



February 17, 2023

VIA ELECTRONIC MAIL

C.T Wilson, Chairman
And Members of the Economic Matters Committee
Room 231
House Office Building
Annapolis, Maryland 21401
Email: AA_ECM@mlis.state.md.us

Re: HB 0556 Cannabis Reform

Chair Wilson and Members of the Committee,

My name is Eric Spencer and I am a member of the Maryland Cannabis Equity Collective (“Collective”), a grass roots organization primarily focused on equity, inclusion and intentionality in Maryland’s upcoming recreational cannabis Industry (“Industry”). We want to ensure that the communities of color who have been directly impacted by the War on Drugs get a fair opportunity to participate.

House Bill 0556 (“HB 556”) which is before this committee is a good starting part. We support the bill. However, we believe that the definition for social equity needs to be broadened to incorporate men and women who have prior state or federal cannabis convictions. It is inequitable to create a law that downplays the harms that cannabis convictions have done to our communities and individuals. Also, we believe that men and women formerly incarcerated should have a few seats on the Advisory Board too. This ensures that these often overlooked voices are an integral part of the conversation.

While recreational sales must commence on or before July 1, 2023, the bill stands silent on whether Social Equity Applicants will be able to sell recreational cannabis on this date. This is very important because the State of Maryland through its elected Governor has appropriated funding for the Cannabis Business Assistance Fund. We believe this enables Social Equity Applicants to participate alongside current cannabis businesses to begin dispensing recreational cannabis on July 1, 2023. This will ensure equity is the rule and not the exception. Our communities should not and need not wait for one or perhaps two years before Social Equity Applicants can participate when funds are readily available. A quick estimate suggests \$40 Million dollars can open 40 dispensaries at \$1 million each or 80 dispensaries at \$500 thousand each. The Collective takes issue with \$ 1 million for opening and operating a dispensary. Maryland in its quest for Equity needs to simplify the application process which will alleviate many costs.

Thus, we believe it is imperative for the Commerce Department who has been chosen by the State of Maryland to dispense the appropriated funds to immediately begin outreach about upcoming opportunities in the Industry while this being is being debated. As this Committee is well aware, those businesses first to market will gain an advantage that will be impossible for Social Equity Applicants to overcome. I am confident that our elected leaders which includes this Committee, will be able to solve this important issue.

Also, HB 556 should be bold and incorporate language the sets out of goal of allotting 50% of all licenses to Social Equity Applicants and provide an additional \$50-\$100 million to the \$46.5 million that Governor Moore has appropriated to the Cannabis Business Assistance Fund.

In conclusion, we truly believe without reservation that Maryland is in a position to move the needle and start the path to equity, inclusion, and fairness for those communities harmed by the War on Drugs to participate in the new Cannabis Green Rush. Thank you and I am here for any questions from the Committee.

Thank you,
Eric Spencer, Member
Maryland Cannabis Equity Collective



AMENDMENT TO HB 0556

Page 12 After Line 5 add a new paragraph

(IX) Further, the advisory board shall include at least two residents from communities most impacted by cannabis prohibition, people with prior drug convictions, the formerly incarcerated, and representatives from the farming industry, cannabis industry, and organizations serving communities impacted by past federal and state drug policies.

The Purpose of this language is to ensure that men and women who have been formerly incarcerated for drug convictions get an opportunity to participate in the ongoing discussion of equity and inclusion in the cannabis space.

Page 24 Line 13 after INDIVIDUALS add

with a goal established to award fifty percent of all adult use cannabis licenses to social equity applicants who

The purpose of this language is to create an Industry where cannabis Social Equity is intentional. Currently, an overwhelming majority of the medical cannabis businesses are owned and operated by individuals who have not suffered from the War on Drugs. Out of nearly 100 businesses, less than 10 are owned and operated by people of color. More importantly, not one of the less than 10 are formerly incarcerated or have cannabis convictions because Maryland's medical program prohibits participation.

