

# Micro Delivery Report



## EXECUTIVE SUMMARY

The Maryland Cannabis Administration (“MCA” or “Administration”) respectfully submits the following annual report regarding the ability of Maryland’s micro-dispensary licensees to dispense cannabis safely and securely, pursuant to Sec. 36 of the Cannabis Reform Act (“CRA”) of 2023 (Chapters 254/255).

Following the first round lottery in early 2024, the MCA awarded all 10 micro-dispensary licenses allocated in statute. The MCA promulgated regulations restricting micro-dispensary operations exclusively within one of Maryland’s four delivery regions as outlined in **Attachment A**, below. As of November

2024, 8 micro-dispensaries have been awarded conditional licenses and are working towards becoming operational within the 18 months following their conditional award date. At this time, no micro-dispensary licenses have become operational. MCA’s report draws on insights from Maryland’s existing medical cannabis delivery program as well as other state models as a baseline for consideration in this report.

This report aims to provide an overview of the existing legal framework for safely and securely dispensing cannabis, including secure transportation protocols, safety requirements, cannabis storage,

and the importance of a well-defined regulatory structure. Additionally, it examines delivery programs in other states, evaluating their challenges and lessons learned to inform policy considerations for Maryland’s delivery program. This analysis identifies best practices and lessons from other states to ensure the development of a safe, secure, robust, equitable, and effective delivery framework in Maryland. As the micro-dispensary licensees become operational in the near future, the MCA believes that robust storage and security standards for micro-dispensaries will set these new businesses up for success.

## Key Findings

**Current Medical Delivery in Maryland:** All cannabis deliveries are tracked via the State’s seed-to-sale system (METRC), which shows over 57,000 cannabis deliveries from July 2023 to October 2024. These figures *only* reflect medical cannabis patients and the handful of operators who are currently delivering. The MCA believes that with expanded delivery access, demand for delivery services will likely increase, indicating a strong demand for delivery services, particularly in the medical cannabis sector.

**Cannabis Public Policy Consulting (CPPC) CPPC Demand Study:** Following the launch of Maryland’s adult-use cannabis market in July 2023, a demand study conducted on behalf of the General Assembly by CPPC projected a 13% increase in demand for delivery services. Key drivers of this demand were equitable access for underserved populations and convenience of use.

**Delivery Sales Data:** Medical cannabis sales have increased steadily, reaching \$8.4 million in total sales from July 2023 to October 2024. This trend is expected to grow as adult-use cannabis consumers gain access to new micro-delivery services.

## Introduction

In this report, the Maryland Cannabis Administration (MCA) examines the ability of newly licensed micro-dispensaries to safely and securely transport and dispense cannabis to qualified consumers and patients within Maryland. The MCA currently licenses cannabis business operators who cultivate, process, and dispense cannabis and cannabis products. As of September 2024, the MCA has 137 current operators and 211 selected applications that the MCA has been in the process of reviewing for the purposes of issuing conditional licenses.<sup>1</sup> Of these licenses, the MCA has authorized 180 standard dispensaries and 8 micro-dispensaries. A micro-dispensary license is a license issued in accordance with [Alcoholic Beverages and Cannabis Article, § 36-401\(c\)\(2\)](#),<sup>2</sup> which permits the license holder to operate a delivery service selling cannabis or cannabis products *without* a physical storefront, provided that the employer has no more than 10 employees. Thus, these licensees must either operate an online-only operation or partner with other cannabis dispensaries.

Effective July 1, 2025, all cannabis delivery operations in the State are restricted to micro-dispensaries, as stipulated in [Chapter 241 of 2024](#).<sup>3</sup> To align the regulations with the statutory intent of the General Assembly, a standard dispensary licensee is prohibited from operating a delivery service unless the licensee partners or contracts with a micro-dispensary licensee to conduct delivery services on behalf of the licensed standard dispensary. Additionally, through June 30, 2025, a standard dispensary licensee or registered delivery service may continue to deliver cannabis to qualifying patients and registered caregivers. Once operational, micro-dispensaries will exclusively deliver cannabis to qualifying patients, registered caregivers, and adult-use consumers in accordance with COMAR 14.17.07.07.

