

# Recreational Cannabis in Maryland: What the City Must, May and Absolutely Cannot Do

## What is and is not Cannabis

### ► What is cannabis?

- Cannabis is a plant with many names- marijuana, weed, pot, hash- that can have psychoactive characteristics and is consumed for medical and non-medical (recreational) purposes. The cannabis plant has hundreds of chemical compounds, including cannabinoids and terpenes.

### ► Is there a difference between "cannabis" and "marijuana"?

- No. The new legislation replaces references to marijuana with "cannabis" in the Maryland Code. Either term refers to flowering plants in the genus Cannabis.

### ► What is THC?

- The cannabis plant produces more than 100 different cannabinoids, which are compounds that can have different effects on the mind and body. Tetrahydrocannabinol known as "THC" and cannabidiol known as "CBD" are the most common. THC is known for its psychoactive effects (a feeling of being high). There are different forms of THC, including delta-9-THC, traditionally found in most cannabis products. However, other forms of THC, such as delta-8-THC and delta-10-THC can also be found in cannabis plants and will be included in the regulated market as part of this legislation.

### ► What is CBD?

- CBD, or cannabidiol, is the second most prevalent cannabinoid in cannabis. Unlike THC, CBD does not cause a "high" or psychoactive effect by itself.

## ► What is hemp?

- Hemp refers to varieties of cannabis plants that contain 0.3% or less delta-9-THC. The hemp plant has various industrial uses, as well as can be made into consumable products derived from hemp. The new adult-use legislation regulates consumable and inhalable intoxicating hemp products with other cannabis products, while exempting non-intoxicating products, such as CBD edibles, lotions, and tinctures.

## Why is this allowed?

During the 2022 General Election, Maryland voters approved a ballot referendum to allow use of cannabis by adults 21+ starting July 1, 2023.

During the 2023 legislative session, the General Assembly passed legislation (The Cannabis Reform Act) that provided a framework for implementing legal adult-use sales, including a licensing and taxation framework.

Effective July 1, a legal adult-use marketplace exists in Maryland

## Revenue for the City

### (1) Tax Revenue Disbursement

- First, distributions required by law
- Second, complete funding of the entire cost of the operation of the Cannabis Regulation and Enforcement Division operations

## and administrative expenses of the Maryland Cannabis Administration

- Third, 5% to counties,
  - allocated to each county based on the percentage of revenue collected from that county
  - **except that a county shall distribute to a municipality located in the county 50% of the allocation received under this item that is attributable to the sales and use tax revenue generated by a dispensary located in that municipality;**

### Explaining the Revenue Distribution

- \$100,000 in tax revenue
  - First, distributions required by law (Unknown but assume 30%=\$30,000)
  - Second, complete funding of the entire cost of the operation of the Cannabis Regulation and Enforcement Division operations and administrative expenses of the Maryland Cannabis Administration (Unknown but assume 20%=\$20,000)
  - Third, 5% to counties, (5% of remaining \$50,000 is \$2,500.00)
    - except that a county shall distribute to a municipality located in the county 50% of the allocation received under this item that is attributable to the sales and use tax revenue generated by a dispensary located in that municipality.
    - **If all sales and use tax revenue was generated by a Pocomoke dispensary, Pocomoke would receive \$1,250 and Worcester County would receive \$1,250**

## Definitions of Cannabis Production and Sales Terms

Alc. Bev Sec. 36-101

- ▶ **(N) “CONSUMER”** means an individual at least 21 years old who purchases cannabis or cannabis products for personal use by individuals at least 21 years old.
- ▶ **(P) “DELIVERY SERVICE”** means a cannabis licensee authorized to deliver cannabis in accordance with a micro license to operate a dispensary.
- ▶ **(Q) “DISPENSARY”** means an entity licensed under this title 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.
- ▶ **(T) “GROWER”** means an entity licensed under this title that cultivates, or packages, or distributes cannabis; and is authorized by the Division Administration to provide cannabis to other cannabis licensees and registered independent testing laboratories.
- ▶ **(Y) “ON-SITE CONSUMPTION ESTABLISHMENT”** means an entity licensed to distribute cannabis or cannabis products for on-site consumption other than consumption by smoking indoors.
- ▶ **(DD) “PROCESSOR”** means an entity licensed to transform cannabis into another product or an extract and packages and labels the cannabis product; and is authorized by the Division

