

Greener Pastures

The Promise of Legal Cannabis
in the South

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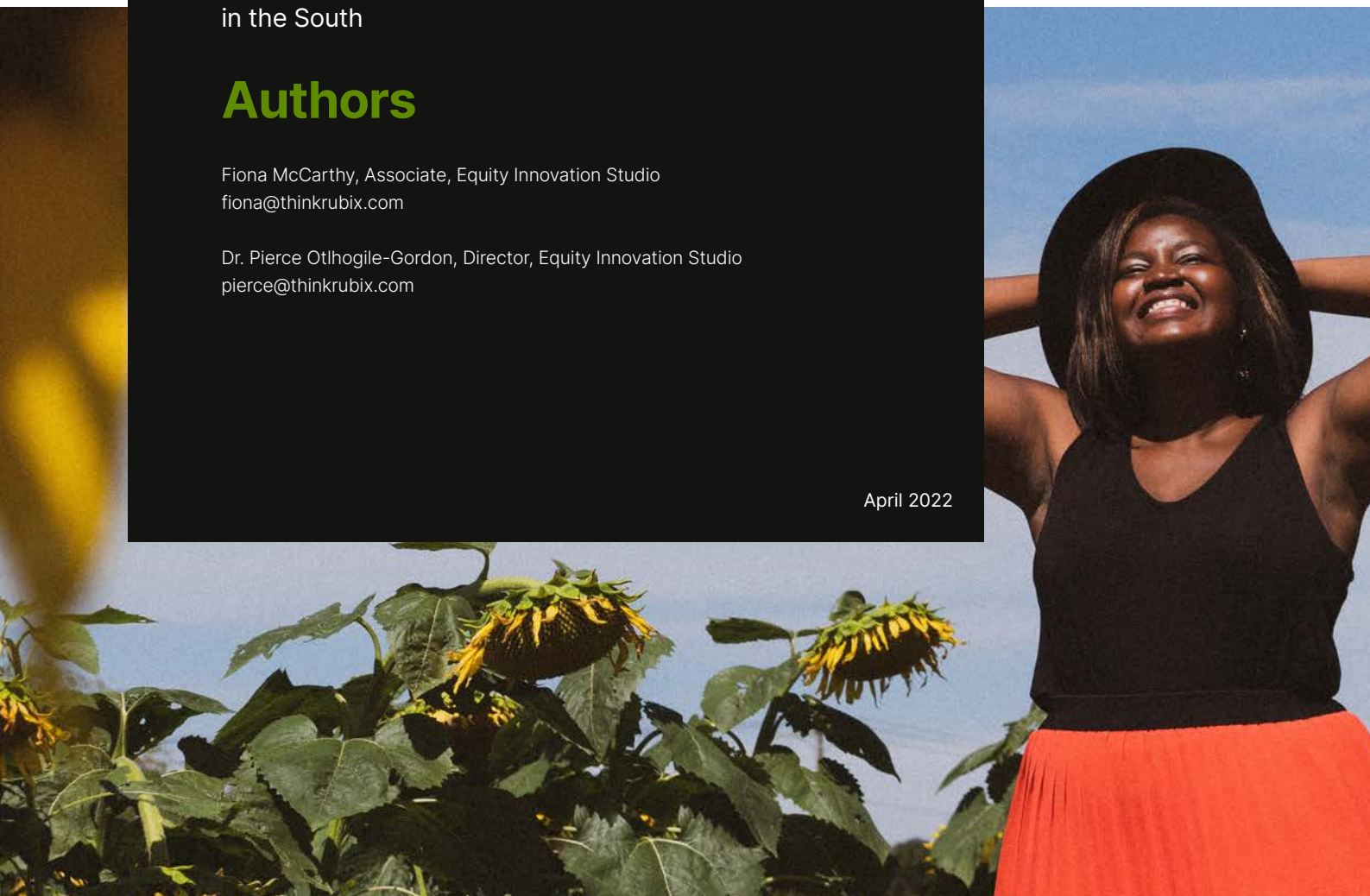


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The Conversation about Marijuana has Changed

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Our nation is finally cultivating a new relationship with cannabis. For decades, cannabis has been a lightning rod for debate on countless aspects of American life: economic independence, policing, health, urban and rural life, religion, subcultures, and people's everyday lives.

