

Social equity and uplifting the communities most harmed by the War on Drugs

April 11, 2024: House Health Subcommittee on Healthcare, Chaired by Rep. Frankel

[Rep. Dan Frankel]

Good morning. I'm representative Dan Frankel. I am the chair of the health committee. I am today filling in for our subcommittee chair, representative Rick Krajewski, who cannot be with us. I think he might be joining us at some point virtually. But in his stead, I will, be, chairing this along with my Republican counterpart on as the subcommittee chair, representative Schemel. And I'll let those who are here introduce themselves.

[Introductions of legislators that are present at the hearing]

Representative Schemel. Representative Paul Schemel from Franklin County. State Representative Kathy Rapp from the District Of Warren County. Hi. I'm Tim Twardzik, representative for the 120 Third in Schuylkill County. Okay. And I don't I don't think we have an anybody on virtually. Hey, this is Rep. Just joined. Okay, great. Thank you, representative Krajewski. This, this is the fifth hearing that this subcommittee has had as we explore potential legislation addressing adult use of cannabis in the state of Pennsylvania. We have been focused on a number of different things as we look at this issue that have dealt with access issues, revenue issues to the state and other agencies. We've looked at public health issues. And today's hearing is gonna be focused on social equity, social justice issues. We have a number of different testifiers that we are very happy that they were able to make it here. Some are testifying virtually. And with that, let me turn it over to the subcommittee chair representative Paul Schemel for any introductory comments that he might have.

[Rep. Paul Schemel]

Good morning. Thank you. Thank you very much for coming to testify today. I look forward to your testimony and this is certainly an important topic, and the equity component has been one that we've heard about a great deal throughout. So thank you very much for taking the time to testify today.

[Rep. Dan Frankel]

Thank you very much. So today we have on our first panel, Tahir Johnson, who's the CEO of Simply Pure Trenton and the president of the Minority Cannabis Business Association And Laury Lucien? Is that correct? Esquire, education director, Parabola Center. I think I don't

know if I know that Tahir Johnson was en route and should be here any minute. I don't know if he's here yet. But, so why don't we start, with testimony from, Laury Lucien. Let me, Jess, in terms of, trying to get through today's hearing, I would encourage everybody to kind of condense their written testimony. We all have copies of it. Our goal here would be to conclude no later than 11:30. So with that, Laury Lucien, go ahead.

[Ms. Laury Lucien]

Good morning. Thank you so much for the opportunity to speak with the House Health Subcommittee. I think it's important for me to note that in addition to being the education director for the Parabola Center, I was appointed by the treasurer of Massachusetts to and I am the chair of the Public Safety and Community Mitigation Subcommittee. So I advise our commissioners on the best regulations to institute for public safety. And I'm also a professor, I teach cannabis law at Suffolk Law and Clark University, and an operator as well in this space. I own three licenses in Massachusetts as an equity applicant. So my perspective comes from a wide range of backgrounds. With that said, I think it's important for us to begin by centering ourselves in a definition of social equity and that social equity is not charity. Oftentimes when we're engaging in these conversations, we feel as if we're engaging in charitable work. This is not what we're doing. What we're doing, what social equity is, is restorative justice. It's reparative justice to repair the wrongs that were committed in the enforcement of these marijuana laws that disproportionately impacted certain communities and certain people. All right, so hopefully now we're on the same page as to what we're talking about. And how do we establish these restorative justice? So for me, based on my experience, in order to establish social equity in a legalized framework, we have to make sure that we identify these groups of people who have been most harmed. So who is going to be a social equity? Oftentimes folks wanna have social equity license types versus social equity status. I'm advocating for social equity status. Once you've attained this particular status, it should give you access to education and technical support. It should give you access to real estate if the state has the real estate versus having a store model where the state owns certain types of businesses and gives out shelf space. I don't believe that having a state owned license provides real equity because it's not true ownership. So if the state does have real estate that they are not utilizing, those should be made available for those with that specific status. When these individuals are prepared to apply, they should be given priority where their licenses are viewed first, and most importantly, should be given funding. In Massachusetts, funding was just released this week for applicants. There are over 300 retail stores operational right now. It's too late to be providing these funds. Funding needs to be set at the onset of legalization to allow these companies to have a fighting chance to compete in this extremely difficult industry. And in addition, we need to ensure that the criminal justice piece is addressed, that there is

automatic expungement, that penalties are reduced, and that folks who are on parole are not penalized for cannabis activities. I also think from a monopolization perspective, there needs to be license caps. It can't be a free for all where you can have unlimited licenses. In Massachusetts, for example, you can only have three licenses in each category. That, as an equity applicant, gives me a lot of solace because it helps me to feel safer that one company is not going to come and monopolize the entire industry. And to circle back one more time to the necessity for funding, in Massachusetts when legalization occurred we saw a wave of predatory lending, where lenders were coming in and they were giving these equity applicants loans that were defined as loan to own contracts. They were loan to own because the terms were so oppressive and difficult to comply with that these applicants would invariably violate the agreement, and then the lender would then be able to take their security interest in the license and take over the company. That is not equity. So funding is the most important thing you could do at the onset and also along automatic expungements. That is my testimony for today. I'm happy to answer any questions that you may have.

[Rep. Dan Frankel]

Thank you. Is our other testifier here yet? Tahir Johnson? Okay. All right. So why don't we, we'll have some conversation here.

[Rep. Kathy Rapp]

Thank you Chairman. And thank you for your testimony, very brief but to the point. In Massachusetts, was the expungement of records included in your legalization legislation, or was it a separate piece of legislation, as far as expungement of records and any other cannabis crimes? Was that incorporated into the legalization?

[Ms. Laury Lucien]

It was incorporated in legalization. It was something that folks advocated for when we were going through our ballot initiative. So expungement were at the core of some of the items that we wanted to see included in the legislation, which is....

[Rep. Kathy Rapp]

Thank you. And I have in front of me a paragraph and I was gonna ask this of your colleague, and I may ask her as well. But when I was reading that as of 2021, only 10 of the 280 cannabis business licenses awarded in Massachusetts were awarded to economic empowerment or social equity applicants. And you said the other ones were just released, but and the demographic analysis revealed that of 1306 agents who applied in the city of Boston, 6% Percent were Hispanic and 4% African American. And this is really

unrepresentative of the city's population. So, and that some of the licenses were actually done through shell companies such as Wallach and Adams, which I'm not familiar with. But I was wondering if you were familiar with this information, and really what would you advise Pennsylvania to do differently and not just replicate what Massachusetts did, but what should we be doing differently than what Massachusetts has done? Thank you.

[Ms. Laury Lucien]

Thank you so much. I am very much so familiar with that. I am one of the 10 economic empowerment applicants who has had the opportunity to open up a business in Massachusetts. So one of the biggest issues is that you have to secure real estate throughout the entire licensing process. And the licensing process is on average two years, if you're lucky. Two to four years is how long it takes to go through it. So from the beginning, you're holding onto a piece of real estate that you're paying rent on, and most economic empowerment or social equity applicants do not have the capacity to keep paying rent on a property for the entire process of licensing. So that's one of the issues, which is why I suggested that if you have state owned properties, you identify those and make them available for folks who have a social equity status. Second, the states provided a lot of authority upon the cities and towns to decide when and where these businesses can operate. And they had to do this where every business has to negotiate an agreement called the host community agreement with that municipality. Well needless to say, that process is not clear at all, it's not transparent. In fact, there's actually one mayor in the state who actually was arrested and went to jail for accepting bribes in exchange for the host community agreements. And while negotiating these agreements, the towns will ask for additional things like they'll ask you to pay for a new fire trucks or pay for things that were not included or contemplated within the host community agreement framework. So being able to secure a host community agreement is very difficult. In addition, towns tend to want to work with companies that are larger, like these multistate operators, then take a chance on a small operator who has not done this in other states. So giving precedence or giving more weight to prior operational experience in other states, it invariably, it creates a bit of imbalance for those who did not have the opportunity due to lack of access to finances. So that's the second part that makes it very difficult.

And on top of that, folks do not, they don't have access to capital. Banks are not issuing loans, even though we do have some banks in the state who do offer loans, but they tend to do so for folks who own property because they can use that as collateral. So lack of access to funding, you have a host community agreement process that's very unclear, and on top of that, you don't have access to real estate or funding, it creates this amalgamation of just immense barriers to overcome. And that's why it's so difficult for companies to overcome. I

mean, we weren't able to raise money ourselves, what we did was we had a friend who was in the construction industry, and they invested constructing the business on our behalf. But most of the investors that we went to, we got so many no's. So it's extremely difficult, which is why I stress it's important for the fund to be available at the onset. I don't think that anyone should open a dispensary who's not equity if funding is not made available. Licensing shouldn't be open until that's made available--- until funding is made available. Because another thing that happened to Massachusetts is they gave priority to medical facility, to those who had medical provisional licenses. When it was initially contemplated, only medical facilities that were operational would be given priority, meaning that when they applied, their license would be at the top and it would go through licensing first. Well, what ended up happening is they opened up that priority for every medical provisional license, which at the time was 120. If they didn't open it up to provisional licenses, it would have been like 12 medical stores. So it's difficult to compete when these medical facilities are well capitalized and they're able to go through the process very quickly and you have an equity applicant who does not have the same abilities.

[Rep. Kathy Rapp]

Thank you very much. And in the same article, and maybe you can confirm whether or not this is true, in Massachusetts when they talked about the equity, that in reality, according to this article, 72.4% of the marijuana agents identified as white only, 7.6% percent identified as Hispanic, and 6% identified as black. So is that still true today? This article was written in 2021.

[Ms. Laury Lucien]

So I can't speak to the specifics of those numbers, how much they've changed, but they haven't changed drastically. The industry is still owned, controlled by folks, by white males, and the employees tend to be white and male as well. There are companies on the ground, nonprofits trying to help with that, but the issue is once you have a company that's operating, unfortunately folks tend to hire people to create a culture that reflects their own cultures. It's difficult to, oftentimes it might be a little difficult to expand beyond that. And also that's part one, part two, a lot of these dispensaries sometimes when they were first getting licensed, they would be licensed in places where the population isn't as diverse. And so I work in a space in a town where it's not as diverse. So to get folks to come, you have to provide them access to transportation. You have to ensure that they have the ability to get to those spaces. And another thing that really affects folks being able to operate in the industry that people don't think about is childcare. You're not allowed to bring your child into the workspace. My dad's an engineer. I used to go to his work with him all the time when my mom was working. And so I could just sit there and wait for my dad to work. You

can't do that in this industry. You can't even, even folks they have to leave their, unfortunately as a public safety committee, I don't like this fact, but parents leave their kids in their cars when they go in to purchase their medicine. So it's multi leveled, multi tiers, and there's a lot of things we have to consider when trying to address this particular issue.

