

CANNABIS AND THE COMPTROLLER



ADULT-USE CANNABIS 101

The Office of the Comptroller is committed to supporting Maryland's business community, including the state's adult-use cannabis industry.

Maryland Cannabis Legalization:

In November 2022, Maryland voters approved a referendum to legalize marijuana for adult use. The Maryland General Assembly passed the Cannabis Reform Act of 2023 (H.B. 556/S.B. 516), and Governor Wes Moore signed it into law. Sales of cannabis to adults over 21 are permitted beginning July 1, 2023, and adults may possess up to 1.5 ounces of cannabis flower, 12 grams of concentrated cannabis, or a total amount of cannabis products that does not exceed 750 mg THC. This amount is known as the "personal use amount."

Will cannabis be taxed?

Yes. Maryland law imposes a 9% sales and use tax on retail sales of adult-use cannabis and cannabis products.

The Comptroller of Maryland administers the state's sales and use tax, which includes responsibility for collecting the tax and distributing revenue from tax collected on retail sales of adult-use cannabis.

How will the revenue collected be used?

The Office of the Comptroller is responsible for the distribution of the revenue generated by the sales and use tax imposed on cannabis sales.

As required in Cannabis Reform Act, revenue collected from the sales and use tax is distributed to the following:

- ◆ The Cannabis Regulation and Enforcement Fund.
- ◆ The Community Reinvestment and Repair Fund.
- ◆ The Cannabis Public Health Fund.
- ◆ The Cannabis Business Assistance Fund.
- ◆ The Cannabis Compassionate Use Fund.
- ◆ County governments with dispensaries, based on the sales and use tax generated from these counties.

Any funds not allocated to a mandated fund are returned to Maryland's General Fund.

What government entities will help administer cannabis laws in Maryland?

In addition to the work that the Comptroller does regarding the taxes and funds, Maryland law establishes four primary entities responsible for regulating and enforcing our new cannabis industry:

- ◆ The Maryland Cannabis Administration (MCA), which is an independent unit of State government whose director is appointed by the Governor.

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- ◆ The Alcohol, Tobacco, and Cannabis Commission (ATCC), which was previously known as the Alcohol and Tobacco Commission.
- ◆ The Office of Social Equity, which is an independent office within the MCA whose director is appointed by the governor.
- ◆ The Advisory Board on Medical and Adult-Use Cannabis, which gives the industry a voice on cannabis matters but does not have binding authority and is chaired by the director of the MCA.

What other roles does the Office of the Comptroller have regarding cannabis business regulation?

- ◆ The General Accounting Division works to determine the appropriate financial agency and accounting structure, including interest allocation, associated with each of the funds as set by the Cannabis Reform Act.
- ◆ Taxpayer Services, Communications, and Legal Divisions have developed information and FAQs for employees to use when taxpayers reach out with cannabis-related questions and to provide guidance to businesses seeking to enter the legal cannabis economy.
- ◆ The Compliance Division is developing and implementing a Cannabis Business Audit program to ensure businesses are statutorily compliant with tax law.
- ◆ The Field Enforcement Bureau monitors and acts to ensure compliance with sales and use tax and other tax laws.

For additional information, contact:

Comptroller of Maryland

1-800-MD-TAXES (1-800-638-2937)

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Maryland Cannabis Administration

General Information

information.mmcc@maryland.gov

Cannabis Laws and Regulations

policy.mmcc@maryland.gov

Compliance and Enforcement

enforcement.mmcc@maryland.gov



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