



**HOUSE HEALTH SUBCOMMITTEE ON HEALTH CARE
INFORMATIONAL MEETING ON ADULT-USE CANNABIS**

Thursday, April 11th, 2024

9:30 am

60 East Wing, Main Capitol
Harrisburg, PA

1. Call to Order
2. Attendance

Panel 1

Tahir Johnson, CEO Simply Pure Trenton and President of the Minority Cannabis Business Association

Laury C. Lucien, Esq., Education Director, Parabola Center

Panel 2

Cherron Perry-Thomas, co-founder of the Diasporic Alliance for Cannabis Opportunities

Shekia Scott, City of Boston, Senior Cannabis Business Manager ; Cannabis Regulators of Color Coalition

Panel 3

Dr. William Garriot, Drake University

Panel 4

Judge Cheryl Lynn Allen, retired; Of Counsel, PA Family

3. Adjournment



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April 9, 2024

Commonwealth of Pennsylvania
House of Representatives - Committee on Health
Main Capitol, 60 East Wing
Harrisburg, PA 17120

Submitted electronically

Subject: Comments Regarding Implementation and Advancing Social Equity in the Cannabis Industry

Dear Health Committee, Subcommittee on Health Care,

I'd like to thank the Chairman and the members of this esteemed body for holding this hearing today. It is with great pleasure that I address you on the crucial topic of advancing social equity in cannabis policy and implementation. My name is Shekia Scott, and I have had the privilege of serving in various capacities within this industry, including my current role as the Senior Cannabis Business Manager for the City of Boston in which I oversee Boston's cannabis industry development and equitable growth initiatives as well as the Boston Cannabis Equity Program. I also hold a position on the Cannabis Regulators of Color Coalition (CRCC) Board of Directors and previously, I served as the inaugural Director of Equity & Community Outreach at the Massachusetts Cannabis Control Commission, where I spearheaded the design and implementation of the nation's first, statewide, social equity program. This program was introduced in 2018 and was officially codified into law in 2022 by [An Act Relative to Equity in The Cannabis Industry](#).

The focus of this testimony is to provide recommendations on developing and implementing social equity programs but I aim to illuminate the significance of social equity in the cannabis sector, moving beyond programming and mere licensing considerations. While equity programs have played a crucial role in providing opportunities for communities disproportionately impacted, it's vital to recognize that equity is not a program or a checkbox—it is a principle, a commitment, and a fundamental aspect of justice. It's essential to understand that no single program can fully rectify the harms inflicted by the war on drugs, specifically cannabis prohibition, arrests, and incarceration. However, as stewards of policy and legislation, it falls upon us to uphold these principles



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and implement social equity in a holistic and comprehensive manner, ensuring that it remains at the forefront across the entire cannabis supply chain and its intersecting agencies.

With equity-centered cannabis legalization and legislation, Pennsylvania has an opportunity to not only build an industry but dismantle a longstanding construct of racism still persistent in the United States. The war on drugs, predominantly waged against Black and Brown men, has long been a tool of racial oppression. Marijuana possession and sale, whether perceived or real, has provided an excuse for over-policing, state violence, and law enforcement interactions that impact livelihoods well after the interaction and far too often end in death. More than 20,000 people are arrested for possession of marijuana in Pennsylvania every year, and the racial disparities in those arrests are significant. According to the 2020 ACLU report, "A Tale of Two Countries: Racially Targeted Arrests in the Era of Marijuana Reform", cannabis enforcement has led to Black Pennsylvanians being arrested 3 times more than their white counterparts for marijuana possession, with simple marijuana possession making up 42% of all drug arrests. This disparity persists even though possession, sale, and usage of cannabis remain equivalent amongst racial groups. **These negative impacts must be remediated in every aspect of cannabis legalization and reform.**

Before delving into recommendations tailored to equity programming, it's important to consider some essential factors that I have learned from my experience and that advocates have raised for implementing an equitable overarching framework. First and foremost, policy makers must:

AUTOMATIC EXPUNGEMENT AND PARDONS: Automatically expunge non-violent cannabis convictions and issue pardons immediately, with provisions for expungement or resentencing for cannabis-related violent convictions.

INDEPENDENT CONTROL BOARD: Create an independent cannabis control board to ensure effective regulation and oversight of the cannabis industry. Such a board can provide impartial oversight, ensuring compliance with laws and regulations while maintaining public trust. By operating independently from other government agencies or industry stakeholders, the control board can avoid conflicts of interest and prevent regulatory capture. Moreover, a dedicated cannabis control board can develop specialized expertise on cannabis policy and regulating the industry, enabling informed



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decision-making and the adaptation of regulations to address emerging challenges. This independence allows the board to act quickly and decisively in response to changing circumstances and enhances transparency and accountability in the regulatory process.

ENFORCEMENT & ONGOING CRIMINAL PENALTIES: Reduce or eliminate existing criminal penalties related to cannabis and refrain from penalizing individuals on probation and parole for cannabis-related offenses. These are crucial steps toward promoting fairness, rehabilitation, and community reintegration. By lessening the severity of penalties for cannabis offenses, policymakers acknowledge the disproportionate impact of drug laws on marginalized communities and aim to rectify historical injustices. Additionally, not penalizing individuals on probation and parole for cannabis-related infractions recognizes the need for a more compassionate and effective approach to criminal justice. Such punitive measures often exacerbate social inequities, hindering individuals' ability to successfully reintegrate into society and access employment, education, and housing opportunities. Instead, prioritizing rehabilitation and support services for individuals struggling with substance use disorders can help address underlying issues and reduce recidivism rates. Moreover, by diverting resources away from enforcement and incarceration and towards community-based programs and initiatives, policymakers can foster safer and healthier communities while promoting equity and justice in the criminal justice system.