[Rep. Kathy Rapp and Rep. Dan Frankel]

Thank you so much. That was very informative. Was definitely more, yeah, thank you. Thank you. I have some time here before our next testifier. Thank you so much. You, Chair. My pleasure. I just wanna also recognize that we have virtually representatives Khan, Venkat and Boyd online and representative Schemel has some questions.

[Rep. Paul Schemel]

Very well, thank you Ms. Lucian. And one of the things that we've heard from a number of the individuals who've testified from other states is the importance if states do this, that they get everything in line before they pull the trigger, if you will. It sounds like in Massachusetts that was maybe an issue with the equity component that it came in later after a lot of the licenses had been issued. I have a few questions relating these really, really largely to the equity component. One of the things that you called for was expungement of records. And we've heard that from other testifiers in the past. How Massachusetts address because selling without a license is still illegal. So how does Massachusetts address the issue of expungement of someone who was selling marijuana prior to recreational legalization, but yet still prosecuting people that are selling recreational marijuana without a license after legalization?

[Ms. Laury Lucien]

It's a weird framework that we're living in, right? Because from the federal perspective, our attorney general is mostly focusing from his words on the opioid crisis, which has been ravaging Massachusetts. From the state perspective, we're seeing low rates of incarceration compared to pre legalization because marijuana enforcement is not a priority. But if you do unfortunately get entangled and get arrested for those charges, you'll go through the process of unfortunately being incarcerated, but once you've exited, you have access to get that record expunged.

[Rep. Paul Schemel]

Okay. With regard to the equity licenses in Massachusetts, I'm not familiar with the law there, but in Massachusetts, are those freely transferable? Like you have, I don't know if yours is an equity license, but your licenses are permits. If you get one under equity

program, can you sell it? And can you sell it to anyone or are you limited to selling it to someone else who is an equity applicant?

[Ms. Laury Lucien]

Right, so depending on the city or town in which you operate. So there are certain cities that have their own equity programs where if you do have one of those licenses, you're not allowed to transfer it unless you transfer it to somebody with an equivalent status. But on a state level, when you transfer it, you're allowed to transfer your license except for the fact that if economic empowerment equity applicant holder, you lose that status once transferred. Now, the reason that matters is there are two license types in Massachusetts that have been allocated specifically for equity and economic empowerment, and those are the delivery licenses and the social consumption licenses, which will be coming in the near future. So if you're a holder of a delivery license, you can't sell it to anyone except for an equity or an economic empowerment certificate holder. But every other license types, for example, I own a retail and a product manufacturing. If I wanna transfer that to someone else, they can purchase it, but they won't be able to have the same status. They won't have priority. They won't have their fees waived, some of their metric fees waived. Some of the benefits that come from having the equity and economic empowerment status will not transfer.

[Rep. Paul Schemel]

Okay. So I read a little bit about each of you who are testifying, and I saw a post that you had on Twitter or X where you were expressing some exasperation at the cannabis industry. Is that because the industry is large and well funded and therefore able to buy out these and they don't care about the equity component? I mean, they don't care about the advantages to the equity license. What I'm wondering is like, if we start the equity program, some of the states who've done that, they've, their experience has been, what happened was corporations just bought them out. And then they ended up just with all corporate ownership or largely corporate ownership. Is that what you were expressing in that or what has your experience been in Massachusetts?

[Ms. Laury Lucien]

My experience unfortunately has been that due to lack of funding, many companies who are equity unfortunately are controlled by really large multi state operators. The owners don't look like The people who actually are controlling the company don't look like the equity applicants, if that makes sense. And that's one level of frustration, there are many levels of frustration. The licensing process is onerous. You shouldn't need to have this long process. I also own a brewery. I started licensing my brewery the same time as my

marijuana business. I was able to open my brewery in less than a year. It took me four years to go through marijuana licensing. That's really ridiculous. And I can bring my nieces and my nephew to the brewery-----, but we can't do the same in cannabis. So there are a lot of barriers. And the last part is the funding. It's very difficult to get funding, whereas our counterparts who have access, even if they aren't themselves wealthy, they have Rolodex and connections that we perhaps don't have, which makes it additionally more difficult

[Ms. Laury Lucien]

So those are... But I'd have to see which day you were talking about to know specifically because I go off the ...

[Rep. Rick Krajewski]

Thank you, chair. And thank you so much for your testimony. A couple questions. One is, and you mentioned this in your opening remarks and then some of the questions about what we can do to provide support for small businesses and minority owners and minorities in general who are trying to compete in the industry with the pressure of larger stakeholders, larger corporations who have the capital to be able to kind of just jump in, right, and take up market share in a way that small businesses and individuals just cannot compete with. And so you did mention the one piece around how the state can support in funding and that kind of financial and capital support to allow those folks to compete. But curious about if you have any other thoughts around whether it's regulations or guardrails around the industry, around how investors and corporations engage in the recreational industry that we could put in place to just even the playing field for some of the smaller business owners and individuals that need to be able to, particularly when it comes to minority Black and Brown business owners that need to be able to take up space in the market.

[Ms. Laury Lucien]

I think that being very clear on what it means to be an owner and making sure that owners are listed on the application, reviewing their operating agreements, understanding how decisions are made, who can and cannot make decisions, think is going be very important because control can be very---There are some contracts that I've read where it looked as if it was 51% equity, 49% equity on its face, but when you read the contract, they were forced to utilize their back house support and pay an additional fee on every skew for that back house support. So do you actually have control in that instant? They also had to get permission and approval for every marketing decision. They couldn't just dispose of their property however they wanted to. So essentially on its face, it appeared as if it was a fair 51/49% control, but it wasn't when you read the agreement. So giving the commission the

right to review those documents and making sure they actually go through it would be a great guardrail.

And from a larger perspective, protecting the entire industry, making sure you have license caps to me is really amazing. So knowing that even like the largest company in the world can only own three retail stores in Massachusetts, it gives everybody an opportunity to just compete on that level. Does that make sense?

[Rep. Rick Krajewski]

Oh, yeah, definitely. That makes a ton of sense. And those are, I think those are things we can definitely take into consideration. And then there's another quick question. Can you speak to how and particularly given your role around safety, can you speak to how a legalization framework and when done correctly and when done with the social equity lens can reduce the illicit market and actually move more users into the legal recreational market. Because I think that is also one of the things that's come up often in conversations. And we've seen in other places that I think haven't been able to do social equity correctly. And as a result, some of that illicit market reduction that we thought was going to happen isn't happening. So wanted to hear your thoughts on what can be done around social equity to ensure that that transition occurs.

[Ms. Laury Lucien]

I think one of the most important things that we included in Massachusetts was the requirement that every product that's sold in the market is tested. And so by the consumers knowing that everything's been tested, that helps to eliminate some of the problems. So in order to help with that effort, I would say provide mechanisms for reduced pricing for testing. I just lost my train of thought. Give me the question one more time again, please.

[Rep. Rick Krajewski]

Oh, yes. Yeah, just how can social equity as part of a legalization framework help reduce the illicit market and get more users to go from the illicit market to the recreational legal market.

[Ms. Laury Lucien]

So that part, another part is being, the most important thing is communicating to the consumers who owns it and what experience are they getting. So when you go to, in Massachusetts, when these stores were first opened, they all felt like Apple stores. Too many people who are going to the illicit market, can be a little daunting. So allowing a space where the safety regulations are not so onerous that they require you to feel as if you're going into a pharmacy would actually make it a little bit more approachable for the

recreational market. And so that's one part, making sure that testing is communicated to the industry. And it's all, I think it's just continuing to educate the consumers.

[Rep. Dan Frankel]

Thank you, Ms. Lucien, for your testimony and your response to the questions. I'm gonna move on to our other panelists, Tahir Johnson, who's just joined us. And, if you could, make, your opening statement, that would be great.

[Mr. Tahir Johnson]

Thank you. Good morning and good morning and thank you for having me. First I'll say it's a it's a pleasure to get to be here and speaking to you all on hopefully as you guys consider legalization in Pennsylvania. My name is Tahir Johnson. I'm the founder and CEO of Simply Pure Trenton and we are an adult use cannabis dispensary located in Trenton, New Jersey. I'm also the president of the Minority Cannabis Business Association and I'm looking forward to answering any questions you may have.

[Rep. Dan Frankel]

Terrific. Thank you. Questions? Go ahead.

[Rep. Paul Schemel]

Yeah, thank you, Mr. Johnson. I appreciate you being here. I'm not familiar with the laws in New Jersey, but are there equity licenses there? And if so, can you explain a little bit of the mechanism for which you applied and how they're distributed throughout the state?

[Mr. Tahir Johnson]

Sure, absolutely. And in New Jersey, I'm actually a social equity licensee myself and I qualify for social equity having previously been arrested for cannabis. And in New Jersey, what they had was a priority system, where people whether you get priority to licenses based on a number of different criteria, social equity being the top like one of like the top top criteria that could give you priority. Second, being they also gave priority status to minority owned businesses that were certified in the state. So, minority owned businesses, women owned businesses, disabled veteran owned businesses, and then the tier under that was a priority status given to folks who have opened businesses in impact zones. You know, those areas where they wanted to have a financial impact through the revenue that cannabis would create and my business actually qualified for all three of those tiers being social equity, having a certified state certified minority owned business, and also Trenton being an impact zone---And so that gave us top priority status and I was one of the first eleven companies to be awarded a license in the state.

[Rep. Paul Schemel]

Is your license freely transferable? Can you sell it to whomever you want or does it, they have to qualify for the same things that you did when you...

[Mr. Tahir Johnson]

So, as a as a social equity licensee, I'm required to maintain 51% ownership of the company and you they New Jersey set a rule where it has to be two years before the license could be sold. You know, or transferred, you know, to someone outside of that social equity status.

