

COMAR 14.17.03 Social Equity

Authority: Alcoholic Beverages and Cannabis Article, §1-309.1, Annotated Code of Maryland

.02 Definitions.

A. (text unchanged)

B. Terms Defined.

(1) “Agreement” means a selected application for the Social Equity Partnership Grant Program.

(2) “Applicant” means a social equity licensee and an operational cannabis licensee who apply together for a social equity partnership grant.

(3) “Application” means a Social Equity Partnership Grant Program application.

[(1)] (4)—[(2)] (5) (text unchanged)

.03 Social Equity Partnership Grant Program.

A. The Social Equity Partnership Grant Program shall promote qualifying partnerships between operational cannabis licensees and social equity licensees.

B. The Office of Social Equity shall implement and administer the grant program, including approving qualifying partnerships.

C. The Office of Social Equity may approve a qualifying partnership where a cost or other fee is imposed by an operational cannabis licensee, if it determines the cost or other fee is substantially reduced from the market value.

D. The Office of Social Equity shall determine the grant amounts based on:

(1) The number of partnership applications;

(2) Programmatic needs;

(3) Availability of funds; and

(4) Equitable distribution of qualifying partnerships across license types.

[D.] E. (text unchanged)

[E.] F. Qualifying partnerships under this regulation may not:

(1) (text unchanged)

(2) Require the social equity licensee to conform with any branding, messaging, standard operating procedures, or other infringement on the social equity licensees’ operations; [or]

(3) Otherwise restrict, hinder, exploit, or unfairly treat the social equity licensee to benefit the operational cannabis licensee[.]; or

(4) Exist between entities that have common ownership or control; and

G. The Office of Social Equity may deny an application or terminate any qualifying partnership agreement that includes false or misleading information.

[F.] H. In addition to any other applicable penalties established in this subtitle, including suspending, fining, restricting, or revoking a license, an operational cannabis licensee found in violation of [§ E] §F of this regulation may be subject to any of the following sanctions:

(1)—(3) (text unchanged)

I. The Office of Social Equity shall evaluate grant applications on a pass or fail basis according to the following criteria:

(1) Demonstration that the operational cannabis licensee has capacity to support a social equity licensee;

(2) A comprehensive estimation of the value or services provided that assigns a value to each element of services provided;

(3) Demonstration that the operational cannabis licensee has been compliant with Administration regulation related to:

(i) Health and safety;

(ii) Diversion and theft; and

(iii) Any area material to the proposed partnership;

(4) Attestation that both the operational cannabis licensee and social equity licensee will have an equal role in addressing any changes required in the partnership; and

(5) Any additional criteria the Office of Social Equity may include to assist with the review of each application, including but not limited to a party’s prior conduct within the Social Equity Partnership Grant Program.

J. Requests for Information.

(1) The Office of Social Equity may request an applicant submit supporting documentation related to the applicant’s efforts to establish any of the application criteria outlined in §I of this regulation.

(2) Any information requested by the Office of Social Equity is due within 10 days of the date of the request, unless otherwise noted.

(3) The Office of Social Equity may deny an application if its request for information is not fulfilled within 10 days.

K. To select passing applications, the Office of Social Equity shall conduct a lottery that is impartial, random, and in a format selected by the Office of Social Equity.

L. Application and Award Limits.

(1) An operational cannabis licensee:

(a) May only submit one application per award period, and those licensees who share common ownership or control may collectively submit up to two applications per award period

(b) May be awarded up to one qualifying partnership per award period

(c) Who shares common ownership or control may collectively be awarded no more than two qualifying partnerships per award period;

(2) A social equity licensee may submit one application per award period.

M. Partnership Disputes.

(1) If a cannabis licensee engaged in a qualifying partnership claims a breach in their qualifying partnership has occurred, the licensee shall submit a written complaint in the manner specified by the Office of Social Equity.

(2) The Office of Social Equity may request additional information necessary to investigate the complaint.

(3) After reviewing the complaint and any additional information, the Office of Social Equity may:

(a) Make a determination about whether a breach of a partnership agreement has occurred; or

(b) Refer the complaint to the Office of Administrative Hearings for mandatory mediation.

(4) If the Office of Social Equity determines that a licensee has breached its agreement, it may:

(a) Restrict, revoke, or invalidate a partnership agreement; or

(b) Require repayment of any grant funding received by the operational cannabis licensee.

(5) If the Office of Social equity makes a determination about the partnership dispute, it shall notify both licensees of its determination.

N. An aggrieved party shall exhaust all administration remedies provided in this subtitle before seeking review in any other forum.

(1) The Office of Social Equity may establish written standards of conduct with which the parties shall comply during the mediation process.

(2) The Office of Social Equity shall disclose all written standards of conduct to the parties at the outset of the mediation.

(3) A party's failure to abide by a written standard of conduct may result in termination of the mediation process.

O. The Office of Social Equity may refer any suspected violation of this subtitle or Alcoholic Beverages and Cannabis Article, Title 36, Annotated Code of Maryland to the Administration for further investigation.