

The following guidance is provided by the Maryland Cannabis Administration (MCA) to assist cannabis licensees comply with State laws and regulations governing the cannabis industry. This document is not legal advice. It is meant to highlight regulatory changes for cannabis businesses. Please consult an attorney if you have any questions regarding the legal requirements that apply.

# COMAR 14.17.01, .02, .04-.16, .18, and .22 (Clean-up) Regulatory Proposal Summary

Wes Moore, Governor • Aruna Miller, Lt. Governor • Tabatha Robinson, Acting Director

On March 21, 2025, the Maryland Cannabis Administration (MCA) adopted amendments to COMAR 14.17.01, 02, .04-.16, .18, and .22 with nonsubstantive changes and anticipates they will be effective April 14, 2025. The Notice of Proposed Action is printed in 51:26 Md. R. 1206-1212 (December 27, 2024). The MCA anticipates the Notice of Final Action to print in the Maryland Register on April 4, 2025. This document identifies regulatory changes that may impact operations for licensees, ancillary businesses, and may affect medical program participants. It is not legal advice. Please consult an attorney if you have any questions regarding the legal requirements that apply.

The amendments include certain new initiatives and policy adjustments in response to industry stakeholders feedback and MCA subject matter review. Highlighted changes include new processes for identifying and addressing medical product scarcity, for individuals to protest license renewals in accordance with Alcoholic Beverages and Cannabis Article §36-411, and for MCA to consider novel product format requests approved in other jurisdictions. Additionally, the regulations establish a standard threshold for dispensary inventory discrepancy reporting, exempt certain sociological information from inclusion in Public Information Act requests, and authorize the MCA to collect reports on diversity plans and environmental resource consumption.

In this action, MCA has also updated citations, corrected minor drafting errors, and made other technical clarifications to align with statute or current policy. These changes are not listed because they do not alter any existing processes and are not anticipated to have any operational impact on industry stakeholders.

This document is intended to provide guidance to licensees regarding how the MCA's revised regulations differ from <u>its current regulations</u> and on when new provisions will be enforced or implemented. Implementation dates in red text indicate a procedural change that may require operational licensee or registrant action.

## Clean-up Package: COMAR 14.17 Policy Adjustments & Clarifications

#### COMAR 14.17.01 Definitions

 Operational - MCA is defining a commonly used term referring to an entity physically and actively engaged in the cultivation, processing, or dispensing of cannabis. Effective immediately.

### COMAR 14.17.02 General Regulations

Regulation .05 Sociological Information – In accordance with <u>General Provisions Article</u> § 4-330, this new regulation classifies certain personal information as sociological information and prohibits the disclosure of this information under the Public Information Act, §§4-101—4-601, except in specific circumstances. Effective immediately.

## COMAR 14.17.04 Medical Program

- New Condition Approval Process (repealed) MCA is repealing the new condition approval process regulation. This change has no operational impact on any current or prospective medical cannabis patients. Any conditions not listed on the certifying provider or written certification forms can be categorized as "other" in accordance with COMAR 14.17.04.01A(2)(b)(viii).
- Regulation .07 Clinical Directors (previously Regulation .08) This new provision allows the MCA to request information from dispensaries regarding the utilization of clinical directors. Effective immediately.
- Regulation .08 Medical Product Availability This new regulation establishes a path for a
  patient, caregiver, certifying provider, licensee, or clinical director to submit information
  about cannabis products becoming scarce & authorizes MCA to establish an incentive
  program to address confirmed product scarcity. Effective immediately.

## COMAR 14.17.05 Application Process and Issuance of Licenses

• Regulation .05 Issuance of a License or Rescission of a Conditional License – Existing regulations establish that MCA may grant a one-time extension of the conditional license period of up to 6 months if the Administration determines the conditional licensee has made consistent good faith efforts to establish a cannabis business. The MCA is clarifying that, for purposes of this consideration, it considers establishing legal control of a premises to demonstrate "good faith effort" toward becoming operational if the premises is both suitable for the operations of the license and complies with local planning and zoning requirements. Additionally, MCA may use its discretion to determine that a conditional licensee has demonstrated consistent good faith effort if they provide adequate documentation that a political subdivision has unduly burdened its efforts

toward becoming operational, as defined in Alcoholic Beverages and Cannabis Article §36-405. **Effective immediately.** 

### **General Licensee Chapters**

#### COMAR 14.17.06 Standard Licenses

Regulation .12 Protest of Renewal - In accordance with MD Code, Alcoholic Beverages and Cannabis Article, § 36-411, this new regulation creates a process and requirements for how individuals may file a protest with MCA against the renewal of a cannabis license. A protest must be filed by ten or more individuals who are residents, commercial tenants, or real estate owners within 1,000 feet of the license location. To be considered a valid submission, a protest must be accompanied by criminal or civil citations, violations, incident reports, or other sanctions. The MCA will determine if a protest is based on reasonable grounds, and if so, hold a hearing to adjudicate the matter. A hearing may result in sanctions for the licensee, including fines, suspension or revocation of a license, and the development of a corrective action plan for the licensee.
MCA notes that the earliest any license will be due for renewal is 2028.