[Rep. Paul Schemel]

Okay. So, after two years, you can sell it to anyone. So, you could sell it to a corporation.

[Mr. Tahir Johnson]

Yeah and you know, like I said, after that two year period, you could do that. Also, in New Jersey, there's currently a rule where corporations are allowed to invest in you know, minority owned companies but taking a minority stake in the companies. I believe it's up to 35% is the maximum that one of those larger corporations allowed to have in one of the minority owned businesses.

[Rep. Paul Schemel]

And with the equity license in terms of the employees, the folks who work for you, is there any requirement that they also be from an equity category, a certain percentage or what?

[Mr. Tahir Johnson]

No, so there's not any requirements of these folks that I have to hire. But for me, that is actually one of the ways that the impact zone qualification that I mentioned. So if you are doing business in an impact zone and hiring folks from an impact zone, that's one of the things that can qualify you to meet that status, yes.

[Rep. Paul Schemel]

Okay, and the impact zone is a, that's a geographic determination like neighborhood or something?

[Mr. Tahir Johnson]

The impact zones are geographic areas that the state identified had the highest disparity of and the highest impact of cannabis arrest during prohibition. So those so those areas are you know those are the areas that they put special focus on. If you again, if you hire, if you if

you do business there, hire folks from an impact zone that can help you to meet that qualification for priority status.

[Rep. Paul Schemel]

And do you know, was there an expungement component as well in New in New Jersey that folks with past records had their records expunged after legalization?

[Mr. Tahir Johnson]

Yes, in New Jersey, the government, the governor actually implemented like a widespread automatic expungements when cannabis was legalized. People that have simple possession charges.

[Rep. Paul Schemel]

What about for sales? Was it just for possession possession of his believe it was just the possession charges, but don't quote me on that, if I believe that it was just possession.

[Rep. Dan Frankel]

Okay, thank you. Thank you very much. How many dispensaries do you operate?

[Mr. Tahir Johnson]

So this Simply Pure Trenton is my first dispensary, And I've been in the final stages of construction, that's why I was racing here, working with my plumber before I came. So this is my first dispensary and I've been working on getting it open for two years now. So it's been a heck of a journey, know, having to raise capital, you know, do all those things and this is the first one for me.

[Rep. Dan Frankel]

So we've heard, you know, how difficult it is to raise capital, find real estate. Can you talk about that process for yourself?

[Mr. Tahir Johnson]

In terms of in licensing, one of the things that New Jersey did that was a great benefit for applicants social equity, I'll say, or just applicants in general was they had what was called a conditional license and with that conditional license, you weren't required to have the real estate or capital upfront and then once I got that conditional license, that allowed me to be able to go out and raise capital, you know, for people to be able to fund the business and then in turn, get the annual license. So, due to cannabis being federally illegal, you

know, access to banking, access to capital is extremely difficult. It's actually what attracted me to the industry in the first place. I was previously a financial advisor, and I saw where, especially minorities, it's extremely difficult because due to not having access to traditional banking systems, you have to rely on venture capital, private equity, all those things, and every statistic tells you that women and minorities typically get less access to their money. And so for me, to build this business, I've, you know, because I can't couldn't get a mortgage to get a property, I had to raise \$1,100,000 to have an investor purchase the property to lease it to me. And then after that, I also had to raise an additional 2 and a half million dollars to, to fund the business. And you know, again, I I felt, blessed to be in a position to be able to do it having, having the background that I did in finance and kinda competency to be able to do it, but also having worked in the industry and built a network and a reputation for the past five years, but the capital is extremely difficult. When it comes to banking, due to cannabis being federally illegal, most of your traditional banks don't bank cannabis businesses. So your Bank of America's, your Wells Fargo's, all those, they wouldn't touch it. And as a matter of fact, you know, I had a Bank of America account, initially, like when I first started the business before it was even close to cannabis and when Bank Bank of America shut down my business account and personal account. So, you know, you don't have access to that. You don't have access to lending. And so, there are some some banks that do bank cannabis but they're typically smaller or you know, community banks or kind of niche banks or credit unions that focus on cannabis and so, you see, like I said, it's just raising capital is difficult but one of the things that New Jersey also did with the tax dollars was created a grant program to help fund minority entrepreneurs through the New Jersey Economic Development Authority. They gave out last year, they gave out 40, \$250,000 dollar grants, to help entrepreneurs and this year, I was actually a recipient of one of the second round of \$150,000 grants and so while it, you know, I I told you how much it costs to do the business is just a drop in the bucket, but it helps to go a long way, especially for people that haven't, you know, been able to raise capital as, you know, helps them to get started.

[Rep. Dan Frankel]

This would be I think for either one. I don't know if our other panelists are still here but what are the kinds of licenses could we offer?

[Mr. Tahir Johnson]

Sure. So, some of the, some of the different types of licenses that New Jersey offered, they also offered a micro license, which was intended to be a smaller business, that's less capital intensive. So, the micro license for retail was limited to 2,500 square feet in a retail space and also limited to 10 employees. They also had micro licenses in the other license

types, meaning so you could have a micro cultivation that's under 2,500 square feet and 10 employees are also a micro manufacturing. So if you can have a smaller facility in each of those categories is less capital intensive and less a little bit easier to get off the ground. So, in addition to dispensaries, there's like I mentioned, there's a cultivation license for people who want to grow the plant, there's manufacturing licenses, and those are people who produce products from the vape cartridges, things like that, pre rolls, tinctures, bombs, the lotions, the edible products, the manufacturers produce, all of those, products. You also have delivery, delivery license for people that would be able to deliver to people's homes and in addition to that, other classes of license are wholesaler licenses, and they can also be like different types of transportation licenses that people can have as well. Thank you.

[Rep. Krajewski]

Yes. Thank you, chair. And thank you. Thank you, sir, for your for your testimony and being here. I was wondering if you could just speak to your experience going through the social equity process in New Jersey. Just like what was that like for you as someone who's directly impacted? Any changes that you felt, you know, should be made in the process, things that felt that were like positives and things that you think we should definitely be implementing in Pennsylvania just so that we can learn from that that experience.

[Mr. Tahir Johnson]

Sure. Well, you know, with, with social equity, one of the biggest, biggest gaps often is technical assistance and, education. So I think, being able to have resources to help educate and nail, again, we do have these programs and services now, but to the extent that you're able to offer them on the front end, to offer people assistance and, you know, just learning how to run the business and offer them access to professionals can make a big difference as well. I think one of the other one of the other problems, that that I think that we face is, when you look at municipal control and how that impacts things. In New Jersey, we had a lot of situations where, I'll say, thankfully, my town, Trenton, they wanted to prioritize having somebody who was from the town and impacted, be the type of applicant they were looking for. But you have other towns where, you know, because they have so much control, they'll only give the opportunities to the most well-funded companies or the people who are politically connected or things like that. So, you know, to the extent that you can, you know, to the extent that you can have some type of controls there, I think that that's important. And of course, I would reiterate capital to the extent that there can be opportunities for funding, you know, for companies is a really important thing. One of the other parts that I would mention is, know, now where New Jersey's market, our executive director said that we're on track to surpass over a billion dollars in revenue this year. And right now, the number of social equity businesses that are actually open in the market is

very few. And the market is dominated by, the larger players because when we transitioned the---when we opened up the recreational market, like some of those larger players were the first to open. So to the extent that we can have like opportunities to have opportunities for some of the smaller players to be able to get in the game as well, I think that's important. I will say that I did think that it was, in some ways it made sense that we were able to have those operators open because one of the things that you wanna do is have open access to a market and allow people to experience, you know, experience shopping in the legal market. But I think it's important, you know, to be able to just, again, do everything we can to prioritize being able to have minorities, be able to participate in the market as well. Thank you. Yeah, that's very informative and particularly, you know, what you said about the technical assistance and making sure that people have the support and training they need to be able to engage and to compete makes a lot of sense. And I also hear the point, and I think this has come up a couple of times in our hearings about needing uniformity across municipalities so that folks who are trying to get engaged in the market don't have to contend with different regulations or expectations based on, you know, what municipality they're engaging in. So, that's very helpful. Thank you.

[Rep. Dan Frankel]

Thank you, Representative Krajewski. I want to thank you for your testimony today. We're going move on to our second panel by just you know, thank you Mr. Johnson and Ms. Lucian. Thank you for being with us here today and it was very helpful to have you. Absolutely. Thank you for having me. Thanks very much.

We're going to move on to our second panel. We have Sharon Perry Thomas who is the co-founder of the Diasporic Alliance for Cannabis Opportunities. And we have Shakia Scott from the City of Boston, Senior Cannabis Business Manager, Cannabis Regulators of Color Coalition. Thank you for being with us today. And if we could start with Ms. Perry Thomas, that would be terrific.

[Ms. Sharon Perry Thomas]

Not really? Okay. There we go. Yeah. So, again, thanks. And thanks to those individuals who are in the room who have been harmed by the war on drugs as well for being here today. So, again, I'm not gonna go through everything that I've already written here. I'm probably the only person maybe on this panel, that I know of who does not live in a state that is a legalized state. However, I have traveled the world and around the country to learn more about what Pennsylvania could do to have a more equitable cannabis policy here. I'm also the founder of Black Cannabis Week, which is a week long recognition of blacks in cannabis. We have a conference in actually in Philadelphia for the last seven years, really

helping to inform communities of some of the things that some of the panelists have talked about today because outside of Pennsylvania these conversations are happening. We need more of those conversations to happen in our state so we can have the dialogue and we can understand how our state being the last state in this area can actually have one of the best policies in this country. So it's a good thing to be in last sometimes.

So with that being said, I have a couple of priorities and first of all, some of these priorities actually came from a survey that we hosted during Black Cannabis Week in 2023. And one of the things that we found and one of what we wanted to know was what were what were people really interested in as we were having these discussions around adult use legislation. In order, number one, social justice. Number two, health and wellness. Number three, business and economic opportunities. So we started our state with an excellent medical marijuana program, however there are a lot of lessons to learn especially when it comes to equity and especially when it comes to, having a policy that's a little bit more inclusive. So one of the things that I would definitely like for this committee to consider is reviewing some of those, diversity policies that our license holders are supposed to submit every year, March 1st, according to Act 16, section six one five. If we cannot learn from our past, we sometimes can be doomed for our future. So as we talk about the future of adult use, I say let's look at this, let's look at how our medical marijuana program has been able to include more diversity, more supply chains from diverse communities, and more workforce development opportunities. The priorities from those three areas that I mentioned earlier which was social justice, health and wellness, and economic and business opportunities.

