



December 28, 2021

The Honorable Karen E. Spilka
Senate President
State House, Room 332
Boston, MA 02133

The Honorable Ronald Mariano
Speaker of the House
State House, Room 356
Boston, MA 02133

The Honorable Sonia Chang-Diaz
Senate Co-Chair, Joint Committee on Cannabis
Policy
State House, Room 111
Boston, MA 02133

The Honorable Daniel Donahue
House Co-Chair, Joint Committee on Cannabis
Policy State House, Room 39
Boston, MA 02133

Dear Senate President Spilka, Speaker Mariano, and Chairs Chang-Diaz and Donahue:

As the Commonwealth marks the five-year anniversary of the passage of Question 4, and three years since the first adult-use Marijuana Establishments commenced operations, the Cannabis Control Commission (Commission) would like to extend our sincere thanks and gratitude to the Legislature for the support it has given to ensure we uphold public health and safety and stand up a diverse and equitable industry in Massachusetts.

We write today to respectfully request a critical reform to state law that is needed to ensure the Commission meets its mandate to implement an equitable cannabis industry. On November 18, 2021, the Commission voted unanimously to adopt the following statement:

The Commission supports the adoption of a state-administered fund that includes both public and private funds for Economic Empowerment and Social Equity Program participant applicants and licensees to receive low- or zero-interest loans, or grants for the purpose of obtaining licensure and operating their Marijuana Establishment.

Under Chapter 55 of the Acts to 2017, the Commission is required to ensure meaningful participation in the cannabis industry for communities disproportionately impacted by the War on Drugs. Thanks to the Legislature's efforts in 2017, the Commonwealth was the first state in the nation to mandate that equity be central in the regulated adult-use cannabis industry. The Commission has incorporated that objective into every facet of its operations. Through two programs – Economic Empowerment and the Social Equity Program – participants can receive priority or expedited application review, free or reduced license, application, and/or monthly program fees, exclusive access to Delivery and Social Consumption license types, and free technical assistance and training based on the individual's desired career path. To date, the Commission has accepted and approved more than 800 individuals into its equity programming. Additionally, all licensees are required to include in their application a plan to hire diverse staff, and another to positively impact disproportionately harmed communities, and report on their progress with each annual renewal application.



Unfortunately, reflective of feedback from applicants, advocates, and the general public, the Commonwealth needs additional resources to properly meet its mandate to ensure equity applicants meaningfully participate in the industry. A major barrier to licensure and operating a business is the lack of access to the financial capital required to meet the Commonwealth's necessary regulatory requirements. Due to the continued federal prohibition of marijuana, banks and other financial institutions do not offer traditional business loans. Applicants must, therefore, raise funds privately.

As of December 21, 2021, the Commission approved more than 1,070 applications for licensure, however, only 232 were from Economic Empowerment or Social Equity Program participant applicants. Only 22 of these equity program licensees have opened for business out of a total of 343 operational licensees.

A state-administered fund comprised of public and private funds that offers zero- or low-interest loans or grants to equity applicants and licensees would offer a critical lifeline to these aspiring entrepreneurs and small businesses. Depending on the stage of licensing these applicants are in, capital may be required for: municipal permitting and negotiations, building out a facility, or complying with the Commission's very stringent security requirements. Due to our commitment to upholding public health and safety, we understand that compliance can be expensive.

A fund that is structured to also accept private donations will meet a desire from the community and organizations who wish to give back and assist equity applicants and licensees. The good news is that many licensees have already stated publicly and represented in their required plans to positively impact disproportionately harmed communities, that they are willing to contribute to such a solution. We believe that a state-administered fund is an important resource that could maximize these contributions and remove this lingering barrier to entry and would be an important marker in recognizing the need to overcome decades of disproportionate impact of the War on Drugs. It is up to the Commonwealth now to do its part to create a state-administered fund.

We look forward to our continued collaboration with the Legislature and appreciate the efforts of the House and Senate to work on the various bills dealing with the establishment of a social equity fund. If we can be of any assistance in the weeks and months ahead, please do not hesitate to reach out to us directly. The Commission's Director of Government Affairs and Policy, Matt Giancola, can be reached at Matt.Giancola@CCCMass.com or by phone at (774) 415-0462 to coordinate schedules. Thank you again for your attention to this matter.

Wishing you and your staffs a safe holiday season and a happy new year.

Sincerely,



Shawn Collins
Executive Director

