following symbol shall be the only symbol used on packages under this regulation:





**.04 Medical Cannabis Product Packaging and Labeling.**

- A. Unless otherwise stated, product regulations under Regulations .02 and .03 of this chapter apply to medical cannabis products.
- B. In addition to the packaging and labeling requirements under Regulations .02 and .03 of this chapter, medical cannabis products shall:
- (1) Maintain space for a licensed dispensary to attach a personalized label for the qualifying patient; and
  - (2) Notwithstanding the exemption in §D(2) of this regulation, bear a clear warning that it is illegal:
    - (a) For any person to possess or consume the contents of the package other than the qualifying patient; and
    - (b) To transfer the package or contents to any person other than a transfer by a caregiver to a qualifying patient.
- C. High potency products that are only authorized for sale to qualifying patients under COMAR 14.17.13.03A shall maintain the requirements under §B of this regulation on the product packaging from the licensed grower or processor.
- D. For products that are authorized for sale to either qualifying patients or adult use consumers, the warnings required under §B(2) of this regulation:
- (1) May be applied to a sticker or label that can be attached to the product at the point of sale, such as the personalized label under §E of this regulation; and
  - (2) Do not need to be included on a product sold to an adult-use consumer.
- E. All products dispensed to a qualifying patient under COMAR 14.17.12.04A shall include a personalized label for the qualifying patient, which shall include:
- (1) The name of the qualifying patient;
  - (2) The name of the certifying provider;
  - (3) The name of the licensee where the product was dispensed;
  - (4) The date that the medical cannabis was dispensed;
  - (5) The name of the product;
  - (6) The strength of applicable cannabinoid and terpene compounds:
    - (a) Displayed in units appropriate to the dosage form; and
    - (b) Concentrations of any cannabinoid of less than one percent shall be printed with a leading zero before the decimal point;
  - (7) The quantity of medical cannabis dispensed, displayed in units appropriate to the dosage form;
  - (8) Any directions for use of the product; and
  - (9) The instructions for proper storage or handling of the product.

**.05 Edible Cannabis Product Packaging.**

- A. Unless otherwise stated, product regulations under Regulation .02—.04 of this chapter apply to edible cannabis products and tinctures.
- B. All edible cannabis product packaging shall include:
- (1) Milligrams per single serving of total THC, total CBD, and any other marketed cannabinoid;
  - (2) Milligrams per package of total THC, total CBD, and any other marketed cannabinoid;
  - (3) The number of servings per package and, if applicable, the recommended size of a serving;
  - (4) A nutritional fact panel consistent with the U.S. Food and Drug Administration Standards;
  - (5) A list of all active and inactive ingredients in descending order of predominance by weight in the cannabis product; and
  - (6) A warning label that states, "Effects of this product may be delayed by 4 or more hours."
- C. The nutritional fact panel required in §B(4) of this regulation may be printed on an inner layer of a label or made available on the package through a link or QR code.
- D. Any edible cannabis product containing multiple servings shall:
- (1) Be resealable;
  - (2) Contain no greater than 10 milligrams of THC per serving;
  - (3) Contain no greater than 100 milligrams of THC per package;
  - (4) Clearly indicate the size of a serving;
  - (5) Include within the package a measuring device that is appropriate for the product form, such as a dropper for liquids or a measuring spoon for powders.
- E. Multiple, individually packaged single serving products may be packaged together by a licensed processor using a marketing layer if the marketing layer:
- (1) Contains the necessary labels, warnings, and standards under this chapter; and
  - (2) Does not combine products the THC content of which exceeds 100 milligrams.

**.06 Packaging and Labeling Requirements of Cannabis Seeds and Plants.**

- A. This regulation applies only to cannabis seeds and plants for home cultivation regulated under 14.17.13.07.
- B. Products sold under this regulation are exempt from Regulation .02—.05 of this chapter.
- C. Cannabis Seeds.
- (1) Packaging for cannabis seeds for sale to consumers shall:
    - (a) Keep cannabis seeds dry;
    - (b) Prevent germination of the seeds in the packaging; and
    - (c) Not impart any deleterious substances into the cannabis seeds.
- D. Labeling Requirements. All cannabis seeds or plants for home cultivation shall display on the marketing layer:
- (1) The name of the licensed facility where the cannabis seeds were derived or propagated;
  - (2) The name of the licensed dispensary where the product is being sold to an individual for home cultivation;
  - (3) The net weight of the product, or the number of individual seeds; and
  - (4) A warning label that states, "For home cultivation only. Must be 21 years old or older or a registered patient for home cultivation."