So first we must prioritize clemency and pardons for individuals incarcerated for non-violent cannabis offenses. Second, we need to look at and encourage cooperatives, which we already have a model here in our state, where members collectively own and democratically control the enterprise. Third, we need to, support we need support for disadvantaged farmers and communities. Many farmers that I've spoken with were excited when the medical marijuana program came on board. They thought that they were gonna be able to be included in this industry. A lot of them invested money and resources. They were let down. Let's not let them down again. We need to make sure, that we do provide financial and technical assistance as well as resources and facilitate market access. So including compliance support are essential steps for 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 and Training is crucial for overseeing the market sustainability and fairness. And 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. And I'm open to any questions or

[Rep. Dan Frankel]

we'll we'll get to you and we'll have testimony from, Ms. Scott first and then we'll open it up for questions. Thank you. Thank you.

[Ms. Shekia Scott]

Thank you, Sharon. Again, I'm also not going to repeat everything everyone harped on. I just want to give you a little introduction of who I am and my experience in this industry. I have a very unique, journey, in this industry and have had the privilege of serving in various capacities, 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's Board of Directors, which is made up of, people who have held regulatory positions all over the country. And I previously served as the inaugural director of equity and community outreach for the Massachusetts Cannabis Control Commission, in which I spearheaded the design and implementation of the nation's first statewide social equity program. I introduced this program in 2018, and then it was officially codified into law, in 2022.

I want to focus today's testimony on providing recommendations on development and implementation of equity programs themselves, but I aim to illuminate the significance of social equity in this sector moving beyond mere 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 and it's not 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, arrest, and incarceration. But as stewards of policy and legislation, it falls upon us to uphold these principles 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 not only has the opportunity to build a prosperous industry, right, but dismantle a long standing construct of racism that's still persistent in The United States today. We know that the war on drugs predominantly waged against black and brown communities, mostly men, has been long a

tool of racial oppression, and the possession and sale of marijuana, well, whether it was 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. So at this current time, more than 20,000 people are arrested for simple 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 Arrest in the Era of Marijuana Reform, cannabis enforcement has led to black Pennsylvanians being arrested three times more than their white counterparts, and simple possession makes up forty two percent of all drug arrests, and this disparity persists even though possession, sale and usage of cannabis remain equivalent amongst racial groups. So these negative impacts must be remediated immediately in every aspect of cannabis legalization and reform before we can even talk about programming. And then that kind of just encapsulates what everyone is saying about automatic expungement. In Massachusetts, expungement and I think, Rep Rapp, you asked this too, was it initially included? It wasn't. It was it was definitely advocated for, but it wasn't immediately or automatically implemented. And that caused a delay in justice ---just as of April 3, our governor enacted expungement for all simple possession, but again to a question that was posed earlier that did not include sales, just simple possessions. Pennsylvania has the opportunity to go above and beyond that and actually like Sharon says, there are benefits to being last. You have a whole lot of precedent in front of you and you really have the opportunity to have the best and most comprehensive and most equitable program in the nation. And so I will open it up for questions. You have my testimony which was about 15 pages. So very in-depth, a lot of recommendations and considerations, but a lot of the things that my fellow panelists have already said and whatever you need to know, I'm here to help.

[Rep. Dan Frankel]

Well, thank you, Ms. Scott. You're right. We know we have the opportunity to get this right and to learn from others' experience so that we've been taking a very deliberative process to draft a piece of legislation here. Let me start by, you know, we've heard a lot of for either one of you, know, a lot of the obstacles to being able, to establish a business. You know, what does a what does a regulator need---what do businesses need from a regulator to be able to successfully develop a business?

[Ms. Shekia Scott]

Understanding. They need humanity, like understanding that this is business, but this is also people's livelihoods and their lives in general. But they just need a good executive office and a regulatory body that understands the past war on drugs, understands the

history, understands the impacts of it, has disparity studies in front of them that they can draw from, and has just good comprehensive outreach that is talking to people who are actually impacted by this to get it right. They need people that will come to the table and not say the right thing all of the time, but just will advocate for them and regulate on their behalf as opposed to a monetary business capitalistic approach. And there's a whole list of things. But they need a regulator to also provide them capital and access to capital, access to technical assistance that is not only education based. In Massachusetts program, our initial equity program which I designed is education based but it has four tracks. They need regulators to broaden their imagination of what an industry is. This industry is not just buyer and seller, This is a full fledged supply chain within and outside of the dispensing of the plant itself. We need programs and regulators that illuminate that to the public to help them understand that you may have transferable skills and a lot of things--- a quote that we kept saying during the flying of the plane of building our industry in Massachusetts it was that the people that became rich, even though it's not about capitalism, but the people that became rich during the gold rush weren't the people who were digging for the gold or had the gold, it was the people that sold the picks and the axes. And so we need to highlight those opportunities for entry so we are not creating this competitive licensing process and we are building out the industry across the entire supply chain. Regulators that understand that piece in itself as well that this is more than just licensing, this is more than just a business opportunity and it's also more than consumers too.

[Ms. Sharon Perry Thomas]

Thanks for that. Yeah. And I just wanna add to that, well said, that we need a regulator that also understands that we already have offices in place. We have nonprofits in place right now in our state who can help to usher in a a a cannabis sector. When you think about it, you know, we talked about funding earlier. Well, we have plenty of community, you know, CDCs and community banking. We have that in place right now. We have we have offices that already distribute grants in our state. Instead of just thinking about this big overwhelming idea of now we have to do this and we have to do that, no. We have to use what we already have is just including cannabis.

[Ms. Shekia Scott]

I want to add to that and I know you were about to jump in with a new question but I want to make sure to Sharon's point about already having existing things. This industry already exists. So while we're talking about the illicit market, the illicit market is the industry. And we we have it in front of us and we need to find a way to make the illicit market the industry that we're regulating. So regulators that understand that this industry already exists for

years and years and years at this point and then how do we turn that into what we're legalizing.

[Rep. Kathy Rapp]

Thank you, Mr. chairman, and thank you for your testimony. And I do certainly believe that if we're gonna create a new industry, there definitely it is time for social equity in the industry. But I am gonna, you know, talk a little bit about the flip side, and somebody mentioned the consumer side because that's the side that really concerns me, whether it's the illegal industry of today or if it was legalized, the legal industry. And in many of the states that have gone to full legalization, there still is a component of an illegal market. And in a study, we've seen that in some of the other states that some of the dispensaries are still, you know, they're open and primarily the poorer communities, African American communities, disadvantaged neighborhoods. And the one thing that we've been really looking at here in Pennsylvania, and especially in the Health Committee, is black maternal health. In studies, especially for maternal health, black maternal health, every color maternal health, we know that cannabis is extremely harmful to the unborn child and to the mother as well. Just since you're here with Boston and Philly, is your insights that you've seen as far as protecting our vulnerable populations in legalization, our children, because we know from these studies as well, we've seen more children being referred to poison centers in every region. We know about the maternal health, the negative impact on cannabis use, whether it's the dangers of vaping, and we see more and more adolescents turning to vaping in the illegal market, which would still be illegal in legalization, but they are vaping extremely high THC levels. So in your experience, what are you doing in Boston, what do you propose for Pennsylvania in regulating, even though we do have the illegal market already, and I believe most states still have an illegal market even though it's legalized because there's money to be made. So what safety nets do you have or would you propose for Pennsylvania?

[Ms. Shekia Scott]

I think that was a very loaded question. I'm not a health specialist but in Massachusetts because I did work for the regulatory body of Massachusetts. Massachusetts as a whole had a Know Your Rights and a Talk to Your Children campaign and it's really cute. I suggest you guys check it out and see that way. And I know education is not the end all be all of solving an issue of that nature, But it's definitely the start in pushing out health studies, putting people on the front lines who have done the research work in this market as doulas, as health specialists in women's health to really focus on that. I personally cannot speak to that as I am also not a mother and so that experience is very personal to people who go through it or choose to consume cannabis while they are pregnant and will not want to speak to anyone's experience or how they choose to carry their child. But in terms of safety

nets regarding the illicit market, there's a lot of things in place. Again, Laury testified to this earlier. In Massachusetts, cannabis enforcement in terms of arrest and incarceration is not a priority and that doesn't mean the state is running wild and we are not seeing a proliferation of illegal stores popping up or just crazy, outlandish illegal activity. So we haven't really had a coming to Jesus moment where we are like we have to enforce this again or revisit how we are enforcing it. It's really kind of been just a focus on how do we get this legalized. But safety nets that we have are kind of progressive as well. We permit gifting and sharing, so that kind of remediates some of the illegal selling even though people will sell a t shirt but gift the cannabis, that's fully legal. And so, you know, they are still selling a product that is not the cannabis itself. We have, you know, our enforcement agency within the commission itself. We have inspections. We have hearings. Boston specifically, we only had two public hearings in which there were any type of illegal infractions within dispensaries and we haven't had any uptick in arrests or children, adolescents using cannabis. And so I think we have we've been really privileged in that way, but we're not sure what that's gonna look like in Pennsylvania.

[Ms. Sharon Perry Thomas]

And yes, there are mothers who do consume. We do have a medical marijuana program currently in our state and many of those mothers are at risk from the loss of their children because they do have traces of THC in their blood and so as we talking about as we talk about an adult use program and bringing this on board, we definitely have to think about the mothers. I do have information from, from a researcher that I can share with the committee that talks more to, to maternal health. I also sit on the board of Drexel University's research, cannabis research, and I think it's really important that we have more research to help answer the questions like that that you have particularly for our citizens here in Pennsylvania. Thank you very much.

[Rep. Kathy Rapp]

Thank you for making a trip to Pennsylvania and to Harrisburg. It's, very nice to see you here. Thank you for your testimony. Thank you, mister chairman.

