



Social Equity Partnership Grant Program – Public Guidance

This document provides guidance for Operational Cannabis Licensees and Social Equity Licensees considering participating in the Social Equity Partnership Grant Program (SEPP). It outlines key requirements, expectations, and processes to support effective program participation. This is not legal advice.

Introduction

The Office of Social Equity (OSE), an independent office established by the Cannabis Reform Act of 2023, partners with the Maryland Cannabis Administration (MCA) to promote economic opportunity and equity in Maryland’s adult-use cannabis market. OSE provides programs, outreach, and advocacy to support historically disadvantaged individuals and businesses entering the cannabis industry.

The State of Maryland has been focused on and committed to promoting and encouraging equitable access and participation in the adult-use cannabis market. The SEPP is a program designed by the Office of Social Equity to create meaningful and impactful partnerships in the cannabis industry, directly addressing some of the specific needs of social equity licensees. By incorporating a dynamic, tailored mentor partnership process, the program aims to foster a culture of collaboration and support within the cannabis industry.

Under this program, cannabis licensees that were operational prior to October 1, 2022 are eligible to receive grant funding as a means of incentivizing participation in the program while providing guidance and support to social equity licensees as they operationalize their businesses.

Program Overview

The SEPP facilitates business development by awarding grants to existing Operational Cannabis Licensees for providing training, mentorship and other resources to newly awarded Social Equity Licensees through approved qualifying partnerships.

- “Operational Cannabis Licensee” means a licensee that was licensed and operational before October 1, 2022.

- “Qualifying Partnership” means a meaningful partnership between a social equity licensee and an operational cannabis licensee that supports or advises the social equity licensee.
- “Social equity licensee” means a social equity applicant who has been awarded a cannabis license or cannabis registration.
 “Social equity licensee” includes a grower, processor, or dispensary that:
 - (i) held a Stage One Preapproval for a license before October 1, 2022; and
 - (ii) was not operational before October 1, 2022

OSE must approve all qualifying partnerships through the application process outlined below. OSE may approve partnerships where the operational cannabis licensee charges a fee, provided the fee is significantly discounted from market value.

For licensees with a converted license under Alcoholic Beverages and Cannabis Article, §36-401(b)(1)(ii), Annotated Code of Maryland, the maximum grant amount for the 2025 – 2026 grant period is the lesser of:

- The licensee’s paid conversion fee, or
- \$200,000.

Additional details on maximum grant amounts are provided below in “Grant Allocation.”

Eligibility and Disqualifications

Operational Cannabis Licensees must:

- Be capable of forming a partnership with at least one Social Equity Licensee.
- Demonstrate compliance with MCA regulations related to health and safety; diversion and theft; and any area material to the proposed partnership.
- Designate an Executive Management-level representative to oversee the partnership, ensure communication, and resolve issues.

Note: Operational Cannabis Licensees and Social Equity Licensees who are partnering with each other for the SEPP may not hold any amount of ownership in or control over the other.

Partnership disqualifications include:

- Transferring control or ownership from the Social Equity Licensee to the Operational Cannabis Licensee
- Enforcing branding or standard operating procedure (SOP) compliance on the Social Equity Licensee
- Exploiting or restricting the Social Equity Licensee for gain

To qualify for the SEPP, Operational Cannabis Licensees must demonstrate that they have been compliant with MCA regulations related to:

- Diversion or theft
- Workplace safety
- Health or safety
- Any area material to the proposed partnership

If an Operational Cannabis Licensees has violated MCA regulations in any of these areas, licensees must demonstrate corrective actions and payment of fines.

The examples provided below are for informational purposes only and do not constitute an exhaustive or definitive list of violations under Maryland law.

