Walter L. Simmons
Secretary
Department of Social and Economic Mobility

Tuesday September 1, 2026

Reinvesting in Maryland: Cannabis Revenue, Community Repair, and Economic Opportunity

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Maryland

DEPARTMENT OF SOCIAL AND ECONOMIC MOBILITY

Donald Smith

Deputy Secretary

Department of Social and Economic Mobility

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Courtney Davis
Deputy Director
Office of Social Equity
Department of Social and Economic Mobility

economicmobility.maryland.gov

Mission

To advance social and economic mobility for all Marylanders by removing barriers, investing in inclusive opportunities, and aligning state resources to support historically underserved communities and businesses.

Vision

A Maryland where every resident—regardless of race, geography, or background—can access the tools, networks, and systems needed to thrive and contribute to a more equitable and prosperous state.

Maryland
DEPARTMENT OF SOCIAL AND ECONOMIC MOBILITY

Maryland Department of Social and Economic Mobility

Working to ensure all Marylanders have access to
Work, Wages and Wealth!

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What is the CRRF, and Where Does OSE Fit In?

Community Reinvestment & Repair Fund (CRRF)

- **Created by the Cannabis Reform Act of 2023**, funded by Maryland's adult-use cannabis sales tax.
- **The Comptroller distributes CRRF dollars** to all 24 jurisdictions using a fixed statutory formula, based on each jurisdiction's share of historical cannabis possession charges.
- **Each jurisdiction adopts its own local distribution plan** and decides how to spend its allocation, within the categories set by statute.

Where OSE Fits In

OSE's Role:

- Writes the implementation regulations
- Provides guidance to jurisdictions
- Collects required reporting

*It does **not** distribute funds or decide how a jurisdiction spends its allocation.*

OSE's Statutory Responsibilities

Regulatory & Administrative Role

Under the Cannabis Reform Act and COMAR 14.17.23, OSE's role is regulatory and administrative. Funding decisions stay with the 24 jurisdictions; disbursement stays with the Comptroller.

OSE is responsible for:

- **Writing and adopting COMAR 14.17.23**, the regulation implementing the CRRF statute
- **Providing guidance** to counties and Baltimore City on the regulatory requirements
- **Receiving each jurisdiction's finalized distribution plan**, for the statewide record
- **Collecting the annual reports** required of each jurisdiction and reviewing them for statutory compliance
- **Maintaining a statewide picture** of CRRF activity across all 24 jurisdictions

Authority reserved to Counties/Comptroller:

- **Approving or rejecting** a county's distribution plan *(county authority)*
- **Selecting, ranking, or vetoing** individual local projects *(county authority)*
- **Setting** local funding priorities *(county authority)*
- **Calculating and disbursing** CRRF dollars to jurisdictions *(Comptroller authority)*

Where the Regulations Stand

Current Status

- **Emergency regulations (COMAR 14.17.23)** are in effect from July 20, 2026 through January 16, 2027
- **Permanent regulations** must go through standard rulemaking — including a formal public comment period — before the emergency regulations expire
- A jurisdiction may **adopt a distribution plan** and begin spending its CRRF allocation once that plan is adopted locally; it is not required to wait on OSE

Key Definition - COMAR 14.17.23.02.B(5)

"Low-Income Community"

A jurisdiction's CRRF funds must reach "disproportionately impacted areas" (zip codes determined by OSE) or "Low-Income Communities."

The regulations use a **two-prong test** to define "Low-Income Communities":

1. **A HUD-designated Qualified Census Tract (QCT)**; or
2. **For jurisdictions with two or fewer QCTs**, an area where at least 51% of households earn 80% or less of area median income (HUD's Low-Mod income definition)

Reporting and Ongoing Oversight

Upcoming Deadline

October 1, 2026

First deadline for jurisdictions to submit their distribution plans and spending reports to OSE.