[Rep. Tim Twardzik]

Thank you. I appreciate your time. One of the questions is you're recommending that we expunge and pardon, and you'd like to expand that to people who are dealing. Now how does that then keep people today or if we legalize it in a month, how does that keep somebody selling without a license from being worried? Because just get arrested and get expunged. So it doesn't control anything. It teaches us to ignore the law.

[Ms. Shakia Scott]

I wanted to clarify that I'm not recommending that we expand that. Rep Schemel, he he asked earlier, one of the panels has New Jersey expand, did their pardons and expungement cover people that were also selling. So I just wanted to touch on that that Massachusetts did not do that either.

[Rep. Tim Twardzik]

Well, thank you for clarifying that because it is difficult again. You know, I just spent the evening with a thirty year practicing pediatrician And I told her where I was coming today and she said, please, just try to stop the train because I am seeing so many children in my practice. And if you legalize it will just become more people coming into my office because now the or if it's illegal, it's gone, so I guess it must be okay. And we've heard prior testimony that if we if you're using this product, if you're 26 or younger, it's not good because your brain takes till twenty six years to figure it out. So we shouldn't be doing this to our children. And, you know, I'm just very afraid that we're rushing into something. Yes, everybody else around us has done it, but we're gonna try our best to try to make it safer. But from a pediatrician standpoint, it's coming from they're coming in the office every day. I've got kids who are sick every day throwing up vomiting because they're using high volume. They're using vapes. They're cutting. The TikTok has been horrible because now everybody decides we need to cut, and it's all just it's like, don't we have enough trouble in the world that we don't need to open this up right now? But thank you.

[Ms. Shakia Scott]

Yeah, I think that what I'm hearing is that what will serve best is a study on the uptick that you've heard about. I can't really speak to that as Massachusetts' experience, or a bunch of other legalized states around the country. But if that is a concern, I implore you to research and get the numbers on the books so that this could be presented to a constituency that is looking for this to be legalized. And I also want to just introduce the fact that because it's legalized, you will have more comfortability in going to a doctor's office or bringing your child to the doctor's office. When it's illegal, people are probably not showing up at the doctor's office because they're going to be penalized, they're going to be arrested, their childcare is going to be forfeited or taken away. And so you have to look at it on both angles of legalizing could make it a safer place for people to seek healthcare alternatives, actually go to the doctor and show up and take care of their health or get the help that they need in reference to cannabis.

[Rep. Paul Schemel]

Thank you and thank you both for your testimony. This is a similar question to what I asked some of the previous testifiers is in my mind, there's this sort of Gordian's Knot when it

comes to equity and how to deal with licenses on an equity standpoint, because either the license is not freely transferable. In other words, there are limitations. You can only transfer it to other individuals who qualify, which makes it a less valuable license. Therefore, sort of the equity component, you end up with equity owners, minority owners have less valuable licenses than all of the corporations that own all the other licenses, or it is ultimately freely transferable. And in the other states that have testified in previous test, you know, hearings say, yeah. At the end, like, corporations end up owning all of these. And a couple of a few minority individuals got wealthy selling them to corporations, but, like, there was really no minority impact. So I guess broadly speaking, how do you resolve that issue? Because we've yet to see a state that has. If you're saying, well, hundreds of thousands or tens of thousands of individuals within minority communities have been impacted disproportionately you know, by these various policies in the past. And therefore, we're gonna rectify these, and you talk very eloquently to the social justice element. Mhmm. But in the end, it's just it's a few people that own licenses that probably in the end up selling them. And how does that transfer to anyone else in the community that you feel has been, know, disproportionately disadvantaged by it? I mean, I I don't see how to resolve that issue. I'd be curious to both of you what your thoughts are on it.

[Ms. Sharon Perry Thomas]

So earlier when I mentioned some of the priorities, one of them was a cooperative model. A cooperative model exists in our dairy, it exists in our ag, it exists in several businesses throughout the state. Many of these cooperatives, they don't sell. Many of these cooperatives distribute the work as well as the revenue evenly. Many of these cooperatives that we have in our communities engage in their communities where they work and live. So for us, prioritizing those businesses and groups of folks who want to work and see the sustainability of this industry should really think about forming cooperatives now as a way for us to have a brighter future in cannabis because, yes, there is a fear that the big fish is gonna gobble up the small fish, not only just in in, you know, in cannabis, but in everything. But those fish that hold on are those fish that are swimming and working together.

[Rep. Paul Schemel]

So what states have done cooperatives? Would you want the legislation in Pennsylvania to require cooperatives? What percentage of the licenses? Where would those you know, give me a little more on that to show me that that that would work or how that would work.

[Ms. Shekia Scott]

Yeah. I mean, when this industry really first started in California, a lot of those growers, a lot of those operators were cooperatives. Unfortunately, because of federal regulation, many

of those cooperatives were disbanded and the I actually was work this was part of my research when I was at, the University of the Sciences first cannabis MBA program. And I was looking for a solution to cannabis business for our state and how our state could be great. And one of the things was a cooperative because it has been successful in other areas, but there wasn't enough research. That was the problem. The only other state that I've seen where they have talked about cooperatives and I don't know if they are up and running is Massachusetts and Shakia can probably talk about that and how that is happening, but thus far Pennsylvania could be the premier state for cannabis cooperatives.

[Ms. Shekia Scott]

I wanna add, going back to license transferability, is a great question. And I think you're right that every state has been trying to figure out the middle ground of one equity and then having equity five, ten years down the line if your license is just freely transferable. So I think Laury spoke to this earlier, what Massachusetts did is we have a social equity status, we don't have a license. I think that's number one. Once you put a license just for equity, one you limit it, you create a unnecessary competition between the people you're trying to serve and then you create this bottleneck of trying a rush to the license. And so once you have a status, then you have to identify what the regulatory body and the state itself sees as their goal of equity. Is the goal to just distribute licenses? Is the goal to distribute licenses for a certain amount of time? Is the goal for these businesses to be up and running and get to a certain amount of profit. We have to identify what the long term equity goal is before we can understand how do we fix license transferability. Also the issue with it is that everyone has different business aspirations. I might come into the business and want to sell my business in two years. Sharon might come into the business and want to keep her business for generational wealth and so it's up to a regulator to really understand the nuance of how do we fix this and that's the great question, how do we fix this?

Massachusetts is right in the middle of figuring that out as well because we have some owners who are equity applicants or economic empowerment status applicants and they want to sell. And like Laury said, at the state level there's no stipulations of you being able to sell except that you can't transfer your license, I mean your status, but the status is the draw for the buyer, right? They want the status, they want the benefits, they want to be able to say we have this equity business, and they want to profit off of the status. In Boston, in our regulation, there is no transferability at all. There have been some back routes that people have found to transfer their license, but it's not legal technically. And so what we have thought about is a sunset clause. And those owners who have been issued an equity status between this year and this year are now at this year able to sell. And then you usher in a new wave of equity status or equity licenses and then have those open for a limited amount of time or however many years you think is suitable. And then you can have a track

record of we've issued this many equity statuses or licenses, all of the businesses have been open for this many years, then they were able to sell and so down the line ten years we had that same exact question if we just let everybody sell their business in ten years and we look back and all corporations own the licenses, did we actually and effectively put forth equity? Was this equitable? And so that is a really great question and I implore you to really dive into the nuance of how to solve it, but you have so much precedents of how it doesn't work and how it could work. But I think sunset clauses are really our best bet for those states that have already legalized and Massachusetts does have a co-op license type. And it is helpful but I think people are, they need more education of what a co-op is. It needs to be really outreach needs to be done and education needs to happen around how co-ops work, what they do, how they are beneficial for people. And we only have about two to four of them in Massachusetts that because people are people are rushing to have retail licenses. And so there a co-op is the far furthest thing from their mind, but it is available in the state of Massachusetts.

[Rep. Paul Schemel]

Good. Thank you. I don't know that there is a solution because I've yet to hear one. Yeah. Because if you make it a sunset provision, you do solve some of the issue of people just honestly profiting selling it out and then you've lost any of the equity component. But then you also heard, you know, if the idea is well, you know, we want to develop these business opportunities within the minority community. Part of that is that you're going to invest in the business and be able to transfer it on to your children or something like that. And if it's a sunset provision, don't, so you don't invest in the business. So, my concern would be that, or you could have them limited. Well, you know, you get benefits, but a lot of the benefits that were described have to do with startup. But once they're started, once they're started up, you know, you don't need that benefit any longer. What you might end up with, well, the licenses in places that just you don't have much profit. Okay. You know, no one will buy those--- So they'll just continue to be what they are and everything else gets sold out to corporations. And I've yet to hear anything that solves that. But anyway, thank you very much for your testimony.

[Rep. Dan Frankel]

Thank you. Thank you very much. We're gonna move on very shortly. I just wanted to ask one thing. I mean, one of the other aspects of looking at and trying to realizing that at some point you're probably looking at, the vertical integration of these businesses. I mean, it's just unavoidable, I think. You know, I don't think you can legislate it to the long term. But there probably are other opportunities for social equity in terms of revenues that are generated and can be directed, to affected communities. So I'm just curious, particularly in

Massachusetts, you know, the tax taxes that are generated, I gather both at the local and at the state level, what is done with those? Are there investments that are made in communities beyond the licensing issue in terms of reinvestment of resources that are generated by these businesses or will be generated by these businesses?

[Ms. Shakia Scott]

Yes. And Massachusetts has a very high tax rate, so I employ, Pennsylvania to not do that as well. But we have a 20% tax rate, seven 17% goes to the state, 3% goes to each municipality, and then municipalities could also, tack on another 3% if they have host community agreements. Boston has chose to not, move ahead with host community agreements, We have a host community agreement but we haven't tacked on that additional 3% and we've refunded up to about \$3,000,000 between nine businesses that we were collecting those fees from initially. And the issue with that is that there needs to be effective data collection of where the funding is actually going. So with the host community fees, a lot of our municipalities rolled them back because they were not able to prove or all that funding was being directed to law enforcement, which was then not to the communities impacted, which was a major issue and continues to be in a lot of the municipalities who are still collecting them. The commission has put forth guidance for municipal equity and then it will start requiring municipalities to prove, but at first there was no real way to know and then when asked, municipalities had no data to show exactly where those percentages of that tax money was going.

