



MARYLAND STATE & D.C. AFL-CIO

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HB 556 - Cannabis Reform House Economic Matters Committee February 17, 2023

SUPPORT WITH AMENDMENT

**Donna S. Edwards
President**

Maryland State and DC AFL-CIO

Chairman and members of the Committee, thank you for the opportunity to submit testimony in support of HB 556 with amendments. My name is Donna S. Edwards, and I am the President of the Maryland State and District of Columbia AFL-CIO. On behalf of Maryland's 300,000 union members, I offer the following comments.

This bill is a once in a generation opportunity to set up an entire industry from its inception. In years to come this bill will be your legacy. Every part of how Maryland's cannabis industry operates will be connected to the decisions made in this committee. Whether cannabis jobs are low-wage positions with limited benefits or high paying careers with collective bargaining rights, real pathways to retirement, and opportunities for advancement ultimately come down to the decisions that this committee makes.

We applaud HB 556's promotion of social equity and efforts on cannabis businesses to undo the legacies of the War on Drugs, which disproportionately harmed communities of color. These are admirable aims. But it leaves workers of color behind. To build a legacy of social equity we must extend the bill's social equity approach to workers by requiring labor peace agreements for all state license holders.

Cannabis workers will far outnumber license holders. A focus on social equity must not stop with the businesses applying for licenses, it must have a laser sharp focus on promoting good jobs, fair working conditions, and the freedom to form unions without anti-union activities for cannabis workers. Leafly's 2022 Jobs Report found that over 425,000 workers are employed in the cannabis industry nationwide.¹ This number is expected to rise dramatically over the coming years. Comparably sized states like Massachusetts or Colorado all have more than 27,000 workers employed in the cannabis industry. MJ BIZ Daily's Report on Women and Minorities in the Cannabis Industry found that cannabis businesses report significantly more minority employees than companies in the broader economy - 10 percentage

¹ Bruce Barcott and Beau Whitney. "Leafly Jobs Report 2022." 2022.

points more.² These workers deserve the same legislative care and attention to social equity protections as our state's future licensees do.

Unions are a worker's tool to fight for social equity. A 2022 study by the Joint Economic Committee, established by Congress, found that, "Union members earn on average 10% more than their non-union peers. The difference is even greater for Black and Latino unionized workers, whose wages were 17% and 23% higher on average."³

Unions are the foundation for building generational wealth for workers. A recent Center for Economic and Policy Research report states that Black union workers on average earn \$24.24 per hour, compared to \$17.78 for non-union Black workers. 71.4% of Black union workers have employer-provided health insurance, compared to 47.7% of non-union Black workers. CEPR found comparable gains for hispanic workers, finding that, "Between 2016 and 2021, the median hourly wage (in 2021 dollars) for Hispanic workers represented by unions was \$25.16, compared to \$16.56 for those not represented by unions."⁴

Labor peace is a well tested method of promoting worker's rights in regulated industries where the state has a proprietary interest in collaboration between employers and workers. Labor peace agreements (LPA) typically require that a prospective license holder enters into an agreement with a bona fide labor organization spelling out the terms for which employees could voluntarily form a union, if they choose, without interference or opposition from their employer. LPAs typically require unions to give up their right to strike as part of these agreements. The state benefits from LPAs by having workforce stability that is not disrupted by conflictual disagreements between employers and employees. Whether it is for hospitals, gambling, sports betting, hotels, stadiums, or state contractors, labor peace agreements have been a favored tool of governments across the country when they wanted to guarantee certain industry outcomes for workers, employers, and customers. Labor peace agreements do not automatically create unions where workers do not want them. They simply create a fair process, free from employer interference, where workers can create unions without having to worry about whether or not they will face retaliation.

Agricultural workers are excluded from the National Labor Relations Act, meaning that cannabis manufacturing workers will have no defined process for unionization. Labor peace agreements are one of the only ways to guarantee that these workers have an avenue to exercise their collective bargaining rights without unruly disruptions to the industry.

Requiring labor peace agreements for all state license holders complements the existing bill's focus on social equity and promotion of small, minority, and women business owners receiving licenses. Labor peace agreements do not require a business to already be unionized in order to apply for or be granted licenses. The bill already requires the Office of Social Equity and the Social Equity Partnership Grant Fund to provide free technical assistance and work with small, minority, and women business owners that apply for licenses. This same process could help introduce disadvantaged business enterprise applicants to bona fide labor organizations that they could sign labor peace agreements with.

² "Women and Minorities in the Cannabis Industry." MJ Biz Daily. 2021.

³ "Black And Latino Workers See Biggest Wage Gains From Union Membership". Joint Economic Committee. June 13, 2022.

⁴ Hayley Brown. "Unionization Confers Significant Advantages for Hispanic Workers." CEPR. 2021.

New Jersey, New York, California, and Virginia have all implemented some level of requirements that licenses applicants or license holders sign labor peace agreements. Justia reports that Massachusetts, Connecticut, and Minnesota are considering implementing labor peace requirements in the cannabis industry.⁵ In New Jersey, labor peace agreements have resulted in a \$325,000 grant from the state's Department of Labor, universities, private businesses and cannabis unions to create an apprenticeship program that "educate[s] and train workers to help cannabis businesses in New Jersey thrive and to build pathways for employees, particularly those in marginalized communities."⁶

The cannabis industry has so much potential to bring wealth to Maryland and correct historic injustices, but it requires a regulatory framework that focuses on social equity for everyone in the industry. If our goal is to leave no one behind, we must ensure that workers are able to have good jobs in this new industry. For these reasons, we urge a favorable report with our suggested amendments on HB 556.

⁵ "Unions in the Cannabis Industry." Justia. September 2022.

⁶ "With NJDOL funding, Rowan to lead retail cannabis worker training apprenticeship" Rowan University. 2022.

Proposed Amendment

Note: This language is borrowed from the 2007 Special Session's Senate Bill 3 "Maryland Education Trust Fund - Video Lottery Terminals." References to the video lottery industry have been replaced with Cannabis industry.

Add the following text to Page 45, after Line 8 ("To be licensed, an applicant shall submit to the Division"):

(3) EVIDENCE THAT THE APPLICANT OR LICENSEE HAS ENTERED INTO A LABOR PEACE AGREEMENT WITH A BONA FIDE LABOR ORGANIZATION THAT IS ACTIVELY ENGAGED IN REPRESENTING OR ATTEMPTING TO REPRESENT CANNABIS INDUSTRY WORKERS IN THE STATE; AND THAT:

(I) THE LABOR PEACE AGREEMENT IS VALID AND ENFORCEABLE UNDER 29 U.S.C. § 185;

(II) THE LABOR PEACE AGREEMENT PROTECTS THE STATE'S REVENUES BY PROHIBITING THE LABOR ORGANIZATION AND ITS MEMBERS FROM ENGAGING IN PICKETING, WORK STOPPAGES, BOYCOTTS, AND ANY OTHER ECONOMIC INTERFERENCE WITH THE OPERATION OF THE CANNABIS FACILITY WITHIN THE FIRST 5 YEARS OF THE EFFECTIVE DATE OF THE CANNABIS LICENSE; AND

(III) THE LABOR PEACE AGREEMENT APPLIES TO ALL OPERATIONS AT THE CANNABIS FACILITY THAT ARE CONDUCTED BY A LESSEE OR TENANT OR UNDER A MANAGEMENT AGREEMENT.