

Title 10
MARYLAND DEPARTMENT OF HEALTH
Subtitle 62 NATALIE M. LAPRADE MEDICAL CANNABIS
COMMISSION

Authority: Health-General Article, §13-3305.2(a)(3), Annotated Code of Maryland

10.62.01 Definitions

Authority: Health-General Article, §§13-3301—13-3303, and 13-3305.2 Annotated Code of Maryland

10.62.01.01 (9/13/2018)

.01 Definitions.

A. (text unchanged)

B. Terms defined.

(1)—(7) (text unchanged)

(8) “Contractor” means any individual or entity who holds a contract for goods or services, including a prime contractor, subcontractor, or independent contractor.

[(8)] (9) (text unchanged)

(10) “Disadvantaged equity applicant” means an applicant who:

(a) Is a member of any of the following minority groups:

(i) African American--an individual having origin in any of the black racial groups of Africa;

(ii) American Indian/Native American--an individual having origins in any of the original peoples of North America and who is a documented member of a North American tribe, band, or otherwise has a special relationship with the United States or a state through treaty, agreement, or some other form of recognition. This includes an individual who claims to be an American Indian/Native American and who is regarded as such by the American Indian/Native American community of which the individual claims to be a part, but does not include an individual of Eskimo or Aleutian origin;

(iii) Asian--an individual having origins in the Far East, Southeast Asia, or the Indian subcontinent, and who is regarded as such by the community of which the individual claims to be a part;

(iv) Hispanic--an individual of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin, regardless of race, and who is regarded as such by the community of which the individual claims to be a part; or

(v) Women--a woman, regardless of race or ethnicity; and

(b) Meets the following requirements:

(i) Has a personal net worth that does not exceed \$1,713,333, as adjusted annually for inflation according to the Consumer Price Index; or

(ii) Is a disadvantaged owner of a certified minority business enterprise as defined in State Finance and Procurement Article, §14-301(d), Annotated Code of Maryland.

[(9)] (11) (text unchanged)

(12) “Diversity plan” means a detailed written plan, including objectives, timetables and evaluation metrics that describes the steps an applicant will take to ensure that a business will promote the meaningful inclusion of diverse groups. The diversity plan shall include the following information:

(a) The diversity status of each owner, investor, employee, and contractor;

(b) Strategies for obtaining a diverse group of owners, investors, employees, including executive and managerial positions, and contractors;

(c) Internal numerical diversity goals adopted by the applicant;

(d) A plan for diversity-related outreach or events the applicant will conduct to support its diversity goals in ownership, investment, management, employment, and contracting;

(e) Proposed timelines and benchmarks for achieving the diversity goals outlined in the plan; and

(f) Any other information that demonstrates the applicant’s commitment to ownership, investment, management, employment, and contracting diversity.

(13) “Economically disadvantaged area” means a geographic area, identified by the Commission, which meets three or more of the following criteria:

(a) A median income that is 80 percent or less of the average median household income in the State;

(b) An unemployment rate that is at least 150 percent of the unemployment rate in the State;

(c) A health uninsured rate that is at least 150 percent of the health uninsured rate in the State;

(d) A food stamp or Supplemental Nutrition Assistance Plan rate that is at least 150 percent of the food stamp or Supplemental Nutrition Assistance Plan rate in the State; and

(e) A poverty rate that is at least 150 percent of the poverty rate in the State.

[(10)] (14)—[(23)] (27) (text unchanged)

(28) *Personal net worth.*

(a) *“Personal net worth” means the net value of the assets of an individual remaining after total liabilities are deducted, including the individual's share of assets held jointly or as community property with the individual's spouse.*

(b) *“Personal net worth” does not include:*

(i) *The individual's ownership interest in the applicant or a certified minority business enterprise;*

(ii) *The individual's equity in his or her primary place of residence; or*

(iii) *The cash value of any qualified retirement savings plans or individual retirement accounts.*

[(24)] (29)—[(35)] (40) (text unchanged)

10.62.02 General Regulations

Authority: Health-General Article, §§13-3301—13-3316, Annotated Code of Maryland

.05 Diversity of Medical Cannabis Industry.