In Boston, the original 3% of our taxes, point five of it funds our equity program which is funded technical assistance and grants. We had an initial allocation of a million dollars and then each quarter we get the 0.5 of the 3% but as more businesses open, of course that increases and then we are in the process of asking for a supplemental increase to that from the 0.5 to 1% so that we could also allocate those to other areas of community reinvestment. At the state level, there was very clear language of where tax revenue needed to go in terms of public health, public safety, and public safety gets really clouded when you introduce law enforcement so we should make it very clear that public safety is not law enforcement, but safety measures that exclude policing. Education, and certain other buckets that the Commission had to make sure that they are going to, including the state's cannabis equity fund that Lori alluded to earlier. Thank you both very much. Really appreciate you joining us and taking the time to help educate us today. Thank We're going to move on to our third panel which is Dr. William Garriott from Drake University. And I think he is with us virtually. I'll be right back.

[Dr. William Garriott]

Hi, everyone. Can folks hear me? Yes. Go ahead. Thank you. Okay. Well, thank you for having me today. And I wanna quickly just thank the folks who have already spoken. I've really enjoyed hearing what everyone had to say, and I'm going to actually adjust my testimony today in light of what's already been said. A lot of the things that I have included have been things that have already been covered. So I'm gonna introduce myself and then try to highlight some things that we haven't been able to get into today, try to do that as quickly as I can, and then move into some questions. So once again, thank you for the opportunity to speak with you today about social equity and adult use cannabis legalization. My name is Will Garriott. I'm a professor at Drake University in Des Moines, Iowa, where I serve as chair of the law politics and society program. I'm an anthropologist by training, and my teaching and research focus on drugs and drug policy in The US. For the past ten years, I've 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. And today, as we know, one of the biggest challenges is social equity. And in a nutshell, social equity is about addressing the harms of previous policies. 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 invest or reinvest in disproportionately impacted communities, and eliminating the criminal records of those arrested on cannabis charges or convicted of cannabis offenses. So we've already heard a lot about industry access. So I'm not gonna say a lot about that specifically, but I'm happy to answer questions about that later. Instead, I want to focus a bit more on criminal record expungement and community reinvestment. And criminal record expungement, we've already heard a little bit about as well. And so I think it sounds like this committee is already familiar with some of the arguments for why it's important. I want to just highlight maybe some of the additional policy dimensions that that are worth considering. So for instance, 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 or the right to vote, and it can mean difficulties accessing health care and education. And these are the building blocks of our society. They give our lives meaning and purpose. They're 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, health care, and education. They also reduce the likelihood that someone will commit a crime or start or continue to use substances in a problematic way. And since this is a political body, I will note that there is bipartisan support around this issue. So should the state legislature pursue adult use legalization? These are my recommendations for a

criminal record expungement process. One, start collecting and sorting aid in now in anticipation of a bill direct the relevant agencies to identify those with records for cannabis offenses. Two, make the process automatic. Three, make the process free. Four, make the process make sure the process covers arrest and conviction records. Five, make expungement the default remedy rather than sealing pardon or similar alternatives. Six, 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. And seven, think carefully about how a past criminal offense will impact an event individual's ability to participate in the legal industry. So now to the issue of community reinvestment. So these programs are relatively straightforward. They did they dedicate a percentage of cannabis tax revenue towards communities that were disproportionately impacted by cannabis prohibition, are low income, or some combination of the two. The money typically funds a range of programs, community organizations, and nonprofits working to address issues like mental health, economic development, substance use disorder treatment, jail diversion, violence prevention, workforce prevent preparation, and so on. Community reinvestment programs don't tend to run into the same kinds of legal and regulatory barriers that industry access programs do, but they have their own limitations, particularly in the areas of accessibility, sustainability, and long term impact. So when it comes to accessibility, the challenges with how funds are distributed, usually it's through grants. Applying can be time and labor intensive, and not everyone has the know how to navigate the process. Established nonprofits, local governments, and other formal organizations have a significant advantage over individuals, particularly those who have been disproportionately impacted by prohibition or the justice system. When it comes to sustainability, the challenge is that the available funds are likely to vary from year to year. This is because the money comes from cannabis sales, which can also vary from year to year. And when it comes to long term impact, the truth of the matter is we don't have good data yet to really be able to evaluate. Most programs are just too new. However, there are reasons to be somewhat cautious or concerned. So there's a bit of a grab bag approach being taken in in most states where money is divided up among a range of local providers offering an even wider range of programming and services. And while it's important to prioritize local control, it can make coordination and tracking of outcomes difficult. And when combined with the issues with accessibility and sustainability I've already mentioned, one can imagine a situation where established entities like large nonprofits and local governments make use of most funds to offset costs while less established individuals and organizations ...{audio breaks up}. This is a real limitation when we are talking about providing mental health services, substance use disorder treatment, reentry programs, education, and so on. Sustainable funding for these services is is

essential for community health and well-being, but also in this context for addressing disproportionate justice system impact. So given this, here's what I'd consider this body recommend---- here's what I'd recommend and encourage you to consider. One, stipulate that investment funds cannot be used to supplant funding for preexisting local government programs. Two, find ways to make funds as accessible and sustainable as possible with a focus on long term impact. Three, encourage recipients to use funds for pilot programs that if successful could be scaled up and no longer rely on cannabis funding to sustainably operate. Four, don't make access to services for things like mental health care and after school programs contingent on cannabis sales. This is particularly important for low income and disproportionately impacted communities. Five, treat community investment as just that investment. Areas I would encourage programs to explore and prioritize would be homeownership, home improvement, and higher education. Investment in these areas creates appreciating assets. They are tied directly to higher incomes and even generational wealth. Today, they have not been a focus of social equity programs, but I think there is potential that's worth exploring. So in conclusion, social equity programs have their challenges, but there's nothing that can't be overcome. Industry access, criminal record expungement, and community reinvestment should be part of any adult use cannabis legalization measure, provides a way to address inequities in both prohibition and legalization while making drug policy more fair, effective, and just. Thanks again for the opportunity to speak with you today, and I look forward to your questions. Thank you, Dr. Garriott. Members? Chair Rapp?

[Rep. Kathy Rapp]

Oh, thank you, mister chairman, and thank you, sir, for your testimony. Do you know how many, I'm sorry, I was reading something else here. But does most of the states have a cannabis expungement board that includes community member represent representation? I'm just assuming that's something that you would recommend that the state would set up a cannabis expungement board. We might not call it that, but it would be, that's something that Pennsylvania should do if we're looking at expunging records?

[Dr. Will Garriott]

Thanks for the question. I don't I would need to to answer the specific question about whether most have a cannabis expungement board specifically, I would need to do some risk some additional research. But most states have some form of review for certain offenses. And what that looks like depends on the state. So in some places, there's automatic expungement of typically lower-level offenses. Things get more complicated if it's a felony charge or if maybe the cannabis charge wasn't the only charge. And so there are different processes that states are using to do that. Sometimes it involves local

jurisdictional review by a prosecuting attorney or district attorney. One of the things that I appreciate about the Minnesota model that I just mentioned, and it's and it's relatively new because Minnesota has just created this. But it, I think, allows for a variety of stakeholders to have input. Individual cases can be complex and providing community oversight and not just like justice system oversight when we are making some of those more challenging decisions. I think that's important. So, whether Pennsylvania were to call it, you know, whatever you would call it, I think that allowing for a variety of people to review cases and and be really thoughtful about them, I think that would be the priority above all else.

[Dr. Will Garriott]

Thank you. And in Minnesota, where most of the cases where the records were expunged, was it strictly regarding marijuana possession, not that the person was involved in any other crime, but strictly possession? So again, Minnesota is just kind of is just kind of bringing their programs online. So I'm gonna I'm gonna speak kind of more generally to what I've seen in a variety of different states. The let's call them the easy expungements, and that's in in quotes because there's complexity. But what most states have where there's been strong consensus and it's been relatively straightforward are those offenses that were for or are for things that are no longer illegal. So that's typically like possession up to an ounce or up to two ounces, whatever the limit happens to be in that state. Those tend to be relatively straightforward, and they are at the front of the line when it comes to automatic record expungement. Cases that get more complicated are if it is related, if it's a felony conviction, or if it may be involved some type of interpersonal harm. Those are the kinds of cases that tend to be subject to review and are just looked at a bit more closely to try to understand, well, what, you know, what is the real risk here? If anyone in the room has worked in a prosecutor's office, you know, you know, what, what gets charged, I mean, has a complicated relationship to what actually happened and what the person gets convicted of that can be even more complicated too. So I think going, what states have tried to do is say, you know, the spirit of the law is to recognize within a social equity framework, recognize that there is disproportionate enforcement, and to use this process as a way to rectify that reality while keeping in mind the big picture public safety concerns. And so that's where an entity with the power to review holistically would come into play for those kind of, you know, more serious crimes like felony versus misdemeanor and one where there might have just been more going on than just a kind of, like, simple possession or, like, public consumption kind of offense.

[Rep. Kathy Rapp]

Thank you, sir, for your testimony today. Thank you, mister chairman.

[Rep. Paul Schemel]

Thank you, mister chair. Thank you for your testimony. Two questions. The first has sort of two parts and you maybe if you've listened to the other testifiers, you've heard similar question. It has to do with expungement and the fact that possession with intent, if we will say, or selling on the illicit market will remain illegal even if there was legalization. So how do we handle the expungement of those individuals, you know, going if there is legalization of recreational product, how do we handle the expungement of individuals who've committed a crime of selling a possession with intent when that remains illegal? And then it's also part of that, can we do expungement without wholesale legalization? One of the things that we've explored in Pennsylvania is dropping simple possession to a summary offense of which there would be no record. We could do expungement there. We don't need to legalize all recreational marijuana just because we want to accomplish some other criminal justice reforms.

[Dr. Will Garriott]

Okay. Thank you for those questions, and let me just clarify that I heard them correctly. So the first question was about how do you deal with possession with intent. Is that right?