## Current Legal Framework

As stated above, Maryland's current legal framework allows standard dispensaries to continue delivering medical cannabis to qualifying patients and caregivers through June 30, 2025, after which they must cease their own delivery processes and partner with micro-dispensary licensees to continue offering delivery services. Micro-dispensary licensees benefit from conducting deliveries to consumers in both the medical and adult-use markets.

The MCA's permanent regulations outline the requirements for delivery as presently implemented, including that all deliveries are made with an enclosed vehicle that:

- Maintains locked and secure storage containers anchored to the inside of the vehicle and concealed from outside view;
- Is operated by at least one registered agent;
- Has and displays a current vehicle registration;
- Is insured as required by law;
- Does not display any sign or illustration related to cannabis, cannabis products, or the cannabis licensee;
- Delivers medical cannabis to the private residence of the patient, or a medical facility where the patient is receiving care;
- Travels only within the State of Maryland, between licensees and registrants, or from one delivery address to another; and
- Is equipped with a global positioning system (GPS) that enables the micro-dispensary to monitor the vehicle's location for the entirety of its delivery routes.

The Administration reserves the right to inspect vehicles being used for cannabis delivery purposes to ensure compliance with these provisions.

<sup>1</sup> 205 applicants were selected through lottery events on March 14, 2024 and June 28, 2024. The remaining 6 awards were made via Section 11 and Section 15 of the Cannabis Reform Act (1 grower and 5 dispensaries, respectively).

<sup>2</sup> Md. Code, Health-General §36-401(c)(2), [https://mgaleg.maryland.gov/2024RS/Statute\\_Web/gab/36-401.pdf](https://mgaleg.maryland.gov/2024RS/Statute_Web/gab/36-401.pdf)

<sup>3</sup> H.B. 253, 2024 Leg., 446th Sess. (Md. 2024), <https://mgaleg.maryland.gov/2024RS/bills/hb/hb0253t.pdf>

## Current Delivery Operations

As part of this report, the MCA pulled data from the State’s seed-to-sale tracking system (“METRC”) to gain insight into delivery operations occurring since the onset of adult-use sales. From July 1, 2023, through October 29, 2024, over 57,000 deliveries were logged in METRC, signaling a continued significant demand in delivery services as shown previously in our interim report.<sup>4</sup> Currently, only registered medical cannabis patients and caregivers may receive cannabis deliveries in the State. **Exhibit 1** provides an overview of the monthly number of deliveries across the entire Maryland cannabis industry throughout fiscal year 2024. Due to the timing of this report, the graph shows partial October 2024 data.

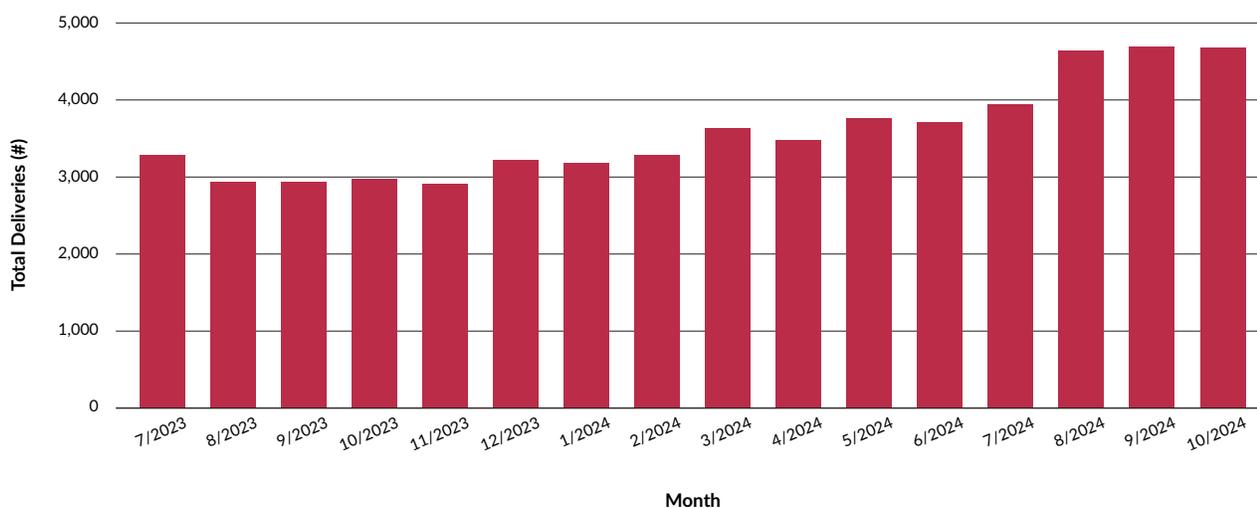
## Demand for Cannabis Delivery in the Adult-Use Market