A. *The Commission shall promote diversity and the participation of diverse groups in the medical cannabis industry, including small, minority, and women-owned businesses.*

B. *To facilitate participation by diverse groups, the Commission shall:*

(1) *Encourage applicants who qualify as minority business enterprises, as defined in the State Finance and Procurement Article, §14-301, Annotated Code of Maryland, or who are small, minority, or women-owned business entities to apply for licensure as a medical cannabis grower, processor, or dispensary;*

(2) *Make grants to appropriate educational and business development organizations to train and assist small, minority, and women business owners and entrepreneurs seeking to become licensed as medical cannabis growers, processors, or dispensaries; and*

(3) *Conduct ongoing, thorough, and comprehensive outreach to small, minority, and women business owners and entrepreneurs who may have an interest in applying for medical cannabis grower, processor, or dispensary licenses.*

C. *The outreach required under §B(3) of this regulation shall include:*

(1) *Developing partnerships with:*

(a) *Traditional minority-serving institutions, including historically black colleges and universities;*

(b) *Trade associations representing minority and women-owned businesses; and*

(c) *The Governor's Office of Small, Minority, and Women Business Affairs;*

(2) *Establishing and conducting training programs for employment in the medical cannabis industry;*

(3) *Disseminating information about the licensing process for medical cannabis growers, processors, and dispensaries through media demonstrated to reach a large number of small, minority, and women business owners and entrepreneurs;*

(4) *Collaborating with the partners described in §B(3)(a) of this regulation; and*

(5) *Collecting and analyzing data on:*

(a) *The number of minority and women owners among licensees and registrants;*

(b) *The ownership interest of minority and women owners among licensees and registrants;*

(c) *The number of minority and women employees among licensees and registrants;*

(d) *The use of minority and women-owned contractors by licensees; and*

(e) *Any additional information required by the Commission related to diversity among licensees.*

10.62.08 Medical Cannabis Grower License

Authority: Health-General Article, §§13-3301, 13-3302, 13-3306, and 13-3312, Annotated Code of Maryland

10.62.08.05 (9/13/2018)

.05 Application Review.

A.—H. (text unchanged)

I. The Commission, or a Commission independent contractor, shall review for a pre-approval for a license the submitted applications as described in Regulations .02B and .05E of this chapter. The applications shall be ranked based on the following weighted criteria:

(1)—(5) (text unchanged)

(6) Additional factors that will be afforded 15 percent weight, including:

[(a) Demonstrated Maryland residency among the owners and investors;

(b) Evidence that applicant is not in arrears regarding any tax obligation in Maryland and other jurisdictions;

(c) A detailed plan evidencing how the grower will distribute to dispensaries and processors; and,

(d) A list of proposed medical cannabis varieties proposed to be grown with proposed cannabinoid profiles, including:

(i) Varieties with high cannabidiol content; and

(ii) Whether the strain has any demonstrated success in alleviating symptoms of specific diseases or conditions.]

(a) *A diversity plan as defined in COMAR 10.62.01.01;*

(b) *Documentation that the applicant:*

(i) *Has at least 51 percent of its ownership interest held by one or more individuals who are disadvantaged equity applicants; or*

(ii) Made good faith efforts to have at least 51 percent of its ownership interest held by disadvantaged equity applicants, including a list of the names and addresses of all potential owners interviewed and identifying those who qualify as disadvantaged equity applicants and whether any of those potential owners have purchased an equity share in the entity submitting an application;

(c) Documentation that the applicant:

(i) Has at least 25 percent and not more than 50 percent of its ownership interest held by one or more individuals who are members of the most disadvantaged groups in the medical cannabis industry, as identified by the Commission; or

(ii) Made good faith efforts to have at least 25 and not more than 50 percent of its ownership interest held by members of the most disadvantaged groups in the medical cannabis industry, including a list of the names and addresses of all potential owners interviewed and identifying those who are members of the most disadvantaged groups and whether any of those potential owners have purchased an equity share in the entity submitting an application;