**Administration to provide cannabis to licensed dispensaries and registered independent testing laboratories.**

## **On-Site Consumption**

**What is on-site consumption?**

→ **The distribution of cannabis or cannabis products, which are subsequently consumed at the place of purchase.**

**What can be consumed on-site?**

→ **Oils and ointments, edibles and tinctures.**

**What cannot be consumed on-site?**

→ **Consumption may not include smoking indoors. This includes vaping.**

## **On-Site Consumption Establishments**

**Alc Bev § 36-407**

**(A) (1) a person shall obtain an on–site consumption license from the administration before operating a premises where cannabis may be consumed.**

**(2) the administration may issue on–site consumption licenses authorizing an entity to operate a licensed premises in which cannabis may be consumed, but not smoked indoors, in accordance with this title and any regulations adopted under this title.**

**(3) an on–site consumption establishment may operate only if the county and, if applicable, the municipality, where the business is located have issued a permit or license that expressly allows the operation of the on–site consumption establishment.**

**(B) A county and, if applicable, a municipality may:**

**(1) Prohibit the operation of on-site consumption establishments;**

**(2) Prohibit or restrict the smoking or vaping of cannabis at on-site consumption establishments; or**

**(3) Adopt zoning and planning requirements for on-site consumption establishments.**

### **LIMITS TO ON-SITE CONSUMPTION**

#### **Alc Bev § 36-407**

- **An on-site consumption license authorizes an entity to distribute cannabis or cannabis products for on-site consumption.**
- **An on-site consumption license does not authorize the holder of the license to:**
  - **(i) cultivate the cannabis; (ii) process cannabis or cannabis-infused products; or (iii) add cannabis to food prepared or served on the premises.**

**The following is PROHIBITED on-site:**

- **Allow on-duty employees of the business to consume cannabis;**
- **Distribute free samples of cannabis;**
- **The consumption of alcohol;**
- **The smoking or vaping of tobacco or tobacco products;**
- **Any activity that would require an additional cannabis license: including growing, processing, or dispensing;**
- **The use or consumption of cannabis by a patron who displays any visible signs of intoxication; or**

- **Admit onto the licensed premises an individual who is under the age of 21 years.**

## **State Enumerated Zoning Restrictions**

### **Regulating City Cannabis Production and Sales**

**Alc Bev § 36-405**

#### **(A) The City MAY:**

- (1) Establish reasonable zoning requirements for cannabis businesses; and**
- (2) Decide how to distribute its allocation of revenue**

#### **(B) The City MAY NOT:**

- (1) Establish zoning or other requirements that unduly burden a cannabis licensee;**
- (2) Prohibit transportation through or deliveries within the political subdivision by cannabis businesses located in other political subdivisions;**
- (3) Prevent an entity whose license may be converted from being granted the license conversion; or**
- (4) Negotiate or enter into an agreement with a cannabis establishment or a cannabis establishment applicant to provide money, donations, in-kind contributions, services, or anything of value to the local jurisdiction political subdivision.**
- (5) Impose a tax on cannabis.**

## **Cannabis Licensee Operations**

**Alc Bev § 36-410**



► **HOURS OF OPERATION:**

Beginning July 1, 2023, a cannabis licensee that is operating a dispensary shall:

- Set aside operating hours or dedicated service lines to serve only qualifying patients and caregivers.