CANNABIS REGULATION FUND: Establish a fund to support the implementation, administration, and enforcement by the commission of research and initiatives in public and behavioral health, with a focus on evidence-based substance use prevention, treatment, and early intervention services. This fund will provide recurring grants to school districts or community coalitions operating under strategic prevention frameworks or similar structures for youth substance use education and prevention. Additionally, it will support initiatives in public safety, restorative justice programming, jail diversion, workforce development, industry-specific technical assistance, and mentoring services for economically disadvantaged individuals in communities disproportionately affected by high rates of arrest and incarceration for marijuana offenses.

STATE STORE MODEL: Advocates express concern that adopting a state store model will not facilitate entry for social equity businesses or support local control. There are also reservations regarding the potential leadership of these initiatives by the existing alcohol bureau. While the state store model could allow for significant revenue generation for the



state it eliminates potential generational wealth opportunities for individuals and communities harmed by cannabis criminalization.

TAXATION: Levying taxes on the production, sale, or consumption of cannabis products should be considered in various forms, including excise taxes, sales taxes, cultivation taxes, and local taxes. While the primary goal of cannabis taxation is to generate revenue for community reinvestment, fund regulatory and enforcement efforts, and mitigate potential negative impacts associated with cannabis use, lowering tax rates in the cannabis industry can help foster a more equitable and sustainable cannabis market, promote legal compliance and market participation, and ensure that the benefits of legalization are shared more broadly across society. It's essential to strike a balance between taxation and regulation to ensure that tax revenue adequately supports regulatory efforts while not stifling industry growth or exacerbating existing disparities.

- Track and manage cannabis tax revenue separately from the general fund, cannabis business licensing, and patient registration fees. After initial appropriation from the general fund, licensing, and registration fees should be used to support the operational costs of the independent cannabis board, with fee structures to be commensurate with the costs of running the office and programming.
- ESTABLISH a Cannabis Research Fund, a 10% minimum allocation from the overall cannabis tax revenue. The fund will be managed by the independent board in partnership with selected universities, institutions, and organizations. This fund will be used to directly serve medical cannabis patients and other cannabis research directives, including clinical research for opioid addiction treatment, cancer, autoimmune diseases, and post-traumatic stress disorder (PTSD).

RESTRICT LAW ENFORCEMENT USE OF CANNABIS TAX REVENUE - DEDICATE REVENUE TOWARDS COMMUNITY: Restricting law enforcement use of cannabis tax revenue helps build trust and accountability between government institutions and the communities they serve. Policymakers demonstrate a commitment to prioritizing community needs and values by ensuring that these funds are not used to perpetuate harmful enforcement practices or expand law enforcement budgets. This approach prioritizes undoing harm to communities impacted by long-standing inequities and promotes a more equitable distribution of resources.



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PERSONAL USE:

HOME GROW/CULTIVATION: Home grow stands as a crucial pillar of cannabis legalization and regulation, vital for advancing equity, inclusion, and empowerment within the industry while safeguarding individual rights and fostering economic opportunity for all. By granting individuals the ability to grow their own cannabis, policymakers can address several key factors. Firstly, it directly tackles issues of access and affordability, particularly for those from marginalized backgrounds, offering a cost-effective alternative to expensive regulated markets. It acts as a catalyst for economic empowerment, opening doors to entrepreneurship and small-scale cultivation ventures, especially beneficial for individuals facing financial barriers or systemic inequities. From a cultural and personal perspective, it respects individual autonomy and traditions, acknowledging cannabis cultivation as a deeply rooted choice within many communities. Moreover, by providing an alternative pathway to industry participation, especially in areas with limited commercial licenses, home cultivation fosters equity in licensing and promotes inclusivity. Finally, it encourages education and skill development in cannabis cultivation techniques, nurturing a knowledgeable workforce and potentially transferring expertise to commercial settings.

Consider allowing adults to cultivate a limited number of cannabis plants for personal use, fostering individual autonomy and reducing reliance on the illicit market. Promulgate guidelines to ensure accountability and safety, such as limits on the number of plants per household and requirements for secure cultivation spaces. By considering this framework, Pennsylvania can empower responsible adult cannabis consumers while implementing measures to mitigate potential risks associated with home cultivation.

Consider a personal caregiver option, like Massachusetts, that will allow qualified individuals to grow and provide cannabis to registered patients, providing a crucial source of medical cannabis. However, strict guidelines ensure accountability and safety, including limits on the number of patients each caregiver can serve and regular reporting requirements. By adopting similar regulations, Pennsylvania can establish a framework for safe access to medical cannabis while maintaining oversight and control over cultivation and distribution.



GIFTING/SHARING: Permit the gifting or sharing of cannabis within regulated possession limits. Regulating this practice promotes equity by facilitating access for individuals who may be unable to travel to dispensaries or afford to purchase cannabis. Additionally, it fosters community support and solidarity while mitigating racial disparities in cannabis enforcement, particularly in jurisdictions with a history of biased drug policies.

POSSESSION LIMITS: Provide clear guidance on permissible possession amounts, reasonable limits also reduce the likelihood of individuals facing criminal penalties for minor possession offenses, contributing to a more equitable criminal justice system. Moreover, setting such limits helps address social and economic disparities by mitigating the disproportionate impact of cannabis-related criminalization on marginalized communities. In essence, reasonable possession limits strike a balance between regulation and individual rights, fostering a regulatory framework that promotes public safety, equity, and social justice.

PENNSYLVANIA'S DUI "PER SE" PROVISION: Pennsylvania's DUI "per se" provision can exacerbate existing inequities in the criminal justice system, unfairly penalize certain communities, and discourage medical cannabis use. Instead, policymakers should consider alternative approaches to impaired driving enforcement that prioritize road safety without unfairly targeting cannabis consumers and relying solely on THC blood concentration.