## **Licensee- and Registrant-Specific Chapters**

## COMAR 14.17.08 Laboratory Registration and Operations

Regulation .03 Standards of Care - MCA is adding a requirement for labs to display a
copy of its laboratory registration at the registered premises. This change aligns the
laboratory signage requirements with requirements for licensees. The MCA is advising
that industry implement this process on or before June 1, 2025.

#### COMAR 14.17.09 Other Cannabis Businesses

Regulation .02 Cannabis Registrants - MCA is clarifying the process by which cannabis
registrants may register and renew their registration with the Administration to align with
current practice. Effective Immediately.

#### COMAR 14.17.10 Growers

- Regulation .02 Cannabis Grower Premises
  - In response to stakeholder input and to clarify which premises are subject to additional provisions for outdoor cultivation premises in this regulation and canopy limitations, MCA is defining the terms "indoor cultivation", "outdoor cultivation", and "permanent structure." Effective immediately.
    - Indoor cultivation means producing cannabis plants in a permanent structure that provides control of environmental conditions using artificial heating, air conditioning, or other climate control.

- Outdoor cultivation means producing flowering cannabis plants in an area that is directly or indirectly exposed to outdoor elements.
- Permanent structure means a building, shipping container, greenhouse, or other structure that is used for cultivation for 180 days or more in a one year period.
- In response to stakeholder input, MCA is updating presently unclear language regarding security lighting for outdoor growers. An outdoor grower may modify its security lighting to protect light-dark cycles, provided the security lighting is adequate to support the grower's video surveillance system. Effective immediately.
- Regulation .03 Cannabis Grower Controls
  - In response to stakeholder input, the MCA is adjusting language to clarify that the
    use of sticky cards for pest management is optional. Licensees may begin
    implementing this change immediately.
  - In §D, MCA is correcting a drafting error by removing the requirement to notify the MCA within 24 hours of receiving a test result outside action limits. Effective immediately – MCA notes that this drafting error was previously clarified through compliance guidance.
- Regulation .08 Discrepancy, Theft, and Diversion Reporting
  - MCA is removing the requirement for a licensee to notify law enforcement of suspected theft or diversion. If a licensee finds evidence of theft or diversion, it must notify MCA within 1 business day but no longer needs to notify law enforcement of incidents of potential theft or diversion. Licensees may begin implementing this change immediately.

#### COMAR 14.17.11 Processors

Regulation .18 Discrepancy, Theft, and Diversion Reporting – MCA is removing the
requirement for a licensee to notify law enforcement of suspected theft or diversion. If a
licensee finds evidence of theft or diversion, it must notify MCA within 1 business day but
no longer needs to notify law enforcement of incidents of potential theft or diversion.
 Effective immediately.

## COMAR 14.17.12 Dispensaries

- Regulation .02 Standard Cannabis Dispensary
  - In response to stakeholder input, clarifies that curbside pick-up parking spots may be within 100 feet of any entrance – not just the main entrance. Licensees may begin implementing this change immediately.
  - In response to stakeholder input, MCA is permitting dispensaries to store cannabis in a clear, tamper-evident canister for display purposes provided they follow certain security measures. Licensees may begin implementing this change immediately.
- Regulation .04 Dispensary Operations.

- In response to stakeholder input, MCA is adding a new requirement that a dispensary must display required labeling information upon request. Dispensaries may comply with this requirement by keeping paper copies of information on hand for agents to show to consumers or by pulling the information up on an electronic device and presenting it to a customer upon request. The MCA is advising that industry implement this process on or before June 1, 2025.
- Regulation .10 Discrepancy, Theft, or Diversion
  - To streamline discrepancy reporting, MCA is establishing a threshold for discrepancy reporting. If a dispensary detects a discrepancy of up to 0.5% of total product weight or items, they may use the seed-to-sale tracking system to report it. If a dispensary detects a discrepancy of greater than 0.5%, they should follow investigation and reporting procedures established in this regulation. The MCA is advising that industry implement this process on or before June 1, 2025.
  - If a dispensary finds evidence of theft or diversion, it must still notify MCA within 1 business day but no longer needs to notify law enforcement of incidents of potential theft or diversion. Licensees may begin implementing this change immediately.