► **ZONING RESTRICTIONS IN STATE LAW:**

A licensed dispensary may not locate within:

(1) 500 feet of:

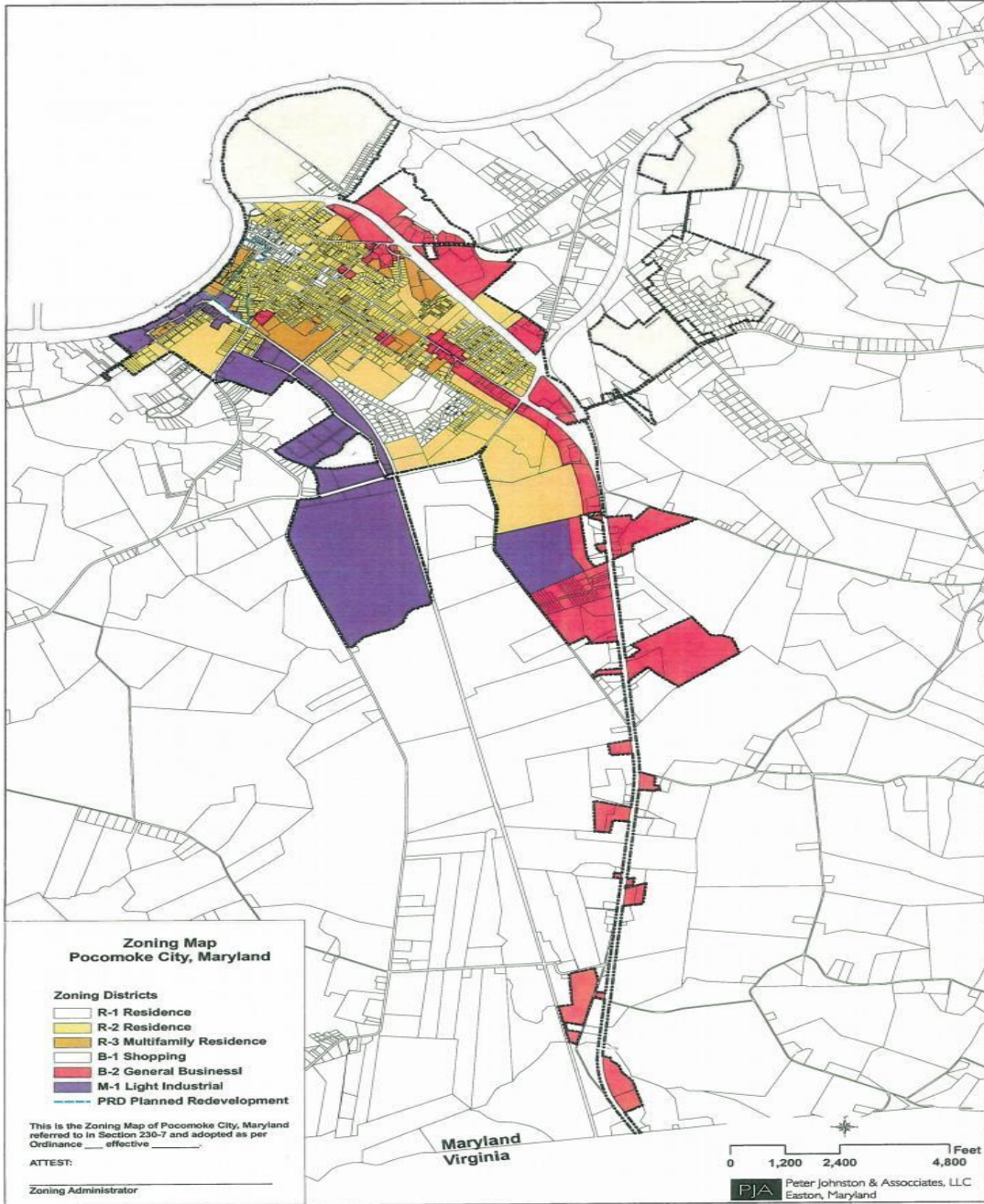
(i) a pre-existing primary or secondary school in the state, or a licensed child care center or registered family child care home; or