PUBLIC BENEFITS & LEGAL PROTECTIONS: Public benefits and legal protections must be integral components of cannabis regulation, encompassing various facets such as housing, employment, family and childcare, healthcare, and education. The historical impacts of cannabis prohibition have disproportionately affected marginalized communities, particularly communities of color, through discriminatory enforcement and harsh penalties. Therefore, comprehensive cannabis regulation should include provisions to repair these injustices and ensure equity for all individuals, regardless of race, socioeconomic status, or background. Housing regulations must prevent discrimination based on cannabis use or industry involvement, while employment protections are vital to preventing discrimination or termination due to cannabis consumption or employment in the sector. Legal safeguards in family and childcare contexts should uphold parental rights and prevent interventions solely based on cannabis use. Furthermore, access to healthcare, including medical cannabis treatment, should be stigma-free and non-discriminatory.



Educational initiatives should address the historical and social impacts of cannabis prohibition, fostering awareness and understanding within communities. By integrating these measures into regulation, policymakers can mitigate the adverse effects of past prohibition and establish a fair and just framework for the cannabis industry's future.

MEDICAL CANNABIS BUSINESS LICENSING, PATIENT REGISTRY, AND OTHER: Cannabis is medicinal first and always regardless of usage intent. Moreover, the law does not dictate usage intent, the consumer does. The top three reasons consumers shop in the legal adult-use market are insomnia, anxiety, and pain. The top five reasons qualified patients do not shop in the medical market include a) knowledge of an existing program (low to no advertising), b) insurmountable cost of registry participation (both doctor's visit and card), c) limited availability and/or low diversity in product assortment usually due to very limited licensed operators, d) unwillingness to be tracked by a government agency (ie firearm ownership prevention) and e) legitimate medical ailment is not listed as a qualifying condition.

Oklahoma is a recent example of a new medical market established with an "open" licensing structure. As of November 2020, the state has nearly 400,000 patients and over 9000 licensed businesses across multiple license types, including growing, processing, distribution, retail, waste management, testing, and research. Growing licenses represent 65% of their current licenses and provides a diverse foundation for the starting point of the industry's supply chain. The program has captured nearly 9% of the total Oklahoman population.¹ **As a result, the program has been an overwhelming success, already driving \$22.5 million in revenue from licensing fees and nearly \$40 million inpatient registration fees for the state.**

- EXPAND the state's medical cannabis program by adding opportunities for new business licensing *prior* to the opening and development of the adult-use market.
 - PRIORITIZE cannabis equity applicants for licensing expansion to improve the overall diversity
 - EVALUATE the current licensees prior to offering additional cultivation locations. Given the importance of the medical market for both the state's economy and patient needs, these licensees should be able to provide proof of global cannabis competency, beyond that of the Pennsylvania market and implementation of the latest cannabis science, from genetics to testing.

¹ Source: <https://www.mpp.org/issues/medical-marijuana/state-by-state-medical-marijuana-laws/medical-marijuana-patient-numbers/>



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- ADD Research licensing opportunities for organizations, institutions, and universities specifically to support further education of health professionals
- ESTABLISH a **Medical Cannabis Patient Fund** from the state's medical cannabis licensing and patient registration fees. This fund should be used to support certified reduced-fee patients with physician costs, to establish a monthly allowance to offset medical cannabis costs, and to provide health professionals and cannabis patients with critical competency education.

MEDICAL MARIJUANA "GRANDFATHERING" | PRIORITY: Refers to a regulatory provision that allows existing medical marijuana establishments, which were operating before the implementation of new regulations or licensing requirements, to continue operating without having to meet all the new criteria or undergo the same licensing process as new establishments or have priority when new adult-use license types become available. While grandfathering and priority access may offer continuity for existing businesses or a perceived jumpstart to the adult use industry, it perpetuates inequalities within the industry and undermines efforts to create a more diverse and inclusive marketplace from the onset.

Policymakers should refrain from considering grandfathering or priority access for medical businesses and seek to allow priority access and exclusivity periods for equity applicants.

LICENSING CONSIDERATIONS:

Many jurisdictions have established licensing caps to limit the total number of cannabis businesses operating in particular areas. Licensing caps seek to provide control over market saturation and monopolization, ensuring stability and quality control while generating revenue through licensing fees. Once a limit is established, jurisdictions must determine the utilization method to select to issue or award licenses to businesses. Some jurisdictions have established licensing processes that award applicants on a first-come-first-served basis. This can advantage well-resourced operators who are in a better position to move quickly to meet licensing requirements. Others have created merit-based applications, lotteries, or some related combination. Lotteries offer a random selection process, reducing subjectivity and promoting broad participation in the industry. Yet, they raise equity concerns as lotteries do not prioritize applicants based on their qualifications,



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experience, or commitment to equity goals. They tend to disproportionately advantage wealthier applicants who can afford to submit multiple applications and fail to directly address historical disparities in the cannabis industry. The random nature incentivizes gaming tactics, undermining transparency and accountability in the licensing process and posing risks of corruption or favoritism.

Merit-based processes can be extremely competitive and costly and can put low-income and criminalized communities at a disadvantage depending on how they are structured. While each approach has its advantages and disadvantages, careful consideration is necessary to determine the most suitable method for achieving the goals of cannabis regulation in a given jurisdiction.

Jurisdictions that have fared best are those that do not unreasonably limit the total number of licenses issued but allow ongoing opportunities for licensure from small businesses and individuals impacted by cannabis criminalization.

Social Equity License/Permit vs Social Equity Status: Consider whether to establish a "Social Equity License/Permit" or a social equity status within the existing licensing framework. Introducing a separate licensing category for social equity applicants may inadvertently create challenges, including unnecessary competition and eligibility limitations. With a finite number of licenses available, deserving candidates who meet the criteria may be excluded due to limited availability. Furthermore, the creation of a distinct licensing category could inadvertently stigmatize social equity applicants, perpetuating stereotypes and hindering efforts to foster inclusivity within the industry.