**.07 Prohibited Packaging and Labeling.**

- A. Cannabis products packaging and labeling may not bear any:
- (1) Image that may appeal to minors, including:
    - (a) Resemblance to the trademarked, characteristic or product-specialized packaging of any commercially available candy, snack, baked good or beverage;
    - (b) Images of food, candy, baked goods, cereal, fruit, beverages, or the words “candy” or “candies”;
    - (c) Images, graphics, features, or likeness to images, graphics, or features that are popularly used to advertise to children, such as cartoons, animals, neon colors, celebrities, mascots, or phrases;
  - (2) Statement, artwork or design that could reasonably mislead any person to believe that the package contains anything other than a cannabis finished product;
  - (3) Seal, flag, crest, coat of arms, or other insignia that could reasonably mislead any person to believe that the product has been endorsed, manufactured, or used by any State, county or municipality or any agency thereof;
  - (4) Depiction of any form of consumption of cannabis or cannabis products;
  - (5) Depiction of overconsumption or intoxicating effects of cannabis or cannabis products;
  - (6) Claims regarding health or physical benefits to the consumer; and
  - (7) False or misleading statements;
- B. Labels, marketing layers or any other aspect of the product package are prohibited from obscuring any warnings, statements, or information required under this chapter.
- C. Products are prohibited from targeting or being designed to appeal to any individuals younger than 21 years old.

## 14.17.19 Cannabis Research

Authority: Alcoholic Beverages and Cannabis Article, §§36-202, 36-701, and 36-702, Annotated Code of Maryland

### .01 Academic Research.

A. An entity eligible to register with the Administration for the purpose of conducting a bona fide research project relating to the uses, properties, or composition of cannabis includes:

- (1) An institution of higher education;
- (2) A related medical facility; or
- (3) An affiliated biomedical research firm.

B. Academic research institutions and entities shall operate in accordance with the Alcoholic Beverages and Cannabis Article, §36-701, Annotated Code of Maryland.

C. Registration.

(1) An entity qualified under §A of this regulation shall submit an application to the Administration that includes:

- (a) The name of the primary researcher;
- (b) The expected duration of the research project;
- (c) The primary objectives of the research project, scope of work, and potential application(s) of the research findings;
- (d) An application fee as specified in COMAR 14.17.21; and if applicable,
- (e) A detailed budget.

(2) Registrations under this regulation shall be valid until:

- (a) There is a change in the research project;
- (b) The institution withdraws the registration; or

(c) 30 days have elapsed from the expected duration of the research project and the Administration has not been notified of any change or extension to the research project.

D. Modifications.

(1) The registered entity shall report any modifications to the scope, researcher, or any other information submitted as part of the application within 30 days to the Administration.

(2) The registered entity may continue to conduct research under this regulation while awaiting Administration approval of any modifications.

### .02 Research and Development.

A. The Administration may register an entity to grow, process, test, or transfer cannabis for the purposes of research and development.

B. An entity under §A of this regulation shall conduct research and development only for the purposes under the Alcoholic Beverages and Cannabis Article, §36-702, Annotated Code of Maryland.

C. Registration.

(1) An entity shall submit an application to the Administration that includes:

- (a) The name of the primary researcher or entity;
- (b) The address the research will be primarily taking place;
- (c) The research purpose; and
- (d) An application fee as specified in COMAR 14.17.21.

(2) Registrations under this regulation shall be valid for 2 years and may be renewed for additional 2 year terms in a manner determined by the Administration.

