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Eric Spencer
Mello Tymes LLC

Commerce Finance and Policy
Minnesota House of Representatives

RE: Testimony in H.F. 100, Cannabis Omnibus Legalization

Chairman Stephenson, Ranking Member O'Driscoll and Members of the Committee:

I would like to submit these comments in regards to H.F. 100, the Cannabis Omnibus Bill.

I believe everyone on this Committee is fully aware of the carnage the War on Drugs have done to communities of color in Minnesota and the country as a whole. Many lives were lost, families destroyed and dreams shattered including my close family and friends due to the heavy-handed tactics of this War that continues to rage today.

Minnesota's House of Representatives originally passed a recreational bill back in 2021-2022, but the Senate at the time controlled by Republicans did not take it up, so it died. Your Colleague that wrote that bill Henry Winkler has retired. He is now lobbying for H.100, which I believe is not cool. Nevertheless, this new bill H.F. 100 is nearly identical to the original bill he wrote in 2021. The version of social equity in both bills and more importantly H.F. 100 leaves out individuals with prior cannabis convictions, women and members of the LGBTQ Community all of which have suffered horrendously from the War on Drugs.

I have attached the Social Equity portions of the Cannabis Laws in New York (Attachment 1), New Jersey (Attachment 2) and H.F. 100 (Attachment 3). I intentionally leave out Washington State and Colorado because they have been legalized recreationally for 10 years and both have just now created Social Equity Programs that are not great. I leave Illinois out deliberately despite their good intentions regarding Social Equity. Two years into recreational legalization and Illinois can count a mere three social equity businesses in operation. This hardly represents equity especially when MSOs have made over \$2 Billion in sales. You can and should have committee staff retrieve the law of each state.

The Cannabis Omnibus Bill only prioritizes veterans and people that live in disproportionately impacted areas. Prohibiting social equity status to a man or woman who has been convicted is clearly inequitable. No reason however one may think is valid can trump the inequity of this prohibition.

Furthermore, Section 16 [342.17] License Selection Criteria and Subd. 4(e) Application Score and Priority compounds the inequity:

Subd. 4(e) Consistent with the goals identified in subdivision 1, the office shall issue licenses in each license category, giving priority to applicants who receive the highest score under

paragraphs (a) and (b). If there are insufficient licenses available for entities that receive identical scores, the office shall utilize a lottery to randomly select license recipients from among those entities.

This portion of H.F. 100 gives priority to paragraphs (a) and (b) of the Application Score and Priority. Paragraph (b) below reads:

(b) The office may award additional points to an application if the license holder would expand service to an underrepresented market including but not limited to participation in the medical cannabis program.

This paragraph allows Multi State Operators (MSOs) especially the two that currently own the 14 dispensaries to receive extra points for their medical programs. This is clearly inequitable. Please be mindful that if Minnesota does not *set aside* retail licenses specifically for those harmed by the War on Drugs, any good intentions will not materialize. MSOs have the resources, lawyers, and consultants to submit the multiple applications that will be perfect which Social Equity Participants will be unable to meet. The lottery will be filled with multiple applications by MSOs leaving out those social equity is trying to reach.

Section 19 [342.20] Adult-Use Cannabis Business; General Qualifications and Requirements is a portion of the H.F. 100 that prohibits anyone with a felony including marijuana from participating in the program period. This portion of the bill should be removed or amended. The escape hatch in “Subd. 3 Risk of harm; set aside” which allows the setting aside of a disqualification will not cure this inequity. It is unfair to leave it to someone's discretion on whether or not to allow individuals with prior cannabis convictions to participate as employees and principals. The data is vast regarding how discretion perpetuated the War on Drugs by targeting certain ethnic groups.

I encourage everyone to do a deep dive on this issue because too much is at stake. My recommendations are not limited to the following:

1. Expand Social Equity Applicants to include men and women with prior marijuana convictions whether State or Federal, LGBTQ Members and women.
2. 50% of all recreational cannabis licenses should be reserved for Social Equity Applicants. These set asides will alleviate the competition Applicants will face with MSOs in a scoring environment. MSOs can expand their operations to include medical marijuana which will afford them additional points and priority. MSOs are already dispensing medical marijuana. Having Social Equity Applicants compete with MSOs who have the resources to hire the best consultants and who have a blueprint for creating perfect scores on applications based on a point system is a recipe for disaster. Because of their vast resources, MSOs can submit many applications which increase their chances to win all the licenses in the lottery. MSO's will win multiple licenses leaving those truly harmed by the War on Drugs out in the cold.

3. Remove the prohibition that prevents individuals with cannabis and other nonviolent drug offenses from working or owning a cannabis business in Minnesota's anticipated recreational cannabis program.

Thanks in advance
Eric Spencer