In contrast, creating a social equity status avoids the potential for unnecessary competition and limitations on eligibility that can arise with a finite number of licenses. Instead of creating a scarcity of opportunities, a social equity status within the existing licensing framework can ensure that deserving candidates have access to the industry without being restricted by limited availability.

Social Consumption/On-Site Consumption: Include a social consumption license type, particularly for those in public or federal housing, to promote equitable access to cannabis consumption spaces. A community-oriented and low-cost model can



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leverage partnerships, cooperative structures, and educational initiatives to create inclusive and accessible spaces that benefit residents and the broader community.

Cannabis Microbusiness License: Include a microbusiness license type that allows individuals or small businesses to engage in multiple aspects of the cannabis industry on a smaller scale. This license type is often designed to support local entrepreneurship and promote diversity within the cannabis market by providing opportunities for smaller players to enter the industry. This license can be vertically integrated and/or limited to specific areas of the cannabis supply chain.

Cannabis Cooperative License (Co-op): Include a co-op license type that allows for the collective cultivation, processing, and distribution of cannabis by a group of individuals or entities. This license type is designed to promote collaboration and support among small-scale cannabis businesses, cultivators, and entrepreneurs.

License Transferability: License transferability is crucial for equity in the cannabis industry because it can impact the ability of equity license holders to realize the full economic benefits of their licenses and businesses. Establishing rules and restrictions on whether and how a licensee may be able to sell partial or total ownership or equity of their license/cannabis business, particularly businesses that are of equity status.

License transferability is crucial for economic empowerment among equity license holders, offering them: 1. access to capital by selling partial or total ownership of their licenses or businesses, enabling them to overcome barriers to traditional financing; 2. flexibility to adapt to changing market conditions, business needs, or personal circumstances, ensuring autonomy in managing their businesses; and 3. promotion of equity ownership, allowing equity applicants to compete with established players and achieve long-term success in the industry.

To ensure that license transferability benefits equity applicants while safeguarding against potential abuse or exploitation, regulations should include provisions such as sunset clauses, which limit the duration of transferability or impose conditions to protect the integrity of equity programs.



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Licensing Ratio: Implement a minimum 2:1 ratio for issuing equity licenses compared to non-equity licenses as a proactive strategy to address historical inequities and promote diversity within the cannabis industry.

COMMUNITY REINVESTMENT: Consider the % of tax that will be reinvested into communities and prioritize initiatives that address the root causes of social and economic inequities, promote community well-being, and foster long-term resilience and prosperity. By investing in education, social services, economic development, housing, youth development, and healthcare access, policymakers can create a more equitable and inclusive cannabis industry that benefits all members of society.

DATA COLLECTION, EQUITY ASSESSMENT, AND EQUITY PLANS: Require continuous data collection, annual equity assessments, and equity plans. Integrating data collection, equity assessments, and equity plans into the operations of the entire cannabis agency goes beyond the scope of individual equity programs and ensures that equity considerations are embedded into the agency's core functions. By prioritizing equity in policy making, regulation, and enforcement efforts, agencies can create a more equitable and inclusive cannabis industry that benefits all stakeholders, particularly those from historically marginalized communities.

TO IMPLEMENT THE MOST EFFECTIVE AND COMPREHENSIVE EQUITY PROGRAM PENNSYLVANIA MUST:

CREATE A SOCIAL & ECONOMIC EQUITY FUND: This fund should be used to encourage full participation in the commonwealth's regulated industry by those from communities that have been disproportionately harmed by marijuana prohibition and enforcement. The fund should consist of (i) funds transferred from the Regulation Fund; (ii) funds from the medical marijuana program and (iii) any funds from private sources, including, but not limited to, gifts, grants, and donations.

Money in the fund should be used for grants and loans, including no-interest loans and forgivable loans, to social equity program participants. Money remaining in this fund at the end of the fiscal year should not revert to the General Fund. Expenditures from the fund should not be subject to appropriation.



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The fund should be managed by a dedicated office or department including which will provide recurring reports on the fund's return on equity investment.

Applicants should have immediate access to funding, without incremental or delayed disbursement.

IDENTIFY BUDGET & PROGRAM NEEDS: The budget should cover staffing costs, outreach activities, materials procurement, program evaluation, and any other expenses associated with program implementation and administration. Clearly identifying administrative needs, including staffing, time, budgets, and materials, is essential for the successful implementation and sustainability of equity departments and programming within the cannabis industry.

DEDICATED DEPARTMENT & SUPPORTIVE STAFF: Establish a dedicated equity department within the cannabis regulatory board and involve personnel from other relevant departments. This enhances the effectiveness, efficiency, and integrity of cannabis regulation. By leveraging specialized expertise, promoting collaboration, and ensuring comprehensive policy development, this approach supports the responsible and equitable development of the cannabis industry.

IDENTIFY THE EQUITY SCOPE: To ensure a comprehensive understanding of social equity within the program, it's imperative to conduct thorough research and disparity studies. These endeavors are pivotal in accurately defining the scope of social equity and identifying social equity applicants. Such studies should delve into the historical ramifications of cannabis prohibition, examining variables like race, socioeconomic status, and geographic location. By pinpointing target communities, particularly those disproportionately impacted by cannabis prohibition, the program can effectively allocate resources to historically marginalized groups. Furthermore, it's crucial to evaluate potential exclusions from the equity program and implement proactive measures to dismantle any barriers to participation.

The program, scope, and eligibility criteria should include explicit language identifying Black, African American, LatinX, & Indigenous, individuals adversely affected by cannabis prohibition and the criminal justice system, including those who have been arrested, convicted, or convicted without finding, for cannabis-related offenses. Additionally, it should encompass members of impacted families who have experienced the collateral



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consequences of such arrests or convictions. By incorporating these individuals into the eligibility criteria, the program acknowledges the intergenerational impact of cannabis prohibition and the war on drugs on communities of color.