Today, America is thinking differently about the plant.

- Landmark legislation has made medical marijuana available in 37 states plus the District of Columbia, and recreational marijuana in 18 states plus the District of Columbia.
- Cities are brought back to life through cannabis-infused tax revenue.
- Cannabis scientists have built flexing concrete out of hemp,
- Entrepreneurs have built companies that advertise CBD on major television networks.
- Americans with chronic and terminal illnesses use marijuana-based alleviators to live dignified, happy lives.

Though marijuana legalization is shaping America's future, there's a big problem.

Who's left out of the discussion?

The South hasn't been very involved. As a region well-known for being the country's bedrock for agriculture, Southern states should be at the center of this social and economic boom. However, the traditionalism of the past - the myths, skepticism, and political infighting that keeps us from seeing cannabis' benefits in our cities, our companies, and our citizens - is keeping the South from cultivating fresh soil.

Americans at the margins are also largely excluded. Over half a century after the War on Drugs began, most of us have witnessed—and some of us have lived—the consequences of a war waged on our families and communities. The

government poured billions of taxpayer dollars into prohibition and enforcement, and the harmful policies have been completely unsuccessful in curbing drug use, reducing crime, and keeping people safe and healthy. The outcome? Black, Brown, Indigenous and less wealthy people bear the weight of these mistakes.

Think Rubix can help plant the seeds for a new future.

Here's the thing: where there's a history of exclusion, there lies opportunity - arguably, a requirement - to repair and restore. In this white paper, our team examines these two ideas:

1. How should cannabis be supported in the South through legislation that creates jobs, supports economic growth, and helps underserved communities?
2. How do we make institutional amends for marijuana laws that have helped make minority populations a permanent underclass?



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Today, it's time to talk about how we proliferate the prosperity cannabis can offer our changing world. Here are the priorities we need to support to make sure we're having the right conversation.

- **A clear commitment of marijuana sales tax revenue towards repair and relief for underserved communities.** Millions of dollars in new revenue should be used for things like job creation, preschool funding, and supporting small farmers.
- **Transparency over what marijuana sales tax revenue is used for and its measurable impact on communities.** To get your community on board with legal cannabis, make sure they know exactly how they stand to benefit.
- **Erasing marijuana-related criminal records.** No one should be punished for something now legal, and clearing records will help thousands of people get their lives back on track.
- **Redirecting policing + enforcement.** Law enforcement spends millions of dollars and countless time arresting and prosecuting people for marijuana when they could be used towards addressing more important issues like reducing gun violence.
- **Decarceration + civic enfranchisement.** Freeing and

enfranchising folks with marijuana convictions isn't just a moral necessity, but will also free up millions of taxpayer dollars and help repair entire communities.

- **Prioritization of historically marginalized entrepreneurs in applying and licensing for recreational businesses.** Repair starts with making sure that the ones traditionally left behind are now the ones leading the way.
- **Proper regulatory infrastructure for licensing, taxing, and regulating sellers and growers that includes an equity advisor, team, or council.** Committing to equity is all well and good, but without oversight and accountability, they're just empty words.

Through this resource, we shed light on the need to de-stigmatize cannabis culture and chart a policy approach that equitizes the emerging marijuana economy as it moves into the deep South. We offer policy innovations that broaden participation and access for historically marginalized communities, and we build a case for equitable marijuana policy considerations for some of the most complicated regions in our nation.

We've got work to do.

Ten years ago, the first few states started legalizing recreational marijuana, and a decade of data illustrates its positive impact. Legalization is a massive boon to states economically, socially, and even politically in an uncommonly bipartisan way.

When it comes to recreational marijuana, it's not red or blue, it's green.



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Economy

Economically, new tax revenue and job creation is one of the clearest successes of the legalization movement. Colorado and Washington state, which both legalized recreational cannabis in 2012, collected \$387 million and \$600 million from marijuana taxes alone, respectively, in 2020. California, where the weed industry is rapidly becoming one of the state's major players, collects at least \$50 million per month on average. In all of these states and more, the actual tax revenue generated post-legalization has far exceeded pre-legalization estimates.