Page 24 Line 18 after OR; add a new paragraph

(III) Extra priority shall be given to the social equity applicant that meets the additional criteria:

(i) was convicted of a marihuana-related offense prior to the effective date of this chapter, or had a parent, guardian, child, spouse, or dependent, or was a dependent of an individual who, prior to the effective date of this chapter, was convicted of a marihuana-related offense whether expunged or not in this State, another State or federally.

This language speaks for itself. We believe that it is highly hypocritical to leave out priority status for men and women who have been suffered from felony convictions for cannabis. Oftentimes, lobbyists and others in the Industry try to leave out prior cannabis convictions for fear of unintended consequences. To continue the fear tactic of the War on Drugs, there has to be bad individuals and a reason to limit competition for large multi-state operators to capture market share. We believe the State can institute guard rails to prevent any malfeasance.

Page 36 Line 4 after LICENSES add

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Page 43 Line 21, strike 'On or Before January 1, 2024' and add

On or before July 1, 2023

The purpose of this language is to ensure Social Equity Applicants get an opportunity at "first to market" alongside current medical cannabis businesses who get to convert to recreational sales. Unlike any other jurisdiction that has legalized cannabis, Maryland is the only State that has set aside funding in the beginning to ensure Social Equity Participants get an opportunity to participate in the recreational cannabis industry in Maryland. We must be mindful that Maryland intentionally prohibited men and women with prior cannabis convictions from benefiting from its medical marijuana program which has been in operation for a number of years without a valid reason. It is important to note that Maryland has the infrastructure to handle emergency legislation to ensure that licenses to Social Equity Applicants can be distributed during this time.

Page 43 Line 2, strike 'On or Before May 1, 2024' and add

On or before January 1, 2024

The purpose of this language is to ensure Social Equity Applicants get an opportunity at "first to market" alongside current medical cannabis businesses who get to convert to recreational sales. It is capitalism 101 when those who are first to market can and will capture market share. Unlike any other jurisdiction that has legalized cannabis, Maryland is the only State that has set aside funding in the beginning to ensure Social Equity Participants get an opportunity to participate in the recreational cannabis industry in Maryland. We must be mindful that Maryland intentionally prohibited men and women with prior cannabis convictions from benefiting from its medical marijuana program which has been in operation for a number of years without a valid reason. It is important to note that Maryland has the infrastructure to

handle emergency legislation to ensure that licenses to Social Equity Applicants can be distributed during this time.

Page 74 Line 12 after ‘CRITERIA’ add

‘including non-standard credit criteria’

This language will help address the difficulties that Black and Indigenous People of Color (“**BIPOC**”) encounter trying to obtain loans to start up a business. Communities of color *must* have the confidence to apply for this funding without fear of being denied because they may not have the best credit scores, documentation, or *experience*. The United States Senate Banking Report (“**Report**”) that accompanied the Community Development Banking and Financial Institutions Act of 1993 highlights the issues that plague communities of color regarding credit:

“Despite the importance of capital, recent evidence suggests that there are significant capital gaps caused by discrimination and redlining . . . There are many factors which contribute to problems of credit access in under-served communities, including discrimination on the basis of race and ethnicity, unfounded prejudices or stereotypes about the risk of lending in particular neighborhoods . . . The unique character of the credit market in low income and minority communities may be a factor impeding the flow of development capital. The experience of financial institutions is that lending and investment in distressed communities often requires . . . non-standard credit criteria, and intensive supportive services . . .”

United States Senate Banking Report 103-169 at 13-14 (1993). The State of Maryland has spoken by providing \$46.5 Million up front for loans to Social Equity Entrepreneurs. The objective must be to provide opportunities for the individuals this law aims to incorporate.

Page 74 Line 17 strike ‘\$500,000’ and replace with

‘\$750,000’

The amount represents the midway point between lobbyists and the Industry’s belief that it takes \$1 million or more to open a dispensary and the \$500,000 the State of Maryland proposes.

Page 74 Line 26 strike ‘\$500,000’ and replace with

‘\$750,000’

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