### CPPC Demand Study

A study completed by CPPC on behalf of the MCA projected a significant increase (13%) in demand for delivery services following the launch of Maryland’s adult-use cannabis market in July 2023. Specifically, there is an expectation that Maryland would benefit consumers by allowing them to purchase cannabis from retailers, streamlining sales, and providing greater flexibility in purchasing options.

At least 50% of respondents indicated that they would be willing to travel up to 20 minutes to access adult-use cannabis—the equivalent to walking up to a mile. Maryland residents in the same sample ranked convenience as 6th or 7th most important when considering purchase factors. However, for individuals who may live further away, do not have access to reliable transportation, or have other accessibility challenges, introducing delivery would expand equitable access for all potential cannabis consumers. Expanding delivery to adult-use—specifically by permitting non-storefront delivery—is expected to both quickly capture consumer market share and boost regulated sales.

**Exhibit 1: Total number of medical cannabis deliveries by licensees in fiscal year 2024**



Note: October 2024 shows partial delivery data due to the timing of this report.  
Source: Maryland Cannabis Administration

<sup>4</sup> [Interim Report on micro-dispensaries' Ability to Safely and Securely Dispense Cannabis](#), December 2023

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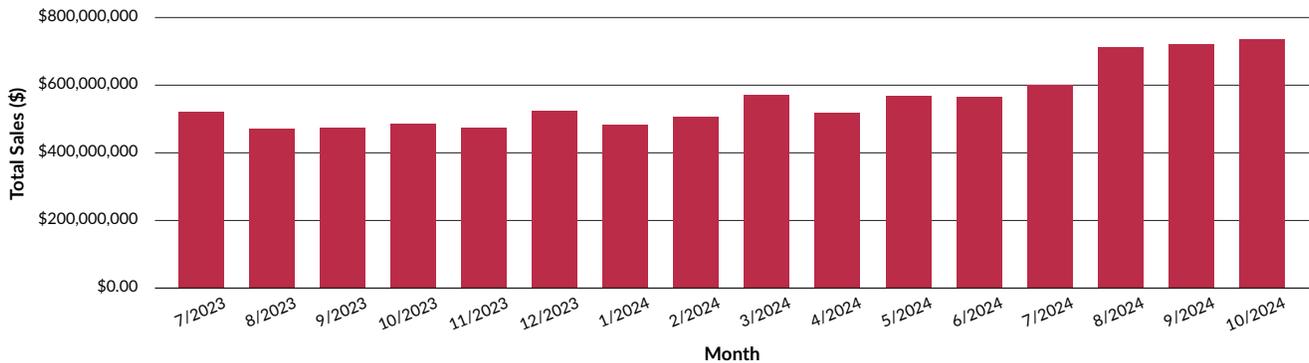
The MCA further evaluated the current delivery operations of dispensaries providing services to patients across Maryland and analyzed delivery data from a representative sample of licensees using METRC’s delivery tracking system. The findings illustrate that since the onset of adult-use sales, when deliveries were first introduced, monthly delivery sales for these licensees have steadily increased, totaling \$8.4 million as shown in **Exhibit 2**.

The empirical data further supports CPPC’s findings of high demand for delivery among medical patients and suggests a strong interest in delivery among adult-use consumers. Given our increasing monthly medical sales utilizing delivery services and the findings of CPPC, the MCA expects an increase in both the number of deliveries and delivery revenue with the

introduction of adult-use consumers to the marketplace.