[Rep. Paul Schemel]

Well, that would be selling just to make it more colloquial selling. So selling remain if you're selling on the illicit market, if you're selling now or selling on the illicit market after legalization, that's still a crime. So for expunging records, are we just expunging records for people that had simple possession? Or are we expunging records---And it sounds like you're saying, yeah, you could explore, you know, individuals that have also committed the crime of selling, which would be, you know, possession with intent. How do we deal with that with the fact that that would still be illegal? So if you commit the crime of selling on the illicit market post legalization, would you be eligible for expungement? Or are we gonna draw the line at that point and say, we're gonna clear the deck of all these before, but, you know, from now on, it becomes an issue. And here's why this is particularly important. As you said, people say, well, we've taken away the police interest in in pursuing this. But what we've seen with other industries, like the gaming industry in Pennsylvania is that once it becomes legal, the industry becomes very interested in seeing all of its competitors on the illicit market cleared up. So there's a lot of pressure on legislators and prosecutors to go after what before maybe there was not so much pressure for.

[Dr. Will Garriott]

Great. Thank you. So that's an important question. I appreciate the opportunity to answer it. So the first component is how do you deal with selling? So a lot of--- so first of all, I think I think state legislatures have the purview to look at a broad range of cannabis offenses, and that's what I would encourage states to do. Again, if we're looking at this from a social through a social equity lens, I think it makes sense to look very broadly because we have that strong record of disproportionate enforcement. What the states I'm most familiar with have done is they have looked at a specific time period for doing expungement, and it typically runs for, you know, a few decades up to the point that legalization took place. So, it is specifically looking to address criminal records from the, let's just say, the prohibition era. And as your question indicates, once we move into the legalization era, then things are a little bit different. And many states really do draw a hard line between those two. And they say, well, yes, we have legalization, but there's still a lot that you cannot do legally with the cannabis plant. And part of that is in place to actually protect the licensed industry. So if there is not an effort made to limit the ability of unlicensed operators to continue to operate, it makes it more difficult for those who are licensed to be successful as a business, particularly when they are having to deal with the compliance costs. They're having to deal with taxation, with all of the additional costs that may make what they are selling more expensive. And folks who are not operating in the in the licensed industry don't necessarily have those things. So, you know, how you deal with that, again, through a social equity lens, I think that is really complicated. I will just say that to my mind, the heart of the criminal expungement process is to do that reparative restorative work as part of the shift from prohibition to legalization. It's trying to mitigate the legacy of prohibition. And then the conversation shifts a little bit. What's at stake is a little bit different once we move into the legalization context.

And as far as your second question, can you do expungement without legalization? I think so. But I think there would at least need to be some level of formal decriminalization that balanced that out. So, I think it would be difficult to be expunging while it was still possible to be arrested for a low level offense or even just, you know, the way that, like, the smell of cannabis is used in a kind of probable cause scenario to just detain someone, to search someone. I think there's a whole area of police practice that is tied up with this, and expungement of previous records could mitigate some of that legacy. But without at least some decriminalization, you're not gonna be able to change the way the policing of cannabis---what that looks like on the ground moving forward.

[Rep. Paul Schemel]

Thank you. And one last question. Some of the previous testimonial fires we've had in previous sessions have testified to, you know, sort of getting all the ducks in a row before

they pulled the trigger on legalization. And one of those was having the resources available, the money available and so forth to handle the social, because use does increase. So the social concerns that come with that, is there a recommended, do you have a rec you know, we heard, I think Massachusetts has 0.5% of their tax goes toward that, but do you have a recommendation for what the state should assign toward, you know, handling the handling the social costs that come with legalization from your experience in other states?

[Dr. Will Garriott]

Yeah. Can you just be more specific about what you see as the social costs or what's of most concern to you?

[Rep. Paul Schemel]

I'm trying to think of how it was characterized in previous testimony. I think the things, you know, just associated with you. So some of that would be, you know, accidents on the highway. Some of that would be individuals presenting in you know, emergency room, mental health, you know, things like that.

[Dr. Will Garriott]

Yeah. So, I think that think that education is key. You know, one of the things that that where there's widespread agreement is that an opportunity with legalization is an opportunity to have a kind of in the light, if you will, conversation about the real risks and benefits of taking particular substances. I think that learning from challenges that other states have had, there's a real opportunity there. I'll give you one example. In the early days of legalization in Colorado, their biggest challenge was with edibles and the fact that a lot of edibles look just like candy. And a lot of people who weren't educated didn't know how they should be consuming that product. This is where you had some issues with kids. You also had issues with just people who maybe didn't have a lot of experience, didn't really know what some of the kind of dosing information or potency information meant on what they had. And so they would eat an entire candy bar in one sitting, and that's not what they should have been doing. And so I think just being aware of that and seeing how a state like Colorado has made changes even down to the, you know, what can packaging look like? What can the shape of gummies be? How should consumers be educated? I think I think there's just a wealth of information that's out there. And you're in a great place to be able to take advantage of that and learn from some of the difficulties that previous states have had.

[Rep. Dan Frankel]

Thank you. Doctor Garriott, how would federal rescheduling impact various social equity, efforts from criminal justice reforms to licenses or reinvestment?

[Dr. Will Garriott]

Yeah. Great question. And it's something that I think a lot of us are thinking about. So I think, you know, there's a few different scenarios, and each one has its own implications. So the biggest one is do you deschedule or or do you reschedule? Each of those has, you know---one descheduling would mean you're out of the Controlled Substances Act altogether. Rescheduling means you're still within the Controlled Substances Act, but you're subject to different limitations. The recommendation that is that is kind of on the table right now is a move from schedule one to schedule three. That was a little surprising to me. I thought we just kinda go one to two, maybe on down. One of the things and I think there's folks in the in the room who probably know more about this than me. But part of my understanding from a business standpoint is that if something is schedule three, it it has some implications for, like, being able to claim business expenses on your tax return and things like that. So, I think that I know is really significant. So there can be some implications there from a business owner standpoint, which will then have impact on social equity. I think the broader issues might come down to what this means for the for interstate commerce, essentially. So right now, because of the law, it is virtually impossible to have the kind of interstate commerce that you have for other products. And that's really foundational for the way legalization is unfolding on this state by state basis. And I think it influences the fact that programs tend to be state run, and you have to be a residence of this of the state in order to own a business and that kind of thing. And so with rescheduling or even just a broader federal legalization, to me, that is the biggest question mark is what happens when it then becomes possible for there to be the kind of interstate commerce that you have for other industries. And that is the kind of thing that I would encourage legislators like yourself to be thinking about is if it becomes essentially impossible to do the kind of more narrow restriction around having a state based program, how can we continue to do social equity?

[Rep. Dan Frankel]

Thank you very much. Appreciate, your being with us today. We're gonna move on to our final panelist, judge Cheryl Lynn Allen, who's retired of count and she's of counsel to, the Pennsylvania Family Institute. Judge Allen, thank welcome. We have about, thirty minutes. Just one to

[Judge Cheryl Lynn Allen]

Okay. Thank you for giving me the opportunity to appear before you and and speak to this issue. I come before you as a retired school teacher having taught school in a public housing project in Pittsburgh, Pennsylvania, as a lawyer who spent thirteen of my fifteen

years of practice working as an assistant county attorney where my primary client was Children and Youth Services of Allegheny County. And my experience as a trial judge in Allegheny County where I practiced for--I spent seventeen years on the trial bench. Twelve of those years was in the juvenile court system where I worked extensively with families and five of those years were spent in the criminal division of the Court of Common Pleas. You know, I've heard I've had the opportunity to witness firsthand the impact and the effects of drug abuse and drug use. Because the single greatest reason that children come into the foster care system is because their parents are addicted to drugs or have a substance abuse problem. And I can say the same thing about the greater percentage of people who come into the criminal justice system come because of some drug related offense, whether it's possess simple possession or committing crimes to support a drug habit. And so, I've had the opportunity to see the underside of the drug culture in our country. And having seen what I've seen, having witnessed the broken families, the dysfunctional families, the number of children that are in the foster care system because of substance abuse, I find myself asking why would you try or attempt to promote an industry whose very existence depends upon drug dependence in our community. Now, I've heard a lot of talk about restorative justice. And having served in the criminal court division, I would agree that there are disparities, racial disparities in terms of who is prosecuted for possession or I more so, possession with intent to deliver. Yes, there are disparities, but you don't attempt to correct a wrong with another wrong. There are other ways to correct racial disparities in the criminal justice system. And I believe that those matters can really specifically be addressed by addressing the laws as it relates to simple possession. However, I don't-- and I and I'm all in favor of restorative justice because I understand that even those many people who become involved in the criminal justice system are restored. I spoke before a clean slate program just this past week, and you know, I have to admit, as a former criminal court judge, I would say that I came into contact with relatively few, what I would consider to be hardcore career criminals. Really. And most of the people that I came into contact with were dysfunctional largely because of drug use and addiction. And the crimes that they committed were related to that. Yes, those people can be and have been restored on many levels. And to the extent that someone has been restored and clean and had their life cleaned up, yes, their records should be expunged. They should be given a second chance. But that in and of itself is no justification for continuing and promoting an industry that will continue to promote drug dependence. Because there is more there are more disparities. I mean, I haven't heard anyone talk about the disparity in the child welfare system. I haven't heard anyone talk about the disproportionate number of black families that are being destroyed and separated in the child welfare system. I haven't heard anything about restoring families that have been destroyed by drug addiction and substance abuse. The goal of government should be to enact programs and laws which serve to uplift and

strengthen the community by strengthening families and by creating a family environment where children can grow and develop into responsible adults. That is not going to happen through promoting marijuana to the community in a greater way. As government, we should be about that and as a community, we should be about promoting healing rather than simply promoting treatment because healing is permanent. And so, I have to ask also because I hear social equity being addressed as, you know, we must have people of color or we must have African Americans participate in every level of the cannabis industry. And, I guess, my question is, and I heard someone say here today, for example, in Massachusetts or in Boston, I should say, that there are something like 300 licenses and only 10 are equity licenses. And my concern is this. Yes. You know, the fact that we have greater numbers of people being able to participate as business owners who take part in the industry, who operate businesses. How does that feel spill over into the community as a whole? How does that help the community as a whole? You know, we used to hear about the trickle down effect. And I guess the idea is that if we have black business owners or people of color owning businesses, owning cannabis businesses, somehow that's going to impact the greater community. And I would argue that there will indeed be a trickle down effect. And that trickle down effect will mean more broken homes, more broken families, more broken children, more crime, more homelessness, more mental illness, and more academic failures, and overall dysfunction. Also, you know, I'm old enough to remember when in our society we had mom and pop drug stores. We had mom and pop grocery stores, hardware stores. And I'm old enough to have lived to see all of those industries, individual industries swallowed up by corporate giants. So you cannot find a mom and pop drugstore almost anymore in our communities. And I believe, prophetically speaking, that that is exactly what is going to happen in this industry. That at the end of the day, these small businesses will be swallowed up by corporate giants. You cannot make profit and make money off of something that harm or you should not be able to off of something that harms the community as a whole. You can't correct wrongs or the wrongs that have been committed over the years through the criminal justice system by creating another or utilizing another wrong. Because then all you end up with is wrong. You don't end up with an improved society. So, you know, I've heard many times, you know, that we should we should trust the science. I've heard someone here today talk about not only restorative justice, but health to the community. Increased marijuana use, which is what will occur, which is what is purposed to occur if you're going to have thriving businesses, you're going to have increased marijuana use, and you're going to have increased health problems. I can't understand how we can justify creating and promoting a business which every professional medical health association has repeatedly talked about in terms of the danger that it will bring to society. The American Medical Association, the American Academy of Pediatrics, the American Psychiatric Association, the Christian Medical and