D. Research and development entities under this regulation shall otherwise comply with the Alcoholic Beverages and Cannabis Article, §36-702, Annotated Code of Maryland and the following requirements:

(1) The study shall be conducted in conformity with study protocols provided and any additional Administration guidance;

(2) The entity shall notify the Administration of any adverse events reported by study participants within 48 hours of the study’s primary researcher being made aware of the adverse event;

(3) Within 30 days, the entity or primary researcher shall update the Administration with any changes to the study protocols, including but not limited to:

- (a) Scope;
- (b) Researcher;
- (c) Number of participants;
- (d) Study duration; and
- (e) Products used;

(4) The entity may continue to conduct research under this regulation while awaiting Administration approval of any changes to the study protocols; and

(5) The entity or primary researcher shall provide documentation of Institutional Review Board or Institutional Animal Care and Use Committee, whichever is applicable, approval prior to the beginning of the study.

(6) An entity shall track the cannabis used for research and development in the seed-to-sale tracking system;

(7) A batch or lot of cannabis originally used or processed for research and development purposes:

- (a) May not be used in the processing of cannabis sold to a licensed dispensary; and
- (b) Shall be destroyed and logged as green waste; and

(8) An entity shall maintain a record of all research and development tests for at least 2 years and provide copies of the test results to the Administration, upon request

#### **E. Edible Cannabis Product Development.**

(1) An entity that processes edible cannabis products for research and development shall:

- (a) Quarantine each batch or lot in a quarantine area and label each batch or lot with a distinctive label; and
- (b) Process the cannabis for research and development during a time that does not overlap with the processing of any cannabis that will be intended for distribution.

#### **F. Limited Testing for Edible Cannabis Product Development.**

(1) An entity may conduct the research and development testing on the entity's premises or through an independent testing laboratory.

(2) If an independent testing laboratory conducts the research and development testing on the edible cannabis product, the laboratory shall clearly mark any certificate of analysis or reporting of test results with "R&D TESTING ONLY" on the header and footer of the report in 20-point white font and a red background.

(3) The cannabis product shall be categorized as "Work in Process" in the seed-to-sale tracking system.

(4) Any edible cannabis product transferred from the premises for research and development testing shall:

- (a) Be packaged in accordance with COMAR 14.17.18.05;
- (b) Be labeled with the statements:
  - (i) "CAUTION: NOT FOR HUMAN OR ANIMAL CONSUMPTION."; and
  - (ii) "This product has not been approved by the Administration and is intended for research and development purposes only.";
- (c) Identify the name and telephone number of the entity who manufactured the product; and
- (d) Include a unique identifying number.

### **.03 Inspections and Controls.**

A. The Administration may inspect entities registered under this chapter to ensure compliance with:

- (1) The Alcoholic Beverages and Cannabis Article, Title 36, Annotated Code of Maryland;
- (2) This subtitle;
- (3) Any other violation of State, federal, or local:
  - (a) Law;
  - (b) Regulation; or
  - (c) Ordinances.

B. Inspections under this regulation may be announced or unannounced.

C. The Administration may issue identification cards for individuals associated with research entities registered under this chapter.

### **.04 Reporting Requirements.**

A. The registrant shall submit to the Administration:

- (1) An annual report on the progress and status of any research project; and
- (2) A final report of the findings of the research project to the Administration within 30 days of the completion of the research project.

B. The final report shall include a summary of the research findings and their applications.

C. A published article or document on the research project may serve as the final report.

D. Approval is required by the Administration prior to publication of any findings.

### **.05 Prohibitions.**

A. Entities registered under this regulation may not dispense, sell, sample, or otherwise distribute cannabis or cannabis products to individuals outside of the scope the defined research project.

B. Entities registered under this regulation may not otherwise operate in a manner that gives the appearance of the growing, processing, or dispensing of cannabis or cannabis products by a licensee.

C. Entities registered under this regulation may not perform research activities outside of Maryland.

## **14.17.20 Prohibited Acts**

Authority: Alcoholic Beverages and Cannabis Article, §§36-202, 36-203, and 36-1101, Annotated Code of Maryland

### **.01 Definitions.**

In this section, the term “naturally occurring biologically active chemical constituent” means a chemical compound, component, or other material found naturally in the Cannabis Sativa L. plant and recognized by the Administration.