OSE's Ongoing Responsibilities

(After October 1, 2026)

- **Reviewing reports:** Reviewing each jurisdiction's report for compliance with the statute and regulations.
- **Statewide records:** Compiling jurisdiction-level data into a statewide record and making that record available to jurisdictions and the public.
- **Providing guidance:** Assisting jurisdictions as they prepare future distribution plans and reports.
- **Permanent regulations:** Promulgating permanent regulations before the emergency regulations expire on January 16, 2027.

Questions and Answers - #1

Question #1

May CRRF funds support countywide initiatives that benefit the targeted populations, but delivered throughout the county?

Answer #1

No, the statutory intent of the CRRF is to serve communities (place-based), not individuals wherever located across a county.

The CRRF target populations are individuals residing in:

- **“low-income communities”** as defined in the regulations, and/or
- **“disproportionately impacted areas”** as defined in statute (85 ZIP codes published by OSE).

Questions and Answers - #2

Question #2

Is the "low-income communities" definition based on the federal CDBG definition?

Answer #2

Not quite.

Under CRRF, **"low-income community"** is defined as a Qualified Census Tract (QCT) **first**. Only if a county has 2 **or fewer QCTs** may it use the Low-to-Moderate Income (LMI) definition for "low-income communities."

Community Development Block Grant (CDBG) activities are not required to exclusively target LMI populations, as projects can also qualify under the Slums/Blight or Urgent Need national objectives. In other words, **not all CDBG eligible areas qualify** under the CRRF "low-income communities" definition.

Questions and Answers - #3

Question #3

Please tell us the areas of the State defined as “disproportionately impacted areas.”

Answer #3

This is a defined term under the CRRF statute – a geographic area (ZIP code) identified by OSE that historically had above **150% of the State’s 10-year average** for cannabis possession charges.

- **85 ZIP Codes:** OSE has designated 85 specific ZIP codes across Maryland that meet this criteria.
  - **Allegany** (21502), **Anne Arundel** (21060, 21061, 21113, 21122, 21144, 21225, 21401, 21403), **Baltimore City** (21201, 21202, 21205, 21206, 21207, 21212, 21213, 21214, 21215, 21216, 21217, 21218, 21223, 21224, 21225, 21229, 21230, 21231, 21239), **Baltimore County** (21117, 21133, 21136, 21206, 21207, 21208, 21220, 21221, 21222, 21227, 21228, 21234, 21236, 21237, 21244), **Calvert** (20657), **Carroll** (21157), **Cecil** (21921), **Charles** (20601, 20602, 20603), **Dorchester** (21613), **Frederick** (21701, 21702, 21703), **Harford** (21001, 21009, 21040), **Howard** (21044, 21045), **Montgomery** (20874, 20877, 20902, 20904, 20906), **Prince George's** (20705, 20706, 20707, 20708, 20721, 20735, 20743, 20744, 20745, 20746, 20747, 20748, 20772, 20774, 20782, 20783, 20784, 20785), **Somerset** (21853), **St. Mary's** (20653), **Talbot** (21601), **Washington** (21740), **Wicomico** (21801, 21804), **Worcester** (21811).
- Counties that did not exceed threshold: Caroline, Garrett, Kent, Queen Anne's

Questions and Answers - #4

Question #4

Can you clarify the sources of funds for community-based initiatives – sales and use tax or conversion fees?

Answer #4

Both. The Fund consists of:

- **(1) cannabis sales and use tax revenue** distributed under Tax-General § 2-1302.2,
- **(2) conversion fees** paid by businesses under Alcoholic Beverages and Cannabis § 36-403, and
- **(3) other accepted donations/gifts**.

However, conversion fees were a **one-time source** of CRRF funding and have already been collected and distributed.

Going forward, CRRF funding will **primarily come from** the State's cannabis sales and use tax revenue.

Questions and Answers - #5

Question #5

How should Counties allocate the sales and use tax? Should any portion go toward community initiatives?

Answer #5

Likely a misunderstanding.

The Comptroller distributes **CRRF dollars** to each county based on a formula, and the counties allocate their CRRF allotments per their **Distribution Plans**.

If you are referring to the separate **5% sales and use tax** counties receive from the State, those are **unrestricted funds** (not a part of CRRF).