Dental Association, and the American Society for Addiction Medicine have all expressed their opposition for good reason. Because they understand that the science is that increased use of cannabis has detrimental effects not only on our young people, but on our society as a whole. And so why would we promote such an industry and call it social equity? It's not social equity because it's not going to benefit the masses of people in our community. Yes, it may benefit some business owners, but it's not going to benefit the masses of people. And it's those masses of people, the community at large that I am concerned about. Because that's through my experience as a judge, I have seen the harms that substance abuse causes. And I close with the remarks of Booker T Washington where he said, that "a lie cannot become the truth, that wrong cannot become right, and evil cannot become good just because a majority embraces it". We have to stand on the truth, and there is no good that can come from cannabis decriminalization. You can make changes in the criminal justice system without decriminalizing the sale of and promoting the sale of cannabis in our communities. Thank you.

[Rep. Tim Twardzik]

Thank you, your honor. I appreciate your brutal honesty and courage to come and talk to us. We've had five committee hearings, and we have, you know, have finally heard some truth, from the harms of it. And even when we had prior hearings, with the big manufacturers and business, they do also admit that there's harm to be held. And, representative Schemel talked earlier about, you know, how do we regulate and take care. And these businesses are looking for us now to regulate vape shops and your corner stores that are all selling Delta eight and Delta nine, the hemp derived synthetic marijuana, which is not regulated and harmful. But, you know, maybe as a group, we should figure out how to fix that before we then open the door wide open to, you know, marijuana for all. But thank you so much for your testimony. I appreciate hearing you. I hope everyone's listened well. You know, it is harmful and, you know, I'm I'm worried about, you know, the young people we have and and how it's it's gonna affect us.

[Rep. Kathy Rapp]

Thank you, mister chairman. Thank you, Your Honor, for testifying. I agree with what you are saying. I am very cautious and alarmed actually because of what we can all easily find information on the negative impact on our families, our society, our children, our expectant mothers, and maternal health, mental health, behavioral issues, our young people, our adolescents. There is so much research saying and talking about the negative impact of mental health on our adolescents. And we haven't even discussed in any way shape or form in the committee about the impact in the workforce, which I know you and I were at a press conference where the negative impact to the workforce, I'm talking about the

workforce in general, can be impact by employees daily using marijuana, especially those workforce place where it's extremely important where people can be injured in a plant and they need to be very mindful of their surroundings. So I have been very concerned, and I've been very concerned about the, when I read the research on how this will impact negatively black and brown and minority communities. Because it just makes sense that the more the product is legalized, the more we are going to see more use. We're going to see more accidents on the highway, more visits to the emergency room, and probably consequences that we haven't even thought about in this state. But there seems to be a rush to go forward. But I think that those of us who are concerned about the negative impact on the health of our citizens in Pennsylvania, especially our children, and we've seen in other states, somebody mentioned the edibles. That's been a real concern of mine. Children having access to edibles and our adolescents with vaping. We know we passed legislation regarding vaping, no vaping on school property. Not only are they vaping on school properties, they are vaping marijuana. So I am extremely concerned with this whole process going forward, and I am extremely thankful for your testimony. Thank you. If you had any other comments since...

[Judge Cheryl Lynn Allen]

Well, I just I just want to reiterate and stress the fact that while, again, while there are a disproportionate number of African Americans who appear in the criminal justice system, because of substance---because of illegal drugs. The same is in the child welfare system. And, again, with regard to marijuana, the same can be said for crack cocaine, the same can be said for the same disparities, for heroin, for drug trafficking, or drug sales, or simple possession across the board. But, you know, that's not a reason to legalize crack cocaine. It's not a reason to legalize heroin, and it's not a legal a reason for marijuana or any other controlled substance. And the same disparities exist in the child welfare system. Who's going to restore those families? You know, we should not be promoting an industry which whose very existence depends upon drug dependency. You know, that's wrong. And you can't make it right. I don't care how many businesses you create, those businesses, they're they're thriving and their profits depend upon creating more dependent people, more drug dependent people. And that's wrong. Thank you, your honor, for being here today. I truly appreciate it.

[Rep. Paul Schemel]

Thank you, Mr. Chair, and thank you, Judge, for your testimony. So we're dealing today with the equity component, and you've heard me ask other questions with regard to expungement and how we can sort of jive these things and whether we can do, you know, if we acknowledge and you point out that there has been a disparity in the way various drug

laws have been enforced, prosecuted, tried perhaps. If we can do so and if we believe that expungement is a component to that restorative function, You know, can we do expungement without legalization of recreational marijuana? Number one. And then secondly, just as a clarification, you know, are you saying would you say that the reason there's a disparity, you know, that some some of our demographic groups are, you know, disproportionately represented amongst, you know, in in the offender class or those who are being prosecuted, is that a result of is that just because marijuana is illegal, or is that a result of how prosecutions are done?

[Judge Cheryl Lynn Allen]

It's a result of how arrests are made and how drug trafficking is investigated. As a judge, I have seen and heard that there is a difference between street crime and suite, s u i t e, crime. You don't go into more aft you can't go into you won't go into more affluent neighborhoods and see open drug sales. But I know from experience that that's where the focus tends to be on the on, you know, by the police. And so, and you will see in Pittsburgh and I'm sure in other cities, people coming in from the suburbs into poor communities to purchase drugs on the street. And if that's where your focus is, as opposed to drugs that may be distributed in more sophisticated manner, you know, in in more affluent communities, then that's where you're going to have more prosecution. So the those prosecutions, I mean, there's just as much drug use and distributing in more affluent communities, and we've seen that in Pittsburgh, in Allegheny County, as there are in in poorer communities. I've also seen the difference between how simple possession is treated through some of our suburban district justices or our suburban police forces versus the city. That's why I I am a proponent for having simple possession downgraded to a summary offense. Because a lot of district justices do that anyway. They'll downgrade it or they'll call it disorderly conduct and, you know, that's the way they deal with simple possession. So, I think we do need to look at that. However, that is no justification for promoting and encouraging an industry which depends upon drug addiction and drug abuse in order to make profits. Because at the end of the day, most of those profits are going to be made by the corporate giants.

[Rep. Dan Frankel]

Okay. Thank thank you, judge Allen. And that concludes our testimony today. I'm gonna ask my, the chair of the subcommittee, Representative Schemel for any concluding remarks.

[Rep. Paul Schemel]

Thank you, Mr. Chair, and thank you to all the testifiers. I think all of you drove some distance to be here today, so we're really grateful for your participation, whether virtual or in person. We've had a number of hearings on this subject. There's a lot to be learned about it. You know, today, I think there are a couple of things that come out of it that I write down. First, we've heard from every state, you know, don't make the mistakes we've had, but seems like every state makes some mistakes. I think the equity component is particularly challenging because I don't see a way out of it because, you know, you can benefit in one way, but then there are disadvantages to that too. You can have an equity license that's not transferable, but then the license, you know, is not as valuable and so forth. But one of the things we also heard today was, you know, we talk and heard a lot in past testimony about, you know, the victims of the war on drugs. But in that, and rightly so, and I think the last testifier testified it quite eloquently to the fact that there has been a disproportionate impact upon some communities. We have to recognize that. But the war on drugs also came about because there were a lot of people that were being victimized by the drugs themselves. And that doesn't end through legalization. That only means we're having to focus our attention on all of the ills that come with those somewhere else. So keeping that in a broader context, I don't know how we resolve if legalization occurs, the equity issue, but we do have to address, you know, the larger social concerns that come with legalization.

[Rep. Dan Frankel]

Thank you. Thank you, chair Schemel and members. I appreciate the thoughtful dialogue, and I really appreciate all the testifiers today. As I said, this is our has been our fifth hearing. We're trying to deal with all aspects of this as we look at potentially coming up with a piece of legislation that legalizes adult use and creates regulatory framework to move forward. And for many of us and including on this panel, think on a bipartisan basis, restorative justice piece, the social justice piece, decriminalization has been an important aspect of this conversation. I appreciate the perspectives there today. I would just share, as I've said before, I mean, this is, you know, and I understand many of my colleagues have are very reluctant to move forward with adult use legalization. But the fact of the matter is that we live in an environment where there is a vibrant illicit market out there. We have states that surround us that are moving, have either legalized and created the industries in their states or will be shortly. So it is a reality. And from a standpoint of also a public health interest, which has been expressed in the concern here as well, if it's here, we need to make it as safe as possible. And we've had other hearings talking about that public health aspect to it. So, so as we move forward here, I think it is important that we deal with the reality. The reality is, we can have either a continue to have an illegal, illicit marketplace that doesn't promote public health, that ignores, the social justice issues, or we can try and be

prepared, to put together a framework, that promotes, public safety, promotes social justice, and, promotes, you know, a revenue arrangement, that benefits, the Commonwealth of Pennsylvania and its taxpayers. So that's kind of what we're looking at. And, again, thank you all for your participation today. Again, thank you to my colleagues for their thoughtful questions and comments. That concludes our hearing for today. Thank you.