**.02 Prohibitions.**

A. A licensee may not:

- (1) Sell, transfer, or deliver cannabis to an individual who is visibly intoxicated;
- (2) Offer cannabis or cannabis products as a prize, premium or consideration for a lottery, contest, game of chance, game of skill, or competition of any kind;
- (3) Conduct direct-to-consumer internet sales of adult-use cannabis or cannabis products on or before July 1, 2025
- (4) Violate any part of:
  - (a) The Alcoholic Beverages and Cannabis Article, Title 36, Annotated Code of Maryland;
  - (b) This subtitle;
  - (c) Any other violation of State, federal, or local:
    - (i) Law;
    - (ii) Regulation; or
    - (iii) Ordinances.

B. Persons not registered or licensed under this subtitle may not:

- (1) Operate a business or establishment that could reasonably be interpreted to be a licensee;
- (2) Sell or distribute a product intended for human consumption or inhalation that contains more than:
  - (a) 0.5 milligrams of THC per serving; or
  - (b) 2.5 milligrams of THC per package.
- (3) Exemptions.
  - (a) Persons are exempt from §B(2) of this regulation if they sell or distribute a hemp-derived tincture that complies with the Alcoholic Beverages and Cannabis Article, §36-1102(D), Annotated Code of Maryland.
  - (b) Products exempted under this subsection shall be tested by an Independent Testing Lab under COMAR 14.17.08.05A.

C. Sales Restrictions.

- (1) Naturally Occurring Biologically Active Chemical Constituents.
  - (a) A person, registered agent, or licensed business may not sell or distribute a cannabinoid that is not derived from naturally occurring biological active chemical constituents.
  - (b) A licensed business may submit to the State Cannabis Testing Laboratory, in a manner determined by the Administration, other compounds to be considered for sale, distribution, and regulation.
- (2) Businesses licensed under this subtitle may not:
  - (a) Have a license to sell alcoholic beverages under Title 1 or Title 2 of the Alcoholic Beverages and Cannabis Article, Annotated Code of Maryland; or
  - (b) Allow another business to sell alcoholic beverages within its licensed premises.
- (3) A licensee may not distribute any cannabis to any person if the licensee knows, or may have reason to know, that the distribution of cannabis or cannabis products to an individual does not comply with any provision of the Alcoholic Beverages and Cannabis Article, Annotated Code of Maryland or this subtitle.
- (4) A licensee may not distribute any cannabis to any person if the licensee knows, or may have reason to know, that the cannabis or cannabis products itself does not comply with any provision of the Alcoholic Beverages and Cannabis Article, Annotated Code of Maryland or this subtitle.

D. Samples.

- (1) A licensed business may not provide samples of cannabis or cannabis product unless authorized by this section.
- (2) Under this section, samples are only authorized from a licensed business to:
  - (a) Another licensed business;
  - (b) An employee, owner, or agent of another licensed business; or
  - (c) An employee, owner, or agent of the licensed business.
- (3) Trade Samples.
  - (a) Trade samples shall only be provided by a licensed growers and processors and shall be:
    - (i) Provided solely for the purpose of business-to-business marketing;
    - (ii) Recorded in the Administration’s seed-to-sale system;
    - (iii) Packaged and labeled in accordance with COMAR 14.17.18;
    - (iv) Tested in accordance with COMAR 14.17.08; and
    - (v) Comply with product requirements under COMAR 14.17.13;
  - (b) Trade samples under this subsection may not be:
    - (i) Sold to another licensed business, patient, caregiver, or consumer;
    - (ii) Consumed on any licensed premises; or
    - (ii) A cannabis plant.
- (4) Employee Samples.
  - (a) Employee samples shall only be provided by a licensed business to an employee of the licensed business and shall be:
    - (i) Provided solely for the purpose of employee education;
    - (ii) Recorded in the Administration’s seed-to-sale system;
    - (iii) Packaged and labeled in accordance with COMAR 14.17.18;
    - (iv) Tested in accordance with COMAR 14.17.08; and
    - (v) Comply with product requirements under COMAR 14.17.13;
  - (b) Employee samples under this subsection may not be:
    - (i) Sold to another licensed business, patient, caregiver, or consumer;

- (ii) Consumed on any licensed premises; or
- (ii) A cannabis plant.

## 14.17.21 Fees

Authority: Alcoholic Beverages and Cannabis Article, §§36-202, 36-205, and 36-403, Annotated Code of Maryland

### .01 Scope.

The following fees are established by the Administration.