Question #6

Do the emergency regulations apply to funding received by local governments prior to July 20, 2026?

Answer #6

- The regulations apply to "**all political subdivisions that receive funds from the Fund**" with no carve-out by receipt date.
- **Annual reports** must include total funds received and any funds carried over from prior years.
- The administrative/reporting/plan requirements apply to **all CRRF monies on hand**, not just money received after July 20, 2026.

Questions and Answers - #7

Question #7

What are the State's expectations on updates to Distribution Plans? Is a single plan required by 10/1/26? Or will there need to be an updated or new plan every year?

Answer #7

The Distribution Plan is a **one-time submission**. It does not need to be resubmitted or refreshed annually.

The separate, ongoing obligation is the **annual report due each October 1** detailing actual spending.

However, counties should **resubmit plans** whenever their priorities/plans materially change.

Questions and Answers - #8

Question #8

Are there requirements on how a Public Hearing must be publicized (which medium)?

Answer #8

No specific requirements except that there must be **14 days' advance notice**, an **opportunity for written comments**, and **dedicated time for public questions and responses**.

Make best efforts to hold the hearing at a time and place **genuinely accessible** to residents of **disproportionately impacted areas** (OSE-designated ZIP codes).

Questions and Answers - #9

Question #9

For transportation improvements in high-density areas that have public transportation, is the density defined locally?

Answer #9

Yes, **“high-density areas”** should be the **highest density areas** in that county.

The area being improved must also be **serviced by public transportation**. We may attempt to more clearly define allowable uses in the **permanent regulations**.

Questions and Answers - #10

Question #10

What will OSE do regarding those counties who have already expended funds that may not be in line with any component of the regulations?

Answer #10

The Fund is subject to audit by the **Office of Legislative Audits (OLA)**, which has statutory authority to audit local government financial records related to the Fund on its own initiative or upon request.

Separately, OSE may recommend **corrective measures** in cases of **non-compliance** with a fund Distribution Plan.

Questions and Answers - #11

Question #11

When do you anticipate formal regulations being released for public comment regarding annual reporting and other requirements?

Answer #11

DoSEM intends to work closely with **MACo** to finalize the regulatory language, then introduce the permanent regulations for public comment as soon as possible – targeting **October/November 2026** – so final regulations are in place before the emergency regulations expire on **January 16, 2027**.