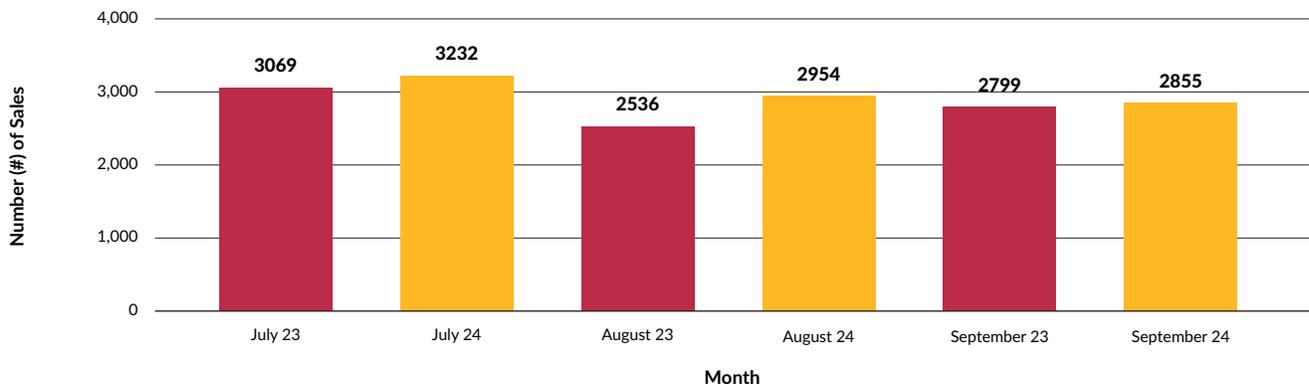
Further, the analysis found that when comparing July-September 2023 to the same months in 2024, the number of delivery sales each month outpaced the number of delivery sales in the same months the year prior. This suggests two important patterns: (1) interest in delivery has continued to rise post-adult-use implementation, and (2) the demand for accessible medical cannabis remains strong despite the introduction of the adult-use market. With the addition of adult-use cannabis delivery services, as well as increased access to diversified products and retail locations, the MCA expects the demand for delivery to continue to rise year-over-year as shown in **Exhibit 3**.

**Exhibit 2: Total Medical Delivery Sales (\$) per Month**



Note: October 2024 does not have complete data due to the timing of this report and will be included in future reports.  
Source: Maryland Cannabis Administration

**Exhibit 3: Comparison Year-over-year of Total Number of Sales**



Note: October 2024 does not have complete data due to the timing of this report and will be included in future reports.  
Source: Maryland Cannabis Administration

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Maryland has seen few thefts or robberies related to medical cannabis delivery operating under current or previous cannabis delivery regulations. In almost eight years of operations, Maryland has only seen 41 alleged instances of diversion related to licensed businesses, none attributed to delivery, with five being complaints with no diversion activities or undetermined outcomes. MCA's recently adopted micro-dispensary delivery regulations are largely consistent with previous medical delivery regulations. They continue to require that delivery vehicles be unmarked and that cannabis be stored in containers that are anchored to the vehicle. They also include a few additional regulatory safeguards such as GPS tracking and a limit on delivery inventory.

### National Landscape: Other States

#### Massachusetts

Massachusetts offers valuable insights into cannabis delivery after launching its program in 2017. Their cannabis delivery program has three major components that may assist Maryland in developing and strengthening the micro-delivery regulatory framework: a tiered delivery license framework; social equity focus; and operational and security requirements.

The first is a tiered delivery licensing framework. Massachusetts offers both marijuana courier and a delivery operator license types. A marijuana courier delivers cannabis that is stored at a dispensary or marijuana treatment center but may not store its own inventory overnight. This license type is similar to MCA's Model 2 discussed below, but Massachusetts' framework does not grant the licensee flexibility to determine whether a self-storage or business partnership model works best for them. The delivery operator license allows a licensee to purchase, store, sell, and deliver finished marijuana products directly to consumers. Similar to the micro-dispensary licensees in Maryland, delivery operators in Massachusetts must utilize a storage warehouse. Massachusetts' regulations currently contemplate lighting, ventilation, temperature, humidity, space, and equipment. Furthermore, they include provisions for separate storage areas to accommodate products that are outdated, damaged, deteriorated, mislabeled, or contaminated. MCA's existing micro-dispensary framework contemplates one type of license that allows licensees to

determine whether self-storage, partnership, or a hybrid model is best for them.