#### COMAR 14.17.13 Cannabis Products

- Regulation .08 Cannabis Vaporizing Devices MCA is updating the testing requirements for vitamin E acetate to align with vape testing standards in other states. Already in effect – this change aligns regulations with MCA Technical Authority.
- Regulation .12 Novel Product Request MCA is establishing a new process for licensed processors to request approval of new/novel products not currently authorized in Maryland but lawfully produced in another jurisdiction. This new regulation describes minimum requirements for submissions and how the MCA may make determinations. Additionally it authorizes MCA to make the final determination on such requests. The MCA intends to fully implement this process beginning June 1, 2025.

## 14.17.14 Complaints, Enforcement, Record Keeping, and Inspections of Cannabis Businesses

Regulation .06 Advertising – In §A, adds certifying providers to the list of parties who
must adhere to this regulation pursuant to MD Code, Alcoholic Beverages and Cannabis
Article, §§36-901—36-903. Already in effect – this change aligns regulations with
current law.

## COMAR 14.17.15 Cannabis Business Agents

Regulation .05 Training - To align with <u>Alcoholic Beverages and Cannabis Article</u>, §
 <u>36-501(f)</u>, clarifies that responsible vendor training is an annual requirement. <u>Already in effect – this change aligns regulation with current law</u>.

#### COMAR 14.17.16 Cannabis Business Owners

- Regulation .03 Renames the regulation "Annual Reports for Cannabis Business Owners."
  - In §A, modifies the requirements for the Annual Report on Minority Owners and Employees by specifying reporting requirements pursuant to <u>MD Code, Alcoholic</u> <u>Beverages and Cannabis Article, §36-801(a)</u> and establishing a record/data maintenance requirement associated with the report of five years. **Effective** <u>immediately.</u>
  - In §B, creates a new provision authorizing MCA to request an annual report regarding a licensee's or registrant's environmental resource consumption and waste generation. MCA will provide further guidance and advance notice on data collection and reporting.
  - In §C, adds a new provision authorizing MCA to request that licensees demonstrate progress toward the stated goals of their diversity plan, required as part of the licensing application, on a quarterly basis for the first operational year of licensure. Authorization effective immediately.

## COMAR 14.17.18 Finished Product Packaging

Regulation .03 General Labeling Requirements – In response to stakeholder input, updates citations and clarifies that the information presently permitted to be made available through a QR code may be made available through another type of link. Additionally, in conformity with previously issued guidance, MCA is updating regulations to allow major allergens and non-cannabis ingredients to be made available via link or QR. Effective immediately.

#### COMAR 14.17.19 Cannabis Research

 Regulation .02 Research and Development – In response to stakeholder input, MCA has made a technical change specifying labeling language requirements for edible cannabis products meant for R&D use. The MCA is advising that industry implement this process on or before June 1, 2025.

## COMAR 14.17.22 Hearing Procedures

 Regulation .01 Scope – Clarifies language describing the scope of the MCA hearing procedures regulations.

- Regulation .02 Definitions
  - Establishes new definitions for the terms "final decision maker" and "final decision order" for use in this chapter.
    - Final decision maker means (a) The Administration's hearing officer; or
       (b) A designee for the purpose of rendering a final decision in a contested case.
    - Final decision order means a final ruling in a contested case that is adverse to a party and which shall comply with the requirements of State Government Article §10-221 et seq., Annotated Code of Maryland.
  - Makes technical changes to the definition of "hearing" and "hearing officer".
- Regulation .06 Prehearing Conference and Case Resolution In §C, MCA is making technical changes regarding when it may initiate a case resolution process.
- Regulation .07 Scheduling a Hearing In §B, upon scheduling a hearing, MCA's hearing officer must notify the parties of certain information. Technical changes in this section include that the notification will inform a party: (a) that failure to appear for a hearing will no longer be treated as a withdrawal of the hearing request but may nonetheless still result in a final decision or order made by MCA; and (b) of any deadlines for the submission of specific hearing documents.
- Regulation .09 Hearings
  - In §D, MCA is clarifying that in a contested case hearing resulting from an advertisement alleged to be non-compliant with the requirements of Alcoholic Beverages and Cannabis Article, §36-903(a)(1)(iv), Annotated Code of Maryland, that a rebuttable presumption exists that the advertisement at issue is prohibited unless a licensee demonstrates that it is permissible under law.
  - In §E, MCA is establishing that in hearings conducted by an Administrative Law Judge of the Office of Administrative Hearings (OAH), whenever possible, COMAR 14.17.22 shall be in harmony with and support COMAR 28.01.01, Rules of Procedures of OAH, but in the event of conflict between MCA's and OAH's hearings regulations, MCA's regulation applies.
- Regulation .10 Final Determination
  - In §A, MCA is clarifying that Notice of Agency Action by MCA becomes a final decision or order unless a hearing request is made in a timely fashion.
  - In §B, MCA adds new language outlining the responsibilities that MCA may delegate to an Administrative Law Judge in making proposed findings, conclusions, and dispositions related to a licensee subject to an action by the Administration. Effective immediately.