Now there are 18 states and territories—covering about 1 in 3 Americans—with legal recreational cannabis that have raised a collective \$10 billion in tax revenue from marijuana sales. In 2021, all states that have legalized are expected to post higher tax revenue than ever before even without accounting for local sales and excise taxes. And all that new revenue is just one economic benefit.

Across the country, the legal marijuana industry supported about 321,000 jobs as of 2020—a whopping 32 percent increase from the year before and growing rapidly into this year. For context, that is nearly six times as many jobs as mining and three times as many jobs in textile manufacturing. This makes cannabis one of the fastest growing industries in the entire country, and it shows no signs of stopping. If the federal government decided to

legalize recreational marijuana federally, data indicates that it could create up to 1 million new jobs by 2025. Further, these numbers only account for new jobs created directly from the marijuana industry, and do not account for the substantial amount of secondary jobs such as marketing, data analysis, construction, logistics, healthcare, and law that are needed to support this growing industry.

The absence of federal legislation thus far has also led to a meteoric rise in tourism to states with legal recreational industries. In 2018, for example, Colorado broke records for the eighth year in a row for both the number of annual tourists and amount of visitor dollars spent. Of course, naysayers may point to Colorado's other attractions as an explanation for this jump, but studies show that Americans are increasingly interested in cannabis-related tourism. A 2020 survey showed that 29 percent of all Americans who traveled for leisure reported wanting to do marijuana-related activities on their vacation, and 25 percent had actively traveled to a destination specifically for recreational usage. This new direction for travel has already had positive impacts on tourism-related jobs and growth in states with legal recreation and presents a rare bright opportunity for state hospitality industries that have been battered by the COVID-19 pandemic.

Society

The social benefits of legalizing recreational marijuana, similarly to the economic ones, have already had positive ripple effects that help communities thrive and heal from serious harms caused by the failed war on drugs. Though social changes are hard to measure and often take many years to see the full picture, data from legal states in the past decade show an overall net benefit across society.

Dovetailing nicely with the economic gains, legalizing recreational cannabis saves states millions—and the broader country, billions—of wasted dollars that had previously been spent on policing, prosecuting, and incarcerating individuals for marijuana-related crimes. Across the country, police spend a collective \$3.6 billion every year enforcing marijuana prohibition laws. Legalizing cannabis allows law enforcement entities to redirect that money to focus on higher priority needs to make our communities safer.

A 2021 report found that states with legal weed systems experienced a sharp decline in requests for workers' compensation programs, which researchers explained by pointing to the well-documented positive medicinal pain management benefits of marijuana. Opponents may argue that this is a reason to promote medical marijuana instead of all-out legalization, but the states with recreational legalization fared better in the study, likely because making cannabis legal for everyone reduced the administrative and healthcare hurdles for uninsured or underinsured individuals with chronic pain.

It's not hard to imagine all the pressing needs and forward-looking policies that states could fund with such a massive savings windfall from legalization. In Washington state, where marijuana sales tax revenue now accounts for about 2% of the state's annual budget, over half of the revenue and

savings from legalization is directed towards funding state healthcare programs. In neighboring Oregon, legalization allowed the state to expand funding for drug prevention, treatment and rehabilitation programs, including ones for legitimately lethal and concerning drug problems such as opioid abuse. Colorado uses a complex calculus to allocate different types of state and local cannabis taxes towards different permanent or revolving funds, with the vast majority going towards public school funding and construction and the rest going towards funding state and local governments.

Many states and towns have particularly highlighted education funding as a top priority for marijuana revenue. Similar to Colorado, Nevada directs 10% of its legal sales taxes to education funding and has already beaten revenue estimates. Most state revenue for education, however, tends to go towards construction and repairs rather than day-to-day essentials to keep schools running, so some localities have started to think creatively about how to fill the gap with their cut of marijuana revenue through local taxes. Summit County, Colorado, for instance uses its local excise tax on marijuana to subsidize tuition for low-income students and subsidize teacher salaries and classroom materials.