In light of the racially biased enforcement of cannabis criminalization, the program should not be race-neutral.

PROGRAM TYPE: Equity programs in the cannabis industry come in various forms, each aiming to address systemic inequalities and provide opportunities for marginalized communities. A hybrid model should be considered where all programming is free for equity applicants and accessible online and in person.

Technical Assistance Programs: Technical assistance programs offer educational resources, workshops, and one-on-one support to help social equity applicants develop the skills and knowledge needed to operate successful cannabis businesses. This assistance may cover a range of topics, including business planning, compliance with regulations, cultivation techniques, marketing strategies, and financial management.

Grant Programs: Grant programs provide financial assistance to social equity applicants to help cover startup costs, operational expenses, or other business-related expenses. Grants may be awarded on a competitive basis or distributed through a lottery system, and they can help offset the financial barriers that often hinder individuals from marginalized communities from entering the cannabis industry.

Incubators: Incubator programs provide support and resources to help social equity applicants start and grow their cannabis businesses. This support may include access to workspace, mentorship, business training, networking opportunities, and assistance with navigating regulatory requirements. The goal is to help incubated businesses overcome barriers to entry and succeed in the competitive cannabis market. **However, while incubator programs can offer valuable support to social equity applicants, there are criticisms and challenges associated with their implementation.**



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Incubator programs have shown limited effectiveness in addressing the systemic barriers that hinder entry into the cannabis industry. There is a significant risk of exploitation of equity applicants and the perpetuation of power imbalances, rendering them vulnerable. Additionally, these programs have either failed outright or impeded the long-term sustainability and independence of equity applicants and businesses. This is often due to a lack of regulatory oversight, accountability, and transparency within these programs.

PROGRAM BENEFITS: Offer a range of benefits aimed at addressing historical injustices, promoting economic empowerment, and fostering greater inclusivity within industries like:

Expedited Review: Expedited review processes prioritize applications from social equity applicants, reducing the time it takes for them to navigate the licensing process. This benefit is crucial because it expedites entry into the industry for individuals and businesses from marginalized communities, who may face systemic barriers and delays. By streamlining the review process, social equity applicants can swiftly access opportunities in the cannabis market, fostering greater participation and economic empowerment.

Priority Licensing: Priority licensing grants social equity applicants preferential treatment in obtaining cannabis licenses. This means they are given priority over other applicants in the allocation of licenses, increasing their chances of securing permits to operate dispensaries, cultivation facilities, or other cannabis-related businesses. Priority licensing is beneficial because it ensures that individuals and businesses from marginalized communities have equitable access to opportunities in the industry, leveling the playing field and promoting diversity and inclusion.

Exclusivity Periods: Exclusivity periods provide social equity applicants with a designated time frame during which they have exclusive access to certain licensing opportunities or market segments. These periods may include restrictions on the issuance of licenses to non-social equity applicants or limitations on the types of businesses they can operate. Exclusivity periods are helpful because they give social equity applicants a competitive advantage and the opportunity to establish themselves in the market without facing intense competition from more established players. This allows them to build their businesses, generate revenue, and gain a foothold in the industry.



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Waived & Reduced Fees: Waived or reduced fees for licensing and regulatory compliance are another significant benefit of social equity programs. These fee waivers or reductions help alleviate financial burdens by lowering the cost of entry into the industry for social equity applicants, who may face economic challenges or limited access to capital. Consider waiving or lowering, application fees, background check fees, annual renewal fees, seed-to-sale tracking fees, and other fees associated with the licensing process.

While these are preliminary considerations until a comprehensive bill is enacted, Pennsylvania's position as one of the last East Coast states to legalize adult-use cannabis presents a unique opportunity. With ample precedence, research, and both failures and successes to draw from, Pennsylvania can craft a well-informed and effective framework for cannabis legalization.

I am committed to collaborating with regulators to implement an equitable framework and to contribute to the design of legislation and policies that prioritize equity. I believe that by working together, we can create a regulatory environment that fosters fairness, inclusion, and opportunity for all stakeholders within the cannabis industry.

A handwritten signature in cursive script that reads "Shekia Scott".

Senior Cannabis Business Manager
Mayor's Office of Economic Opportunity & Inclusion
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**Written Testimony of Dr. William Garriott
Professor and Chair of the Law, Politics, and Society Program
Drake University
Before the Pennsylvania House Committee on Health
Subcommittee on Social Equity in Adult Use Legalization**

Chair Frankel, Representative Rapp, and Members of the Committee:

Thank you for the opportunity to speak with you today about social equity in adult use cannabis legalization.

My name is Will Garriott. I am a Professor at Drake University in Des Moines, Iowa where I serve as chair of the Law, Politics, and Society Program. I am an anthropologist by training and my teaching and research focus on drugs and drug policy in the United States. For the past ten years I have been researching cannabis legalization, primarily in Colorado. As an anthropologist, I look at issues like this from the ground up: through interviews, observation, and conversation with those for whom legalization is not just a policy choice but a lived experience.

Watching legalization unfold over the past decade has been fascinating. Coming of age in the 1980s and 90s, it was unthinkable that serious conversations about legalization were just a few decades away. Indeed, as a member of the Just Say No generation, who can't fry an egg without being reminded of the iconic "this is your brain on drugs" PSA, it is still somewhat hard to believe that we are where we are in terms of drug policy, at least when it comes to cannabis.

What the past decade shows is that legalization is complicated. It's not just a flip of the switch. This is particularly true in the United States, where legalization has involved creating a commercial market for cannabis modeled somewhat on what's in place for alcohol.

As the first state to legalize for adult use, Colorado got to experience many of the challenges that come with legalizing in this way. Early on there were problems with edibles, home grow, and so-called "gray market" diversion. These problems have not necessarily gone away completely, but they have been addressed.

