



ANNE ARUNDEL COUNTY OFFICE OF LAW

Legislative Summary

To: Members, Anne Arundel County Council

From: Lori L. Blair Klasmeier, Supervising County Attorney /s/

Via: Gregory J. Swain, County Attorney /s/

Date: July 3, 2023

Subject: Bill No. 57-23 – Boards, Commissions, and Similar Bodies – Anne Arundel County Community Reinvestment and Repair Commission – Finance, Taxation, and Budget – Community Reinvestment and Repair Special Revenue Fund

This summary was prepared by the Anne Arundel County Office of Law for use by members of the Anne Arundel County Council during consideration of Bill No. 57-23.

Background

The use of medical cannabis outside of clinical settings was legalized in Maryland in 2014, and regulations were published in 2015. Pursuant to the law and regulations, the medical cannabis growers, processors, and dispensaries were licensed and regulated by a State medical cannabis commission. The State largely pre-empted County action with regard to medical cannabis, with the sole exception of planning and zoning controls. In 2015, the County Council passed Bill No. 96-15, which regulated zoning for medical cannabis operations.

In 2022, Maryland voters approved a ballot initiative to approve the partial decriminalization of possession and use of recreational cannabis.¹ During its 2023 session, the Maryland General Assembly passed Senate Bill 516, which was signed into law by Governor Wes Moore and took effect on May 3, 2023 (hereinafter referred to as the “Cannabis Law”).² The Cannabis Law does a number of things, including eliminating the State’s medical cannabis commission and establishing the Maryland Cannabis Administration which, among other duties, licenses and regulates all cannabis businesses in the State, including growers, processors, and dispensaries.

¹ Legalization is described as “partial” because the State law approved through the ballot initiative places limits on the amount of cannabis that can be legally possessed and grown.

² The Chapter law for Senate Bill 516, Chapter 255 of the 2023 Laws of Maryland, is 113 pages long and includes the renaming of the Alcoholic Beverages Article of the State Code as the Alcoholic Beverages and Cannabis Article of the State Code.

Note: This Legislative Summary provides a synopsis of the bill as introduced. It does not address subsequent amendments to the bill.

The Cannabis Law imposes a sales and use tax on cannabis of 9% (§ 11-104 of the Tax-General Article of the State Code), and prescribes the distribution of that tax. The sales and use tax collected is first applied to defray the entire cost of the operations and expenses of the Maryland Cannabis Administration, and, then, 35% is distributed to the State's Community Reinvestment and Repair Fund, 5% is distributed to counties based on the revenue collected from each county, 5% is distributed to the State's Cannabis Public Health Fund, 5% is distributed to the State's Cannabis Business Assistance Fund, and the balance is distributed to the State's general fund. If a county includes a municipality in which the tax is collected, the county is required to distribute 50% of its tax distribution that is attributable to the tax generated by dispensaries located in the municipality to the municipality (§ 2-1302.2 of the Tax-General Article of the State Code).

The State's Community Repair and Reinvestment Fund was established under § 1-322 of the Alcoholic Beverages and Cannabis Article of the State Code "to provide funds to community-based organizations that serve communities determined...to have been the most impacted by disproportionate enforcement of cannabis prohibition before July 1, 2022." The Cannabis Law made adjustments to § 1-322 to provide that the Fund includes the sales and use tax revenue distributed to it under the new provisions of the Tax-General Article related to cannabis sales, fees paid by medical cannabis businesses to convert their existing licenses to general use cannabis business licenses, and any other funds accepted for the benefit of the Fund (§ 1-322(a)(5) of the Alcoholic Beverages and Cannabis Article of the State Code). The Fund is to be used for certain community-based initiatives and cannot be used law enforcement agencies or activities or cannot supplant funding for preexisting local government programs (§ 1-322(a)(6) of the Alcoholic Beverages and Cannabis Article of the State Code).

Moreover, the section now provides that the Comptroller shall distribute funds from the Fund to counties based on a formula that includes the proportionate number of cannabis possession charges in a county compared to the total number of cannabis charges in the State each year (§ 1-322(b)(1) of the Alcoholic Beverages and Cannabis Article of the State Code). Counties are required to adopt laws "establishing the purpose for which money received from the Fund may be used", and to report annually on how funds were expended (§ 1-322(b)(2) of the Alcoholic Beverages and Cannabis Article of the State Code).

Purpose

The purpose of Bill No. 57-23 is to establish the County's Community Reinvestment and Repair Special Revenue Fund and the Anne Arundel County Community Reinvestment and Repair Commission.

Bill No. 57-23

SECTION 1.

This Section first establishes the Anne Arundel County Community Reinvestment and Repair Commission (§ **3-2C-101**).

Section **3-2C-102** is new and provides that the purpose of the Commission is to make

recommendations for the use of the funds in the Community Reinvestment and Repair Special Revenue Fund.

Section **3-2C-103** is new and establishes the membership for the Commission, which includes 13 voting members, and 8 ex officio members.

Section **3-2C-104** is new and addresses terms, removal, and the handling of vacancies for Commission members.

Section **3-2C-105** is new and provides that the County Executive appoints the Chair of the Commission.

Section **3-2C-106** is new and provides for meetings of the Commission, establishes the quorum, and provides for a majority vote.

Section **3-2C-107** is new and provides that members of the Commission do not receive compensation.

Section **3-2C-108** is new and sets forth the duties of the Commission, which include developing and administering a grant application process for funding from the Community Reinvestment and Repair Special Revenue Fund, making recommendations for use of the funds from the Community Reinvestment and Repair Special Fund, preparing an annual report, and meeting annually with the County Executive.

Section **4-11-126** is new and establishes the Community Reinvestment and Repair Special Revenue Fund for receipt of the funds from the State Cannabis Reinvestment and Repair Fund, provides that the new Fund is special and non-lapsing, and sets forth the purposes of the new Fund.

SECTION 2.

This section provides that the bill takes effect 45 days after it becomes law.

The Office of Law is available to answer any additional questions regarding this Bill. Thank you.

cc: Honorable Steuart Pittman, County Executive
Christine Anderson, Chief Administrative Officer
Jannsen Evelyn, Deputy Chief Administrative Officer
Jeff Amoros, Chief of Staff
Peter Baron, Chief Strategy Officer
Chris Trumbauer, Budget Officer
Billie Penley, Controller