Violation Type	Public Safety Relevance	COMAR Reference
Failure to maintain proper video surveillance	Threat to employee safety & inventory integrity	14.17.11.02
Unsanitary processing or packaging	Contamination risk for workers and consumers	14.17.11.12
Lack of child-resistant packaging	Public health threat due to accidental ingestion	14.17.18.02
Improper hazardous waste disposal	Environmental and occupational health risk	14.17.12.04
Inadequate chemical safety controls	Fire/explosion/inhalation risk for workers	14.17.11.04
Employing unregistered agents	Increases risk of diversion and misconduct	14.17.15.02

Obstruction of
investigation or audit

Prevents detection and
correction of unsafe
practices

14.17.14.04

Application and Award Limits

- Operational Cannabis Licensees may submit one application per license type (grower, processor, dispensary).
- Operational Cannabis Licensees with common ownership or control may submit up to two applications per award period.
- Operational Cannabis Licensees with common ownership may receive a maximum of two grant awards per period.

Grant Allocation

<i>Micro Licenses</i> <i>\$1m</i>	<i>Standard Licenses</i> <i>\$4m</i>
● Up to \$100k each ● 10 Grants	● Up to \$200k each ● 20 Grants
● 4 Grower ● 4 Processor ● 2 Dispensary	● 8 Grower ● 7 Processor ● 5 Dispensary

***Note: Allocations are subject to change based on applicant needs and outcomes. ***

Approved Grant Uses

OSE interprets substantially reduced from market value to be at least approximately 25% discount. Applicants should maintain proof of market rates and discount documentation for verification purposes.

- Facility Rental - SEL co-locating their operations on OCL property
- Equipment Lease or Purchase: Leasing or purchasing equipment from OCL.
- Contracted Administrative Support (e.g., marketing, compliance, HR):
- Biomass Purchase/Wholesale Product Discount: average selling price

- White Labeling: average contract price
- Consulting Services: average hourly consulting rate
- Operational Training and SOP Support
- Administrative Fees for the operational cannabis licensee may not exceed 5% of the awarded grant amount.

Application Process and Timeline

Establishing a Qualifying Partnership

- Operational cannabis licensees are encouraged to complete the OSE Interest Survey form to signal readiness to participate in the SEPP.
- Social equity licensees will be invited to attend an informational session hosted by OSE to learn about the program requirements and expectations.
- When a qualifying partnership is established, both licensees must collaboratively develop a coordinated business plan that outlines the structure, goals, and resource commitments of the partnership.

Preparing and Completing the Application:

- Once a partnership is formed, the operational cannabis licensee will serve as the primary applicant, completing the application before sharing with the social equity licensee to complete its portion of the application. **See application instructions below.**
- The application will include explanatory materials to guide responses to each question.

Applications must be submitted via the Maryland One Stop portal. Search for: **“Social Equity Partnership Grant Program Application.”**

Submission, Review & Award Process:

- OneStop Application window opens: **Tuesday, November 11, 2025**
- Application Deadline: **Friday, December 19**
- Applications will be evaluated on a Pass/Fail basis.
- Applications receiving a “fail” will have 10 business days to respond and resubmit, if they so choose.
- If the number of passing applications exceeds the number of available awards, OSE will conduct a random selection process to determine final awardees.

Payment Timeline:

Upon execution of the grant agreement, the Maryland Cannabis Administration will disburse 50% of the total grant amount through the Comptroller Office. The remaining 50% will be released following a six-month check-in, contingent upon both entities being in good standing with the Maryland Cannabis Administration, with no relevant compliance violations or unresolved partnership disputes.

OSE encourages all applicants - whether awarded or not - to continue mentorship and partnership opportunities beyond the SEPP

[Application Instructions Link HERE](#)

Dispute Resolution

If a licensee believes a breach of the qualifying partnership has occurred, they must:

1. Submit a written complaint to OSE following the prescribed format.
2. OSE may request additional information to investigate.
3. OSE may either:
 - Issue determination regarding the breach, or
 - Refer the matter to the Office of Administrative Hearings for mandatory mediation.

If OSE finds a breach has occurred, it may:

- Restrict, revoke, or invalidate the partnership agreement.
- Require that any disbursed grant funds be repaid; or
- Require amendments to the partnership agreement as determined by the terms of any mediation agreement reached by the parties as a result of mediation before the Office of Administrative Hearings.

OSE will notify both parties of its final determination. All administrative remedies must be exhausted before pursuing review in another forum.

OSE may also:

- Establish written standards of conduct for mediation.
- Disclose those standards at the outset.
- Terminate mediation if a party fails to follow the standards.