Today one of the biggest challenges is social equity. But unlike some of the previous problems, this one is also an opportunity.

In a nutshell, social equity is about addressing the harms of previous policies. Regardless of the wisdom of those policies, it is well known that they were unevenly enforced. People in lower income communities of color were at much greater risk of being arrested and

convicted for a cannabis offense than people in higher income, predominantly white communities. Indeed, wealthy suburban neighborhoods, college campuses, concert venues, and many other places already enjoyed a kind of de facto legalization before any actual changes in law and policy occurred. These disparities have created a situation in which those most likely to have been harmed by prohibition are proving least likely to benefit from legalization, particularly economically.¹

Social equity was not a priority in the early days of adult use legalization. But things have changed. Today, most states that have legalized in the past five years have included social equity measures. States like Colorado where adult use was already in place have worked to incorporate social equity provisions into the existing regulatory structures.

Each state has done social equity a little bit differently, but they all tend to focus on three things: expanding access to the legal cannabis market for people from disproportionately impacted communities; using tax revenue from legal cannabis sales to (re)invest in disproportionately impacted communities; and eliminating the criminal records of those arrested on cannabis charges or convicted of cannabis crimes, particularly if they are no longer offenses after legalization.

Of the three, expanding access to the legal market has gotten the most attention. It is my understanding that others will be speaking on this issue at this hearing, so I will not say much about it at this time, but I would refer you to a recent article where Jose Garcia-Fuerte and I highlight the different approaches taken in different states, and the challenges they have encountered.²

For the same reason, I will also not say much about the issue of using tax revenues for community re-investment, other than to mention that there have been fewer formal barriers to implementation, and to encourage committee members to review the same article if you are interested in learning more. I am also happy to discuss during Q & A.

Instead, I want to use the rest of my time to focus on the third element of social equity: addressing the criminal records of those arrested for or convicted of cannabis offenses.

There are several reasons why this should be part of any social equity program.

First and foremost, there is a fundamental issue of fairness. People should not bear the burden of a criminal record for things they did that are now legal—particularly when most

¹See generally Beau Kilmer et al., *Cannabis Legalization and Social Equity: Some Opportunities, Puzzles, and Trade-Offs*, 101 B.U. L. REV. (2021).

²William Garriott & Jose Garcia-Fuerte, *The Social Equity Paradigm: The Quest for Justice in Cannabis Legalization*, 47 SETON HALL LEGS. J. (2023).

of the people making most of the money from legalization did all of the same things, they just didn't get caught.

Second, there is an issue of efficacy. Criminal records (including arrest records) make life harder. In the case of cannabis offenses, the harm incurred by the offender is disproportionate to the harm of the offense, particularly when it is no longer even an offense in half of the country. In our digitally connected society, anyone's criminal history is just a quick internet search away. This means living with the stigma of a criminal record in perpetuity. This stigma is enhanced if it is for a drug crime.

Beyond the human dimension, there are real policy implications. A criminal record makes it harder to find work, particularly well-paying work. This makes it harder to buy and maintain a home, to be married, to have a family. It can result in the loss of a driver's license, of the right to vote. It can mean difficulties accessing healthcare and education.

These are the building blocks of our society. They give our lives meaning and purpose. They are necessary for human flourishing. Not only should we want everyone to be able to enjoy them, doing so is a proven crime reduction tool. A job, a house, a family; opportunities for meaningful participation in civic life; access to food, healthcare, and education: all of these reduce the likelihood that someone will commit a crime. They even have the capacity to reduce the likelihood that someone will start or continue to use drugs. And since this is a political body, I will note that there is bipartisan support around this issue. One of the most powerful articulations comes from University of Pennsylvania Professor and now Judge of the Third Circuit Court of Appeals, Stephanos Bibas, who makes the case that reforming the justice system through a focus on work, family, and community reflects conservative values.³

Should the state legislature pursue adult use legalization, these are my recommendations:

1. Start collecting and sorting data now. In anticipation of a bill, direct the relevant agencies to identify those with records for cannabis offenses. The systems that maintain criminal records aren't always centralized, and don't always keep track of the data that will be needed to provide this kind of relief. Doing the work now will make the process run more smoothly when and if legislation is enacted. It would also have the benefit of informing the legislature about the scope of any potential bill.
2. Make the process automatic.

³ Stephanos Bibas, *The Truth About Mass Incarceration*, National Review (Sept. 21, 2015).

3. Make the process free.
4. Make sure the process covers arrest *and* conviction records.
5. Make expungement the default remedy, rather than sealing, pardon, or similar alternatives.
6. Create opportunities for meaningful review of more complex cases, such as those where interpersonal harm was involved. Minnesota, for instance, allows for review by the Judicial Branch and a Cannabis Expungement Board that includes community-member representation.
7. Finally, think carefully about how a past criminal offense will impact an individual's ability to participate in the legal industry. While many social equity programs use past cannabis convictions as a qualifying attribute, most states likewise limit opportunities for those with felonies to participate in the legal industry. This is a complex issue, but at the very least lawmakers should see them as connected and avoid potential catch-22s.

Conclusion

I began by citing my professional credentials as a teacher, researcher, and author who has been looking at issues of drugs and drug policy in the US for almost 20 years. It is this background that has me speaking to you today. But I am also a parent. And as I think about the world my children are inheriting, I want that world to not just be safe, but to be just, and to give them the opportunity to thrive. And not just them, but every other child of every other parent in the country. Indeed, at its most basic, social equity is about making opportunities available to everyone regardless of race, income, or zip code.

Expunging the criminal records of people with cannabis offenses is one way to do that. It should be part of any adult use cannabis legalization measure. It provides a way to address inequities in both prohibition and legalization, while making drug policy more fair, effective, and just.



