

EDITORIAL

Level the playing field in the marijuana industry

Beacon Hill must act fast to fund social-equity loans and crack down on host community agreements.

By **The Editorial Board** , Updated March 3, 2020, 4:57 p.m.



Ominique Garner, a small business owner at A.V. Rose Farm, speaks in a forum held in January by the Massachusetts Cannabis Control Commission in Worcester. The forum was held following high-profile withering criticism from small businesses and minorities who say the state's marijuana licensing process is stacked against them and only wealthy corporate businesses can be successful. ERIN CLARK / GLOBE STAFF/THE BOSTON GLOBE

Massachusetts crafted its marijuana laws as a noble experiment, a test of whether the Commonwealth could create an entirely new industry in which people of color had a fair shake. Without a course correction, though, that experiment is in danger of failing.

In the more than three years since the law passed in Massachusetts, [about 40 shops](#) have opened in what is now a \$400 million industry. But, while [one shop in Grove Hall](#) is in the final stages of approval, no entrepreneur of color has opened up a recreational marijuana store.

The major barrier is money. It doesn't matter how many programs the state offers to minority entrepreneurs if they can't get a loan to start a business or can't get their applications granted before their money runs out. That's the hurdle that the state needs to help applicants clear if it wants to make good on the vision of an equitable and diverse industry that benefits the communities most affected by the war on drugs.

Not only are the existing shops short of minority participation; the pipeline doesn't look great either. Would-be pot sellers have to clear two hurdles: first, getting local approval, and then going through the state's review. [As of Feb. 6](#), the [Massachusetts Cannabis Control Commission](#) is reviewing 699 applications, a tiny fraction of which are from the communities that the law was meant to support.

One way to reduce the burden on minority applicants is to speed up the process, because costly delays are themselves a financial hindrance. The cost of delays was brought to light in dramatic fashion in December by [Leah Cooke Daniels](#), who holds one of the certifications granted by the state as an economic-empowerment business, or those from groups disproportionately harmed by the war on drugs, such as low-income, Black, and Hispanic communities. She [interrupted a public CCC meeting](#), shouting that she has been waiting for months for her marijuana license from the state. Cooke Daniels, who is a Black military veteran, said these delays [had cost her about \\$375,000](#).

But that's not the only unwarranted cost. Even before joining the CCC's long queue, an applicant has to sign a contract with the host municipality. And while the law mandates

that the state must prioritize equity in its licensing process, there is no such requirement for cities and towns. In fact, they hold almost-unchecked control. As a result, some localities have been accused of turning their local negotiation processes into “a shakedown,” with most of them imposing additional costs on prospective pot companies well beyond the 3 percent fee and optional 3 percent local sales tax allowed by state law. (Case in point: Jasiel Correia, the embattled former mayor of Fall River, who was charged with bribery, extortion, and fraud, among other crimes, in a 24-count federal indictment that alleges he shook down marijuana companies that wanted to launch in his city.) Recently, WGBH reviewed nearly 500 of these local contracts — called host community agreements — between municipalities and prospective cannabis vendors. [What they found wasn't pretty](#): roughly two-thirds of those agreements ask for more than the standard fees from marijuana companies.

Municipalities have found many ways to get around [the law's ceilings](#). Chelsea, for instance, included a one-time \$100,000 donation to substance abuse programming in the city *and* an annual donation to local youth sports. They called these payments “charity.” But, as a local lawyer told WGBH: “It’s extortion, straight up. . . . If it is charity, it should not be present in a legally binding contract.”

A legislative effort to crack down on host community agreements and give the CCC oversight over them [is pending in the Legislature](#). But reform must not stop there: While a few municipalities have added an equity requirement, the state should extend it to all cities and towns.

Additionally, the state should follow jurisdictions like [Oakland](#), Calif., and [Illinois](#) in establishing an equity loan fund with a dedicated stream of money from marijuana tax revenue. [A Globe story](#) found that not a penny of the \$67 million that has come to state coffers from adult-use marijuana taxes has benefited communities harmed most by the war on drugs. Last year, an effort by state Senator Sonia Chang-Díaz to [legislate it via a budget amendment failed](#). Hopefully, legislators will understand the urgency of enacting it into law as soon as possible.

There's time to rescue the state's experiment. But if it wants an equitable marijuana industry, the Legislature will need to act before it's too late.

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