### .02 Fees.

#### A. Application fees:

- (1) For a standard license, on-site consumption license, or incubator space— \$5,000;
- (2) For a micro license— \$1,000.

#### B. Licensing fees:

(1) For a standard license, on-site consumption license, or incubator space issued under COMAR 14.17.06, the licensing fees for initial licensure or renewal shall be:

- (a) Grower license — \$50,000
- (b) Processor license — \$25,000
- (c) Dispensary license — \$25,000
- (d) Incubator space license — \$10,000
- (e) On-site consumption license — \$10,000

(2) For a micro license issued under COMAR 14.17.07:

- (a) Grower license — \$10,000
- (b) Processor license — \$10,000
- (c) Dispensary license — \$10,000

(3) Licensing fees required under this section shall be valid for a 5-year period.

(4) A licensed social equity licensee shall have the licensing fees in §B(1) and (2) of this regulation reduced by 50 percent by the Administration for each license type held by the social equity licensees.

#### C. Registration fees:

(1) Cannabis agent fees:

- (a) Registration fee to be paid every 2 years — \$50; and
- (b) Replacement identification card fee — \$50.

(2) Independent testing laboratory fees:

- (a) Laboratory registration fee to be paid every 2 years — \$5,000;
- (b) Employee registration fee to be paid every 2 years — \$50; and
- (c) Replacement employee identification card fee — \$50.

(3) Registrant:

- (a) Annual business registration fee — \$100;
- (b) Agent registration fee to be paid every 2 years — \$50; and
- (c) Replacement agent identification card fee — \$50.

(4) Research and development fees:

(a) Academic research institution fees:

- (i) Registration fee — \$500;
- (ii) Renew fee for each subsequent or modified research project — \$100;
- (iii) Academic research representative registration fee — \$50; and
- (iv) Academic research representative card replacement fee — \$50

(b) Research and development entity fees:

- (i) Registration fee — \$1,000;
- (ii) Renewal fee for each subsequent or modified research project — \$500;
- (iii) Research and development representative registration fee — \$50; and
- (iv) Research and development representative card replacement fee — \$50

(5) Responsible vendor training program fees:

- (i) Registration fee — \$500; and
- (ii) Renewal fee — \$250.

#### D. Qualifying patient and caregiver fees:

- (1) Identification card base fee — \$25; and
- (2) Replacement identification card fee — \$50.

#### E. Micro license conversion fees:

(1) A micro licensee who wishes to convert the micro license into a standard license shall pay a pro-rated amount based on:

- (a) The number of whole months remaining on the initial micro license; and
- (b) The fee amount difference between a standard and micro license of the license type.

(2) The conversion fee in this section shall be calculated by the Administration using:

(a) For growers:

- (i) \$50,000 for a full 5-year license term; or
- (ii) A pro-rated amount for each remaining whole month the initial micro license is valid.

- (b) For processors:
  - (i) \$25,000 for a full 5-year license term; or
  - (ii) A pro-rated amount for each remaining whole month the initial micro license is valid.
- (b) For dispensaries:
  - (i) \$25,000 for a full 5-year license term; or
  - (ii) A pro-rated amount for each remaining whole month the initial micro license is valid.
- (3) The conversion fee calculated under this section shall be paid in full within 18 months of the date the conversion is in effect.
- F. Edible cannabis product permit fees:
  - (1) Application fee – \$1,000; and
  - (2) Annual permit fee – \$500.
- G. Miscellaneous fees:
  - (1) Transfer of ownership interest in or control of a grower, processor, dispensary, on-site consumption, or incubator space license with entity transferee – \$1,000;
  - (2) Transfer of ownership interest in a grower, processor, dispensary, on-site consumption, or incubator space license with individual transferee – \$500 per person;
  - (3) Change in the location of a grower, processor, or dispensary premises – \$500;
  - (4) License reinstatement fee – \$2,000;
  - (5) Receivership application fee – \$1,000; and
  - (6) Management agreement fee – \$1,000.
- H. At its discretion, the Administration may waive or reduce the fees established in this regulation.

## 14.17.22 Hearing Procedures

Authority: Alcoholic Beverages and Cannabis Article, §§36-202, Annotated Code of Maryland

### .01 Scope.

A. This chapter applies to hearings that the Administration is required to conduct by statute or regulation except for those hearings for which specific procedural regulations have been promulgated.