Written Testimony on Marijuana Legalization
Aging and Youth Committee
Pennsylvania State Senate
April 12, 2022

*Judge Cheryl Lynn Allen
Of Counsel, PA Family Institute*

Thank you for giving me the opportunity to share my experience on the issue of legalization of recreational marijuana. I am deeply appreciative of having this opportunity because I believe that the legalization of recreational marijuana is a subject that must be very seriously and thoroughly examined and rejected. I say this because based upon my experience, I know that the legalization of recreational marijuana will bring increased decay and dire consequences to our state, especially our young people.

I began my professional career as a second grade teacher in the Pittsburgh public schools. This elementary school consisted of children who lived in one of Pittsburgh's largest public housing projects, Northview Heights. After graduating from law school, I was employed in the north side office of Neighborhood Legal Services where I provided legal services to the same population I served as a teacher. During this time I represented many parents who were losing their children to the foster care system, usually because of substance abuse. I subsequently spent 13 years in the Allegheny County Law Department where I represented Children Youth and Families in Juvenile Court proceedings involving abused and neglected children. In 1990, I was appointed Judge to the Court of Common Pleas of Allegheny County, elected to a 10 year term in 1991 and retained for a second 10 year term in 2001. I served in the Criminal Division of the court for five years and in the Family Division, Juvenile section for 12 years.

My experience in adjudicating cases involving addiction whether in juvenile court or criminal court is extensive. The overwhelming majority of cases in criminal court involve substance abuse and addiction ranging from simple possession of a controlled substance or possession with intent to deliver a controlled substance as well as property crimes and often violent crimes, which are often committed for the purpose of supporting an addiction.

The overwhelming majority of children who come into the child welfare system pursuant to a dependency adjudication come from homes where parents are rendered incapable of caring for them because of addiction. It would be fair to say over a period of 17 years I interacted with thousands of families and individuals, including teenagers, whose lives have been wrecked or destroyed and whose families have been torn apart and rendered dysfunctional because of drug addiction.

I have learned through experience that there is no such thing as a harmless controlled substance; that is why the substance was controlled in the first place. Marijuana is not a harmless substance. Every drug addict I know started out using marijuana. People can and do become addicted to marijuana, especially young people. Marijuana addiction occurs at a tremendous cost to families, to teenagers and to society. It is from this background that I offer this testimony.

The purposes of government include: to establish laws, maintain order and provide security, protect citizens from external threats, and promote the general welfare by providing public services. Legalizing marijuana for recreational use will not serve any of these purposes. The main benefactors of legalizing marijuana for recreational use will be the corporate giants who are attempting to position themselves to reap profits at the expense of Pennsylvania's citizens, especially young people.

As a former elementary school teacher and juvenile court judge, concern for young people is chief among many reasons for my opposition to the legalization of recreational marijuana. Our children are our future and they are our most valuable natural resource. They are our future leaders. As caring, concerned, tax paying adults, we along with the government must strive to protect and equip them so they will be prepared to protect and serve the next generation. The legalization of recreational marijuana has been proven to seriously undermine and weaken the healthy development of our youth.

In an article by HealthyDay reporter Robert Preidt entitled, *More Legal Pot, More Teens Are Lighting Up*, researchers analyzed data from more than three million California seventh, ninth and eleventh graders, who answered questions about their marijuana use from the 2010-11 school year through 2018-19. Between the 2017-18 and 2018-19 school years, after pot was legalized for adults, there was a 23% rise in marijuana use over the past 30 days and teen's likelihood of lifetime use rose 18%.

Marijuana today is much stronger than it was in the past. According to the National Institute on Drug Abuse (NIDA), of the more than 500 chemicals in marijuana, THC is the main one that causes a person to feel high and THC levels have been increasing. In the early 1990s, the average amount of THC in marijuana seized by the U.S. Drug Enforcement Administration was

less than 4%; in 2018, it averaged more than 15%. The average THC potency in products available in some state dispensaries can even be higher. In states that have legalized the commercial sale of marijuana for recreational use, we're seeing marijuana products with 99% THC for legal sale. This rise in THC potency could increase the negative effects of using marijuana, especially for first time users and for young people because their brains and bodies are still developing.

Smoking or vaping higher-potency marijuana can cause serious side effects leading some people to seek help in emergency rooms. High doses of THC can trigger psychotic episodes which is one of the main causes for emergency room visits associated with marijuana. Marijuana overdose may occur from high THC potency which may lead to sickness or extreme disorientation. Frequent exposure to high levels of THC increases the risk of dependence and addiction, and using marijuana at a young age increases the risk for addiction later in life.

An article by the Partnership to End Addiction noted that research has found that young people who use marijuana are as much as 4-7 times more likely than adults to become addicted. This is in line with what the Center for Disease Control (CDC) finds with one out of every six minors that use marijuana will become addicted.

Higher potency THC is also associated with more severe dependence and a greater likelihood or increased risk among adolescents of developing schizophrenia or other psychoses and anxiety disorder and panic attacks, especially among frequent and long-term users.

Marijuana is the drug most frequently found in the blood of drivers involved in, and often responsible for car crashes. Much like alcohol, marijuana affects judgment and general motor skills, which is especially risky for new and inexperienced teenage drivers. According to the National Highway Traffic Safety Administration, the number of drivers found to have marijuana in their system is higher than drivers who test positive for alcohol. In fact, a national survey of teens found that 83% said they would feel unsafe to ride in a car with a driver who just drank alcohol. Only 74% said the same about driving with someone who just used marijuana. Among teen drivers who said they have used marijuana in the past month, nearly half said they have driven after using marijuana. Driving while high is not safer than driving while drunk.