Presently, delivery licenses in Massachusetts are limited to social equity applicants, much like the current status of Maryland's micro-dispensary licensees. Examining Massachusetts' delivery program and the support they have provided to their social equity licensees may prove to be helpful when considering how to strengthen Maryland's licensees. Massachusetts has taken significant steps to support social equity in cannabis delivery licensing, addressing historical harms caused by the War on Drugs. The state's Cannabis Control Commission (CCC) offers reduced licensing fees for social equity participants, waives specific fees for new applicants, and expedites the review of applications. The state also launched a Cannabis Social Equity Grant Program, offering up to \$25 million in grants to help social equity licensees scale their businesses. Additionally, the state offers exclusive access to delivery licenses to participate in its Social Equity and Economic Empowerment programs for up to three years. Much like the current Workforce Development Program the MCA has recently established, these programs prioritize individuals from communities disproportionately affected by cannabis prohibition or with prior cannabis convictions.

From 2021 to 2024, Massachusetts required two drivers in the vehicle when delivering cannabis. This was initially implemented to ensure driver safety and security. However, licensees found this to be particularly burdensome. This type of security measure would be further onerous in Maryland, as the micro-dispensaries licensees are limited by statute to 10 employees; implementing this measure would effectively halve the capacity of these new businesses. In Massachusetts, this requirement was so cumbersome that the CCC proposed regulations in September 2024 to remove this requirement and allow one driver to deliver cannabis.

#### Business Location Requirements

In Massachusetts, a Marijuana Courier's and Delivery Operator's business location must be where vehicles are kept overnight and be sufficient to accommodate the operator's "back office" activities. Back office activities may include receiving orders, dispatching vehicles, monitoring deliveries through GPS, and completing reporting requirements. Maryland's micro-dispensary regulations

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include detailed requirements for secure storage and delivery but do not specify where vehicles must be stored overnight or that a business location must include space for back office activities. Additional business location requirements in line with Massachusetts' may enhance security to a degree. However, Maryland's existing regulations offer flexibility for what vehicles licensees use for delivery, employees' schedules, and ease the burden of finding business locations. To date, the MCA has considered that micro-dispensaries will be the easiest and cheapest to operationalize *because* of the minimal physical location requirements.

### **Consumer Orders and Delivery Limits**

In Massachusetts, a unique and critical component is the ability to mix products from different retailers in a consumer's order, as long as it is within the personal-use limitations of the state. Delivery licensees are allowed to deliver only one individual order per consumer during each delivery. Multiple deliveries to the same consumer at the same residence on a calendar day are prohibited, regardless of the order's quantity. The only limit presently considered in Maryland's program is the requirement that all products in the vehicle be associated with the manifest and that the product value not exceed \$5,000 in the vehicle at a given time. If Maryland wished to strengthen the security of delivery sales, it could implement a daily delivery sales cap per consumer.

### **Michigan**

Michigan launched its medical program in 2008 and its adult-use program in 2019, and currently allows the delivery of both medical and recreational cannabis. Licensed cannabis retailers can deliver directly to customers' physical residences, providing an option for those who may have limited mobility or access to retail locations.

### **Operational Requirements and Security Protocols**

Michigan's cannabis delivery safety and security standards focus on maintaining secure transport compliance throughout the delivery process. These standards include the requirement for delivery vehicles to remain securely locked and equipped with GPS to transmit their location during transit. Delivery Drivers are required to undergo

background checks and must be licensed with the Michigan Marijuana Regulatory Agency (MRA). Some protocols specify that deliveries must be made directly to consumers' residences, with all transactions documented and tracked to prevent diversion. While Michigan does not mandate two drivers per vehicle, the delivery vehicles must still comply with state safety standards and all cannabis products must be properly stored and accounted for during transport. Additionally, delivery agents are expected to adhere to stringent inventory management and transaction reporting requirements to ensure compliance with Michigan's cannabis regulations. These requirements are broadly consistent with what is currently in Maryland's regulations pertaining to locations of delivery and GPS tracking.