(d) Documentation that the applicant:

(i) Has at least 51 percent of its ownership interest held by one or more individuals who are members of the most disadvantaged groups in the medical cannabis industry, as identified by the Commission; or

(ii) Made good faith efforts to have at least 51 percent of its ownership interest held by members of the most disadvantaged groups in the medical cannabis industry, including a list of the names and addresses of all potential owners interviewed and identifying those who are members of the most disadvantaged groups and whether any of those potential owners have purchased an equity share in the entity submitting an application; and

(e) Demonstration that the applicant meets three or more of the following criteria:

(i) At least 51 percent of its ownership interest is held by one or more individuals who have lived in an economically disadvantaged area for 5 of the preceding 10 years;

(ii) A majority of the current employees live in an economically disadvantaged area;

(iii) A majority of the current contractors live in an economically disadvantaged area;

(iv) At least 51 percent of its ownership interest is held by one or more individuals who are a member of a household that earns no more than 80 percent of the State median household income; and

(v) The applicant has significant past experiences in or business practices that promote economic development and empowerment in economically disadvantaged areas.

J. (text unchanged)

K. The Commission shall apply the application provisions set forth in §I(6)(b), (c), and (d) of this regulation to any pre-approval issued by the Commission on or before July 1, 2022.

10.62.19 Medical Cannabis Processor License

Authority: Health-General Article, §§13-3301, 13-3302, 13-3309, and 13-3310, Annotated Code of Maryland

10.62.19.04 (9/13/2018)

.04 Application Review.

A.—H. (text unchanged)

I. The Commission, or a Commission independent contractor, shall review for a pre-approval for a license the submitted applications as described in Regulations .02B and .04E of this chapter. The applications shall be ranked based on the following weighted criteria:

(1)—(5) (text unchanged)

(6) Additional factors that will be afforded 15 percent weight, including:

[(a) Demonstrated Maryland residency among the owners and investors;

(b) Evidence that applicant is not in arrears regarding any tax obligation in Maryland and other jurisdictions;

(c) A detailed plan evidencing how the processor will distribute to dispensaries; and,

(d) A list of proposed medical cannabis extracts and medical cannabis-infused products proposed to be produced with proposed cannabinoid profiles, including:

(i) Varieties with high cannabidiol content; and

(ii) Whether the product has any demonstrated success in alleviating symptoms of specific diseases or conditions.]

(a) A diversity plan as defined in COMAR 10.62.01.01;

(b) Documentation that the applicant:

(i) Has at least 51 percent of its ownership interest held by one or more individuals who are disadvantaged equity applicants; or

(ii) Made good faith efforts to have at least 51 percent of its ownership interest held by disadvantaged equity applicants, including a list of the names and addresses of all potential owners interviewed and identifying those who qualify as disadvantaged equity applicants and whether any of those potential owners have purchased an equity share in the entity submitting an application;

(c) Documentation that the applicant:

(i) Has at least 25 percent and not more than 50 percent of its ownership interest held by one or more individuals who are members of the most disadvantaged groups in the medical cannabis industry, as identified by the Commission; or

(ii) Made good faith efforts to have at least 25 and not more than 50 percent of its ownership interest held by members of the most disadvantaged groups in the medical cannabis industry, including a list of the names and addresses of all

potential owners interviewed and identifying those who are members of the most disadvantaged groups and whether any of those potential owners have purchased an equity share in the entity submitting an application;

(d) Documentation that the applicant:

(i) Has at least 51 percent of its ownership interest held by one or more individuals who are members of the most disadvantaged groups in the medical cannabis industry, as identified by the Commission; or

(ii) Made good faith efforts to have at least 51 percent of its ownership interest held by members of the most disadvantaged groups in the medical cannabis industry, including a list of the names and addresses of all potential owners interviewed and identifying those who are members of the most disadvantaged groups, and whether any of those potential owners have purchased an equity share in the entity submitting an application; and

(e) Demonstration that the applicant meets three or more of the following criteria:

(i) At least 51 percent of its ownership interest is held by one or more individuals who have lived in an economically disadvantaged area for 5 of the preceding 10 years;

(ii) A majority of the current employees live in an economically disadvantaged area;

(iii) A majority of the current contractors live in an economically disadvantaged area;

(iv) At least 51 percent of its ownership interest is held by one or more individuals who are a member of a household that earns no more than 80 percent of the State median household income; and

(v) The applicant has significant past experiences in or business practices that promote economic development and empowerment in economically disadvantaged areas.