B. These procedures are intended to supplement the procedures required by law under State Government Article §10-201 et seq., Annotated Code of Maryland. They are not to be construed as creating rights not set out by law. In the event of conflict, statutory provisions take precedence over this chapter.

C. The right to a hearing under this regulation is granted to a licensee, registrant, agent, owner, or selected applicant that has been subject to an action by the Administration other than a notice of intent to summarily suspend or summary suspension as set forth in COMAR 14.17.14.05.

### .02 Definitions.

A. The following terms have the meanings indicated.

B. Terms defined.

(1) “Hearing” means a presentation or other proceeding as defined by the Administrative Procedure Act, State Government Article, §10-201 et seq., Annotated Code of Maryland.

(2) “Hearing officer” means a designee empowered by statute to render a decision as defined by the Administrative Procedure Act, State Government Article, §10-201 et seq., Annotated Code of Maryland.

(3) “Notice of agency action” means a document issued by the Administration, including:

- (a) Granting a license or registration;
- (b) Denying a license or registration;
- (c) Letter of non-compliance;
- (d) Issuance of a fine;
- (e) Remedial action certification;
- (f) Issuance of administrative charges; or
- (g) Revocation.

(4) “Party” means a licensee, registrant, selected applicant or the Administrative Prosecutor.

### .03 Notice of Agency Action.

A. The Administration shall provide notice of agency action and a statement of the right to a hearing required by law when it takes an agency action. The notice shall contain the information required by State Government Article, §§10-207 and 10-208, Annotated Code of Maryland.

B. The Administration may delegate hearing authority under State Government Article, §10-205, Annotated Code of Maryland, and any delegated hearings shall be conducted in accordance with this chapter.

### .04 Request for a Hearing.

A. A party may file a request for a hearing within 30 days of the date of the notice of agency action.

B. If a party does not submit a request for a hearing within the 30-day period, the agency action becomes final and is not subject to appeal.

C. The Administration may delegate a contested case regarding Administration determination to the Office of Administrative Hearings, as permitted and consistent with State Government Article §10-205.

### .05 Postponement.

A. A hearing officer shall consider a request for postponement only if the requesting party can establish good cause for the postponement.

B. Except as provided in §D of this regulation, a request for postponement shall be made in writing and be received by the Administration no fewer than 5 business days before the scheduled hearing.

C. The hearing officer may require documentation of the reasons for the postponement request from the party.

D. Emergency Request for Postponement.

(1) For purposes of this paragraph, "emergency" means a sudden, unforeseen occurrence requiring immediate attention which arises within 5 business days of the hearing.

(2) In an emergency, a request for postponement may be made by telephone.

(3) The hearing officer may require documentation of the reasons for the emergency postponement request from a party.

#### **.06 Prehearing Conference and Case Resolution.**

A. Before a hearing, the hearing officer may:

(1) Hold a prehearing conference; and

(2) Review or request materials relevant to the proceedings.

B. If all parties agree at a prehearing conference, a hearing officer may dispose of an issue by stipulation or settlement stating whether the disposition is with or without prejudice.

C. Case Resolution.

(1) The Administration may initiate a case resolution process with parties after the request of a hearing.

(2) Any cases that are not resolved through case resolution shall proceed with a hearing in accordance with this chapter.

#### **.07 Scheduling a Hearing.**

A. After receipt of a timely request for a hearing, the Administration shall schedule a hearing as soon as practicable.

B. The hearing officer shall notify the party:

(1) Of the date, time, and location of hearing;

(2) Of the statutory and regulatory authority of the Administration's action or proposed action;

(3) That the party may present witnesses and documents at the hearing;

(4) That the failure to appear for the scheduled hearing shall be treated as a withdrawal of the request for the hearing; and

(5) If the hearing is by telephone, video, or other electronic means, of instructions on how to appear for the hearing.

(6) Upon request a party, witness, or representative who cannot hear, speak, or understand the spoken or written English language, the Administration shall provide a qualified interpreter during the proceeding in which the party, witness, or representative is participating as required by the Americans with Disabilities Act.