### **Consumer Orders and Delivery Limits**

Michigan does not impose strict limits on the number of individual orders per customer or delivery. Additionally, Michigan allows flexibility regarding the types of cannabis products that can be delivered, as long as they adhere to consumer purchase limits and regulatory guidelines. Michigan delivery agents can transport up to \$5,000 in product; however, \$3,000 of that product may be unsold at the time of departure, and may also engage in hand-to-hand cash exchange transactions. Presently, Maryland has an inventory limit of \$5,000 as well, but it does not allow for unsold products to be in the vehicle. In the MCA's estimate, unsold products and the ability for hand-to-hand transactions pose a greater risk to safe delivery than if all items in the vehicle have an intended destination and are included on the manifest.

### **New York**

New York's program launched in 2021 and allows for the delivery of recreational cannabis products by licensees independent of other adult-use cannabis licensees. This license type differs from other states where delivery services often partner with dispensaries, highlighting a more autonomous approach in New York's regulatory structure.

### **Operational and Security Requirements**

New York's regulations specify comprehensive compliance measures for safety and privacy in medical cannabis deliveries. Key requirements include the use of secure vehicles with locked compartments for transporting

<sup>5</sup> COMAR 14.17.12.03D(1)

cannabis, and all delivery personnel must be licensed agents of the dispensary with background checks. Deliveries are tracked via GPS to monitor real-time location and ensure accountability, and each delivery vehicle must maintain a manifest detailing the products being transported. To enhance security, delivery drivers are required to carry identification and follow specific protocols for handling cash transactions. Additionally, delivery agents must comply with privacy requirements and follow strict procedures for verifying the age and identity of recipients upon delivery. These measures help to safeguard public safety, prevent diversion, and ensure secure access to legal cannabis for consumers. The MCA's age verification for micro-dispensary transactions requires that a micro-dispensary verify that the individual placing the order is a consumer who is at least 21 years old, a qualifying patient, or a registered caregiver prior to order placement. Again, the MCA's borrowed from best practices in New York by requiring locked compartments<sup>5</sup> and GPS tracking.

### **Social Equity Focus**

Along with legalizing adult-use cannabis, the legislation established a social and economic equity (SEE) program to incentivize participation for individuals disproportionately impacted by cannabis prohibition. New York specifically aimed to combat any barriers of entry into the industry for social and economic equity applicants by establishing a two-tier market structure that would ultimately prohibit licensees from being vertically integrated and owning the majority of the market. This pathway presents multiple opportunities for SEE applicants to apply for licenses and gives priority to those SEE applicants. Additionally, SEE licenses are subject to a transfer moratorium and therefore cannot be transferred or sold within the first three years of issuance, except to another qualified SEE applicant, with approval from the Cannabis Control Board. All non-equity licensees are required as part of the application process, to develop and implement a social responsibility framework, which is designed to contribute to communities disproportionately harmed by cannabis prohibition. Additional incentives include the automatic expungement of an individual's past cannabis-related convictions, as well as investing 40% of the adult-use cannabis tax revenue toward rebuilding communities harmed by the War on Drugs.

## **Proposed Models and Operationalization**

Given the lessons learned through CPPC's demand projections, delivery data from fiscal year 2024, and other states, the MCA continues to support three potential business models for micro-dispensary licenses. Any of these business models are presently authorized under the MCA's current regulations.

### **Model I: Micro-Dispensary Responsible for Own Storage**

In this model, micro-dispensary operators would be responsible for purchasing and storing their cannabis and cannabis products. As mentioned above, micro-dispensaries must operate without a physical storefront and are limited to a maximum of 10 employees. These restrictions allow for micro-dispensary retailers to operate an online store and maintain secure storage of their products until their sale and delivery according to COMAR 14.17.12.03, which establishes micro-dispensary operations. This model would require the licensee to be self-reliant for storage and establish its own secure storage facility that abides by the state-mandated security regulations. The MCA has codified secure storage requirements for micro-dispensaries, which include alarm, video surveillance, and security lighting system measures. As mentioned in the interim report, these storage facilities could be served by forthcoming "Incubator Licenses" which, while established in the CRA, have yet to be offered in a licensing round.