J. The Commission shall apply the application provisions set forth in §I(6)(b), (c), and (d) of this regulation to any pre-approval issued by the Commission on or before July 1, 2022.

10.62.25 Medical Cannabis Dispensary License

Authority: Health-General Article, §§13-3301, 13-3302, and 13-3307, Annotated Code of Maryland

10.62.25.05 (9/13/2018)

.05 Application Review.

A.—H. (text unchanged)

I. The Commission, or a Commission independent contractor, shall review for a pre-approval for a license the submitted applications, as described in Regulations .02B and .05E of this chapter, for each Senatorial district. The applications shall be ranked based on the following weighted criteria:

(1)—(5) (text unchanged)

(6) Additional factors will be afforded 15 percent weight, including:

[(a) Demonstrated Maryland residency among the owners and investors;

(b) Evidence that applicant is not in arrears regarding any tax obligation in Maryland and other jurisdictions; and

(c) The medical cannabis extracts and medical cannabis-infused products proposed to be dispensed with proposed cannabinoid profiles, including varieties with high cannabidiol content, and the varieties of routes of administration.]

(a) A diversity plan as defined in COMAR 10.62.01.01;

(b) Documentation that the applicant:

(i) Has at least 51 percent of its ownership interest held by one or more individuals who are disadvantaged equity applicants; or

(ii) Made good faith efforts to have at least 51 percent of its ownership interest held by disadvantaged equity applicants, including a list of the names and addresses of all potential owners interviewed and identifying those who qualify as disadvantaged equity applicants and whether any of those potential owners have purchased an equity share in the entity submitting an application;

(c) Documentation that the applicant:

(i) Has at least 25 percent and not more than 50 percent of its ownership interest held by one or more individuals who are members of the most disadvantaged groups in the medical cannabis industry, as identified by the Commission; or

(ii) Made good faith efforts to have at least 25 and not more than 50 percent of its ownership interest held by members of the most disadvantaged groups in the medical cannabis industry, including a list of the names and addresses of all potential owners interviewed and identifying those who are members of the most disadvantaged groups and whether any of those potential owners have purchased an equity share in the entity submitting an application;

(d) Documentation that the applicant:

(i) Has at least 51 percent of its ownership interest held by one or more individuals who are members of the most disadvantaged groups in the medical cannabis industry, as identified by the Commission; or

(ii) Made good faith efforts to have at least 51 percent of its ownership interest held by members of the most disadvantaged groups in the medical cannabis industry, including a list of the names and addresses of all potential owners interviewed and identifying those who are members of the most disadvantaged groups, and whether any of those potential owners have purchased an equity share in the entity submitting an application; and

(e) Demonstration that the applicant meets three or more of the following criteria:

(i) At least 51 percent of its ownership interest is held by one or more individuals who have lived in an economically disadvantaged area for 5 of the preceding 10 years;

(ii) A majority of the current employees live in an economically disadvantaged area;

- (iii) A majority of the current contractors live in an economically disadvantaged area;*
- (iv) At least 51 percent of its ownership interest is held by one or more individuals who are a member of a household that earns no more than 80 percent of the State median household income; and*
- (v) The applicant has significant past experiences in or business practices that promote economic development and empowerment in economically disadvantaged areas.*

J.—K. (text unchanged)

L. The Commission shall apply the application provisions set forth in §I(6)(b), (c), and (d) of this regulation to any pre-approval issued by the Commission on or before July 1, 2022.

ROBERT R. NEALL

Secretary of Health