(ii) a playground, recreation center, library, or public park;

or

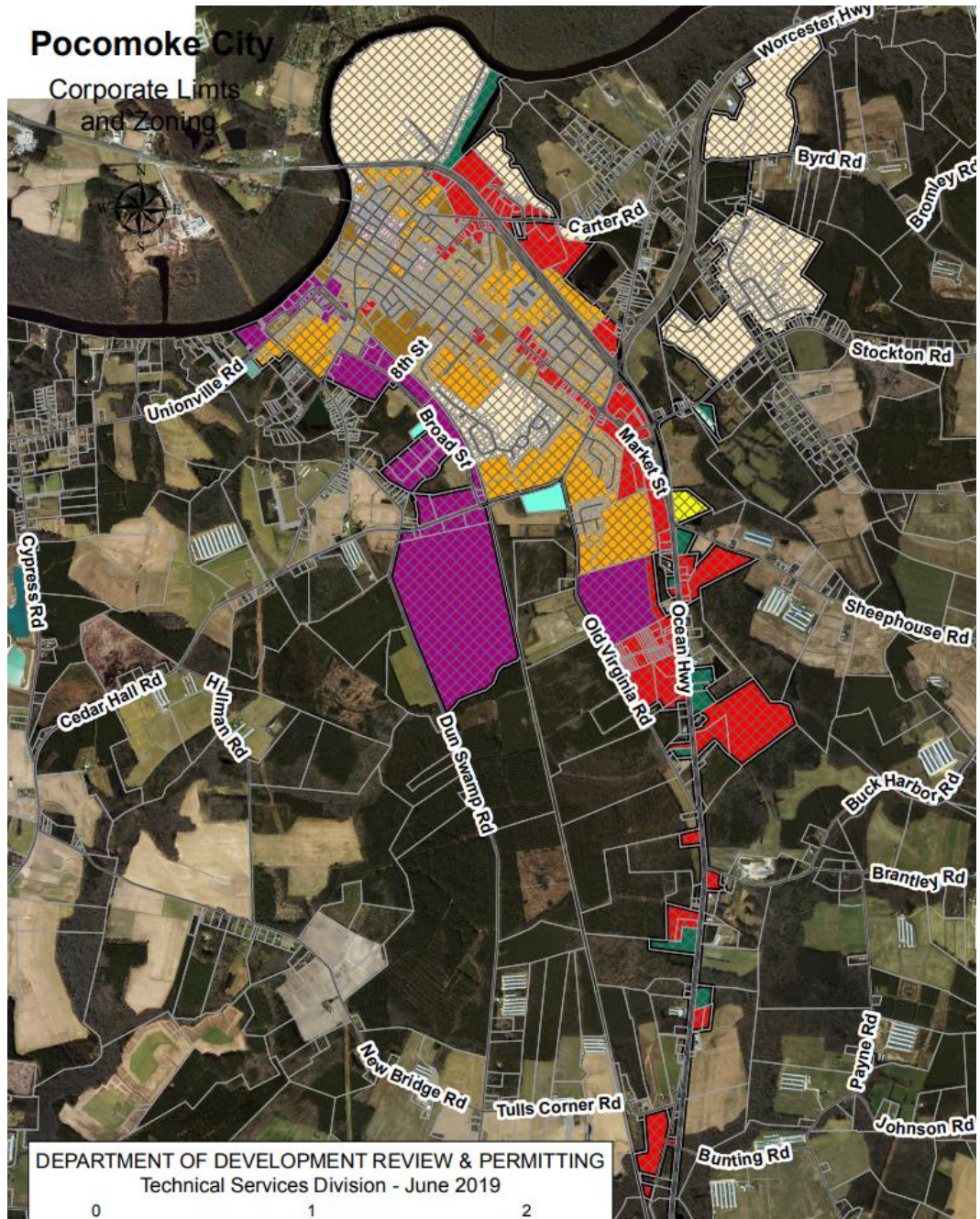
(2) 1,000 feet of another dispensary under this title.

A political subdivision may adopt an ordinance reducing the distance requirements.



# Pocomoke City

Corporate Limits  
and Zoning



THE END