According to the Partnership to End Drug Abuse, marijuana can have long-term effects among the most vulnerable to the harms of marijuana, namely adolescents and young adults. Substances like marijuana directly interfere with brain development, especially the parts of the brain responsible for decision making, reward seeking and impulse control. Marijuana use can lead to problems with attention, memory and learning as well as poor judgment, increasing the likelihood of risky sexual behaviors and unlawful acts. According to SAMHSA, young frequent users may experience a decrease in IQ by as much as 8 points.

Finally, long term marijuana use, especially by young people, may result in physical side effects such as respiratory problems, fertility issues, immune system problems in addition to changes in the brain and emotional problems.

The research is clear. Recreational marijuana use poses an extreme danger to our young people and consequently, our future.

No amount of tax revenue is worth sacrificing the safety and well being of our citizens, especially our youth. Further, the cost that taxpayers will pay for the crime, the violence, the sickness, increased addiction and mental illness will easily negate any increased revenue. The only revenue windfall will be that which is received by the marijuana industry.

Conflating the need for criminal justice reform with legalizing recreational marijuana is wrong. The argument is that marijuana must be legalized for recreational use so that racial disparities in arrests, charging, prosecution, sentencing and incarceration can be minimized or eliminated. The problem with this argument is that in the criminal court system, racial disparities in prosecuting drug cases exist across the board. These disparities result from law enforcement's focus on street or open drug trafficking rather than drugs which are sold and delivered in less conspicuous ways. Does this mean that crack cocaine or heroin should also be legalized for recreational use so that racial disparities in prosecution can be eliminated? The negative impact that illegal drugs have had on the black community goes far beyond racial disparities in criminal prosecutions.

Should we ignore the violence and death that accompany drug dealing? Should we ignore the broken homes and the traumatized neglected children who end up in the foster care system because of drug addiction? Should we overlook the physical, emotional, mental and behavioral problems that our young people suffer from drug use? We should not fall into the trap of attempting to correct a wrong with another wrong because all we will end up with is wrong.

Criminal justice reform as well as inequities in arrests, charging, prosecution, sentencing and incarceration can be accomplished without promoting policies which are guaranteed to lead to more drug addiction, crime and harm to our communities, especially our young people.

In court, when someone is entering a guilty plea on anything, part of the plea colloquy is to make sure that they are doing so completely voluntarily and not under the influence of anything. The same should be true in life. We should not be legalizing any mind-altering chemical for recreational use. It would be a serious setback to society and you cannot right any societal problems using a wrong method.

Legalizing marijuana for recreational use is wrong for Pennsylvania and must be rejected.



Cherron Perry-Thomas, (Sher-Run)

Founder of Black Cannabis Week, and the founder of the Diaspora Alliance for Cannabis Opportunities (DACO) is based in Philadelphia, PA.

I have been a business owner with a marketing and sales agency for over 20 years in the natural product industry where I first learned of the regulated economic opportunities in the cannabis sector. After a business trip to Vancouver, I saw firsthand cannabis businesses and independent owners working to build a new economy in their country. Most people in our state could never imagine having a chance of entering or owning a cannabis business without the threat of criminalization or harm.

Today, I sit before you not just as an advocate for wellness, but as a voice for justice, economic and social equity. As we stand on the cusp of establishing a new adult-use cannabis program, we are presented with an unprecedented opportunity to right the wrongs of the past and pave the way for a future that honors the principles of equity and inclusion in Pennsylvania.

For far too long, the war on drugs has disproportionately impacted our most vulnerable communities, leaving a legacy of injustice, underserved families, and missed opportunities. As we move forward, we must ensure that a cannabis program does

more than just legalize use; it must serve as a beacon of reform, inclusivity, social and economic justice.

The introduction of priority access for disadvantaged individuals is about more than just fairness; it's about acknowledging and remedying the deep-seated disparities caused by decades of inequitable drug policy enforcement. By giving these communities the first opportunity to apply for and obtain permits, we're not only making a statement about social justice but also about our commitment to diversity and inclusion within the cannabis industry.

As we are here today with a focus on Social and Economic Justice, I encourage this committee to review the diversity reports from our existing PAMMJ program created by the General Assembly with ACT 16, Sec 615, with a goal to create equal opportunities in permitting, professional services, and jobs. We must learn from the failures of this program to create a sustainable adult-use cannabis program.

From our civic engagements during BCW, a survey was conducted.

The 3 areas of importance for attendees were:

Social Justice

Health

Economic Opportunities

Our priorities align with these three areas.

First, we must prioritize clemency and pardons for individuals incarcerated for non-violent cannabis offenses are crucial for rectifying past injustices and promoting social equity.

This action alone has the power to transform lives, removing barriers to employment, housing, and education that have unjustly held back too many for too long.

We encourage businesses as cooperatives, where members collectively own and democratically control the enterprise. Structuring businesses as cooperatives ensures collective ownership and democratic control, particularly benefiting disadvantaged farmers and communities by providing them with a tangible stake in their success. This model emphasizes the equitable distribution of profits, shared resources, and access to markets, significantly lowering barriers to entry and promoting sustainability.

Support for disadvantaged farmers and communities is recommended. By providing financial and technical assistance, as well as access to necessary resources, we aim to enable meaningful participation in the legal cannabis market. Facilitating market access and ensuring compliance support are essential steps towards an inclusive and fair cannabis industry.

Moreover, the establishment of an independent regulatory program, including a Cannabis Regulatory Control Board and a Social Equity Office of Business Support & Training is critical for overseeing the market's sustainability and fairness. These entities will play vital roles in conducting market analysis, overseeing mergers and acquisitions, offering business development programs, and facilitating the license application process, ensuring a balanced and equitable market.

In conclusion, these recommendations are designed not just to rectify past wrongs but also to lay a strong foundation for a future where the cannabis industry is as diverse and inclusive as the communities it serves. By focusing on social equity, cooperative

ownership, and robust support systems, we can build an industry that not only thrives economically but also contributes positively to social justice and community restoration

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