### **Model II: Partnership with Current Licensee for Delivery Services**

This model, by contrast, encourages current operators and micro-dispensaries to form partnerships, enabling the micro-licensee to serve as a delivery service for consumers and patients by delivering products on behalf of another licensee. The MCA foresees several ways these partnerships could take form, including but not limited to qualifying partnerships under the Social Equity Partnership Grant Program or contractual agreements. This model may be particularly necessary in the near term, given the current statutory sunset on the ability for *any* other cannabis licensee or registrant to conduct delivery services after June 30, 2025. The demand for micro-dispensary services may in fact allow them to perform delivery functions for multiple licensed entities.

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Further, this model would create a symbiotic relationship between both parties, allowing the standard licensee to retain their delivery capabilities while the micro-licensee focuses on building clientele—an effort that may otherwise be challenging due to the absence of a storefront.

## **Model III: Hybrid – Maintaining Own Storage and Partnering with Standard Licensees**

Micro-dispensary licensees may choose to operate a hybrid model, by utilizing both frameworks simultaneously. Operators using this model would maintain their own secure storage, sell products they sourced directly from cultivators and processors, and provide delivery services on behalf of a partnered cannabis retailer. These licensees would still need to follow all applicable regulations, including using fewer than 10 employees across their whole business operation, and security protocols for any storage and transportation of cannabis or cannabis products.

## **Conclusion**

Building on the State's existing delivery framework, which has demonstrated safety and security within the medical market, the MCA has incorporated best practices from similar license types in other jurisdictions to uphold this high standard in an expanded delivery market. Maryland's cannabis delivery model, as outlined in the CRA and subsequent legislation, shifts the delivery capacity exclusively to the micro-dispensary licenses. The MCA believes that with exclusive market access, these license types can establish a successful business model—either through partnership with current operators, or by establishing their own direct-to-consumer supply chain—positioned to significantly enhance the State's ability to provide equitable access to cannabis products for Marylanders. The MCA believes that greater market access to consumers, particularly in the near term, will further assist the regulated market in capturing market share from illicit or

gray market operations. Shifting more cannabis market share to the regulated market in and of itself has public health and safety benefits, ensuring that individuals who are choosing to consume cannabis in the State are consuming safe, tested, and regulated products. Furthermore, the State's approach to social equity in licensing, delivery service expansion, and operational flexibility for micro-dispensaries aligns with best practices adopted by other states.

It is also important to emphasize the limited operational scope of these license types. With only 10 licenses authorized statewide under the CRA, and only eight advancing to the conditional license phase, the number of vehicles and registered agents involved in cannabis delivery will be capped at 80. Further, the MCA has restricted the authorized delivery areas to the regions outlined in **Attachment A**. This ensures that MCA compliance staff, along with other law enforcement, have a manageable number of authorized operators within each jurisdiction. This limited scope allows for more effective oversight by the MCA and associated state or local agencies.

The CRA and MCA regulations are shaping a controlled, secure framework for cannabis delivery in Maryland, with micro-dispensaries set to be central to delivery operations after June 2025. The report underscores the importance of clear regulations, continuous evaluation, partnerships, and robust security protocols to meet the rising demand for cannabis delivery. The MCA anticipates that the operationalization of micro-dispensaries will help meet the demand for cannabis delivery services, ensuring access for both medical patients and adult-use consumers while maintaining public health and safety standards. Ultimately, the MCA believes that the current statutory and regulatory regime will allow for the successful implementation of a safe, secure, and expanded cannabis delivery market.

Attachment A: MCA Regions

Garrett	Allegany	Washington	Frederick	Carroll	Baltimore	Harford	Cecil	
			Montgomery	Howard	Baltimore City		Kent	
				Prince George's	Anne Arundel		Queen Anne's	
				Charles	Calvert		Talbot	Caroline
				St. Mary's			Dorchester	Wicomico
							Somerset	Worcester

Key

- Southern Region
- Central Region
- Eastern Region
- Western Region