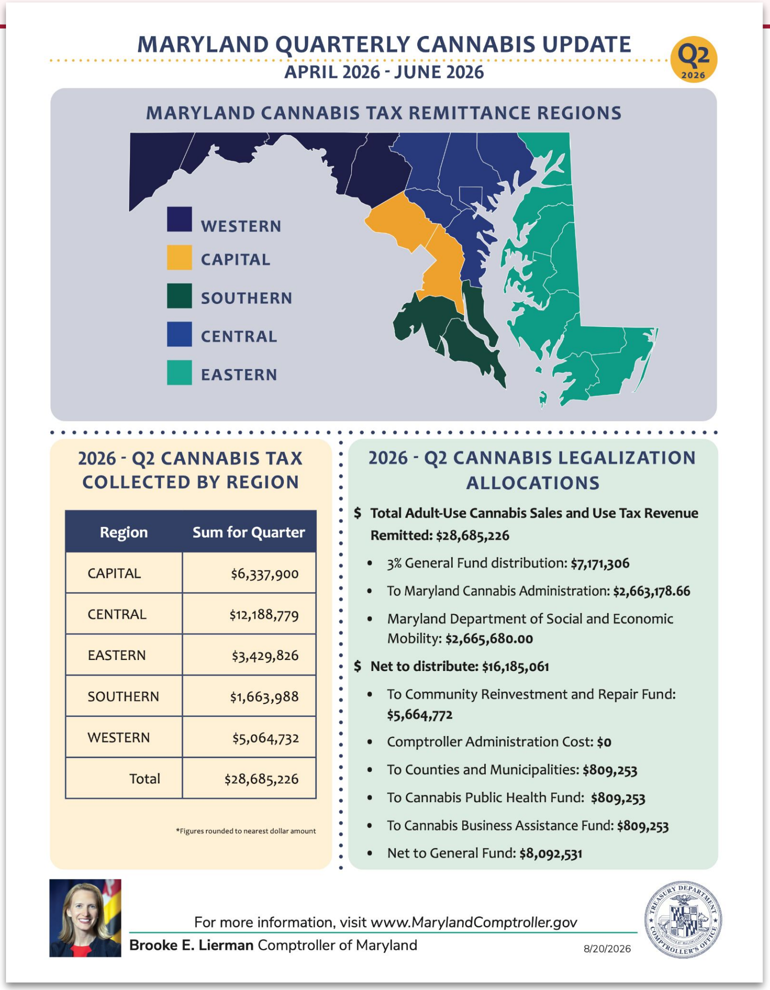
Question #12

Can counties receive projections of quarterly fund distributions for the community-based initiatives?

Answer #12

The Comptroller's Office publishes **quarterly cannabis tax collections**, including the CRRF distribution amount, after each quarter closes.

For forward-looking projections, the Maryland Board of Revenue Estimates issues **statewide revenue forecasts** three times per fiscal year, which include cannabis tax revenue within the sales and use tax forecast.



MARYLAND QUARTERLY CANNABIS UPDATE

APRIL 2026 - JUNE 2026

Q2 2026

MARYLAND CANNABIS TAX REMITTANCE REGIONS

WESTERN
CAPITAL
SOUTHERN
CENTRAL
EASTERN

2026 - Q2 CANNABIS TAX COLLECTED BY REGION

Region	Sum for Quarter
CAPITAL	$6,337,900
CENTRAL	$12,188,779
EASTERN	$3,429,826
SOUTHERN	$1,663,988
WESTERN	$5,064,732
Total	$28,685,226

*Figures rounded to nearest dollar amount

2026 - Q2 CANNABIS LEGALIZATION ALLOCATIONS

$ **Total Adult-Use Cannabis Sales and Use Tax Revenue Remitted: $28,685,226**

- 3% General Fund distribution: **$7,171,306**
- To Maryland Cannabis Administration: **$2,663,178.66**
- Maryland Department of Social and Economic Mobility: **$2,665,680.00**

$ **Net to distribute: $16,185,061**

- To Community Reinvestment and Repair Fund: **$5,664,772**
- Comptroller Administration Cost: **$0**
- To Counties and Municipalities: **$809,253**
- To Cannabis Public Health Fund: **$809,253**
- To Cannabis Business Assistance Fund: **$809,253**
- Net to General Fund: **$8,092,531**

For more information, visit www.MarylandComptroller.gov

Brooke E. Lierman Comptroller of Maryland

8/20/2026

Questions and Answers - #13

Question #13

How are CRRF regulatory changes being communicated to jurisdictions?

Answer #13

CRRF regulatory changes are communicated via:

- OSE newsletter, **The Bud Bulletin**.
- DoSEM External Newsletters (Starting Fall 2027)
- Shared with the **Maryland Association of Counties** to distribute to members
- Published in the **Maryland Register**
  - *The Maryland Register is updated every 2 weeks*

DoSEM will convene **at least one annual stakeholder meeting** annually.

Questions and Answers - #14

Question #14

Has any county defined how to narrow the funding down to targeted census tracts within the eligible zip codes?

Answer #14

No further narrowing is required. If a county is using ZIP codes to identify eligible areas, it does not also need to narrow down to the census-tract level.

Eligibility is on an **either/or basis** (ZIP code designation OR census tract/LMI-area designation).

Questions and Answers - #11

Question #15

Will you have a template for how you would like counties to submit their annual reports before October 1? What counties have developed plans and is there a model that can be shared with others?

Answer #15

We have received several requests for an **annual report template**, and are **working to release one**.

Separately, we may **share select county plans** if those counties **grant us permission**.

Questions and Answers -

Live Q&A

Raise hand to ask a question, DoSEM Team will Unmute you and you will be able to speak.

Thank You!

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Tuesday September 1, 2026
Webinar

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