#### **.08 Filing.**

Unless otherwise provided by law:

A. An initial pleading is deemed to be filed on the earlier of the date that a request for hearing, along with all required fees, necessary documents, and other information, is postmarked or received by the Administration, if required to be filed with the Administration.

B. Other pleadings are deemed to be filed on the earliest of the date on which they are addressed to the Administration and postmarked.

C. Non-postmarked documents delivered or electronically transmitted to the Administration after 5 p.m. are deemed to be filed on the Administration's next business day.

#### **.09 Hearings.**

A. Procedures.

(1) The Administration shall record all hearings and provide a copy of that recording upon request.

(2) A party may produce witnesses and documents in support of the party's position.

B. Written Subpoenas.

(1) A party may request that the hearing officer issue subpoenas for witnesses or documents necessary for the hearing.

(2) A party shall make the request in writing, no later than 21 days before the hearing, explaining why the subpoena is necessary.

(3) The hearing officer may:

(a) Question any witnesses;

(b) In accordance with State Government Article, §10-219(A), Annotated Code of Maryland, consult with any employee of the Administration before making a decision in a case; or

(d) Decline to issue the subpoena.

C. Evidence.

(1) The hearing officer shall consider evidence of the type and in the manner prescribed by State Government Article, §10-213, Annotated Code of Maryland;

(2) Copies of documents may be admitted, although the Administration's hearing officer may require production of originals;

(3) The Administration shall retain documentary or other evidence for at least 60 days after a final order has been issued and all appeal rights have been exhausted or waived. The evidence may then be destroyed unless the owner or person producing it makes a written request for its return.

D. Burden of Proof.

(1) The standard of proof in a hearing shall be a preponderance of evidence.

(2) In the hearing of a contested case involving allegations that the party violated a law or regulation, the presenter of evidence for the Administration shall bear the burden of proving that the party committed the violations that resulted in the Administration's action against a party.

(3) In the hearing of a contested case resulting from the denial, or proposed denial, of a license, registration, or permit, the applicant shall have the burden of establishing the applicant's entitlement to the license, registration, or permit.

E. Hearings Conducted by Electronic Means.

(1) A hearing officer may conduct all or part of a hearing by telephone, video conferencing, or other electronic means, with the consent of all parties.

(2) All substantive and procedural rights applicable to hearings described in this regulation apply to telephone, video, or other electronic hearings, subject only to the limitations of the physical arrangement.

(3) For a telephone, video, or other electronic hearing, a party shall provide documentary evidence to be offered to all parties so that each party and the hearing officer receive it within the time specified by the hearing officer or, if not specified, no less than 15 days before the scheduled hearing.

(4) For a telephone, video, or other electronic hearing, the following may be considered a failure to appear and result in the assessment or denial of the application for refund becoming final and not subject to appeal:

(a) Failure to answer the telephone for 15 minutes from the time set for the hearing;

(b) Failure to free the telephone for a hearing;

(c) Any other failure without good cause to be ready to proceed with the hearing as scheduled.

**.10 Final Determination.**

A. The hearing officer shall issue, in writing, either a final determination or a proposed determination on behalf of the Administration, depending on the nature of the delegation issued by the Administration.

B. If the Administration does not preside over hearing, it may make changes, modifications, or amendments to the proposed decision in accordance with State Government Article, §10-216, Annotated Code of Maryland.

C. The notice of final determination shall summarize:

(1) Findings of fact and conclusions of law;

(2) Any adjustments to the determination of fines or penalties and the reasons for the Administration's action;

(3) The deadline for payment of a fine or penalty; and

(4) In the case that the Administration orders a suspension or revocation of a license as a result of the reason for the Administration's action;

D. The final determination exhausts all administrative remedies.

**.11 Record.**

The hearing officer shall create and maintain a record that includes the information set forth in State Government Article §10-218, Annotated Code of Maryland.

**.12 Judicial Review.**

A. A party may appeal the final determination of the Administration to a Maryland circuit court if done so within 30 days of receipt of the final determination.

B. For purposes of an appeal, the venue in the Circuit Court of Anne Arundel County shall be proper as that is where the Administration resides and carries on its regular business in Anne Arundel County.

**WILLIAM C. TILBURG**

**Director**