Legalization also reduces the number of people in the criminal legal system pipeline who would otherwise spend an average of \$2,000 to \$20,000 on legal defense expenses, ensuring that money is saved and reinvested back into local economies through consumer spending. Further, incarceration reduces an individual's wage growth by about 30% over the course of their lifetime, so reducing the incarcerated population through legalization produces a net gain for the individual as well as their families and communities.

Policing, prosecuting, and incarcerating individuals for marijuana-related offenses is also unfairly skewed against Black Americans and their communities, and legalization could help end some of the most harmful racial disparities. Black individuals are at least 3.6 times as likely to get

arrested for cannabis offenses as white people, despite consuming it at the same rates. In the most unequally enforced counties in the country—scattered across not just the South, but also the Northeast and Midwest—Black people can be 10 to 30 times more likely to get arrested for the same offense as their white counterparts. It's high past time to end this unjust disparity, and the best way to do so is by legalizing cannabis.



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Politics

Politically, legal recreational cannabis offers a rare golden opportunity for leaders to get behind a winning issue, mobilize a broad coalition, and excite voters across the board. With nearly 2 out of 3 Americans in favor of some kind of recreational legalization and a whopping 90% in favor of medical legalization, it is only a matter of time before the federal government follows through on national legalization. In the meantime, state leaders have a great chance to capitalize on this popular issue.

In hyper-partisan times such as these, you'd be hard pressed to find another political cause with such wide bipartisan support. Moderate Republicans and Democrats across the center-to-left spectrum support recreational legalization by over 60 percent regardless of geographic location, showing the striking potential for working across the aisle to deliver something most voters want. Support and enthusiasm for cannabis legalization is highest among Gen Z and Millennials—two notoriously difficult groups to mobilize in elections—with support margins between 65 and 70 percent. Running on legal cannabis should be a no-brainer for politicians across the country and across the political divide, but it should be especially salient for leaders who require greater youth turnout for their electoral strategy.

Regardless of the political lean in a politician's state or locality, supporting recreational weed allows the leader to extoll the economic and social benefits of legalization described above, providing an easy win on the campaign trail. Studies on voter perceptions on the legalization debate show that those who otherwise may be lukewarm respond most positively to arguments on increased tax revenue and reducing prison overcrowding/incarceration. It is also one of the rare campaign issues in modern times where voters across generations are likely to change their minds, as evidenced in the meteoric rise in support for legalization from 2009 to 2019.

What an Equitable Policy Looks Like for the South

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The South is different from the rest of the United States in countless ways. From its kinder mannerisms to its history of violence and oppression along racial lines, the modern South is full of tensions that make the region dynamic, cultured, and often difficult for non-Southerners to navigate. Much of the South is rural, agricultural, and deeply community centered. Any type of social change in the region requires patience and strategic organizing, and the movements and policies that work elsewhere may not transfer successfully here.

It follows, then, that a successful equitable legalization policy in any of the Southern states will not be a carbon copy of Colorado or California. Instead, it will need to be tailored to the region's culture. As a highly agricultural region, the economic benefits to farmers, rural communities, and all agriculture-related industries in the South are obvious and present an excellent competitive advantage over other regions of the country. However, the South typically has a slower pace of change than other places, and misinformation and myths around the alleged dangers of

cannabis continue to shape the political debate across these states. A good legalization movement will strategize around these pros and cons.

As red and blue states alike across the country move rapidly towards legal recreational cannabis, the South risks missing out on an extremely lucrative and rapidly growing industry. Currently, Alabama, Arkansas, Florida, Louisiana, and as of February 2022, Mississippi are the only states in the region with comprehensive medical marijuana on the books, and Arkansas could be the first state in the deep South to legalize recreational marijuana in a ballot initiative set for this November. Tennessee and Georgia offer extremely limited and practically ineffective routes for medical marijuana access.

In 2021, Virginia became the first state in the broader region—and first former confederate state—to legalize medical and recreational cannabis. However, its rocky beginnings offer a cautionary tale for other southern states looking to follow its lead.



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Case Study - Virginia

Virginia's landmark legislation legalizing recreational marijuana was years in the making. Community organizers from all over the state as well as state and national nonprofits lobbied for a decade to get the state legislature to even debate decriminalizing cannabis with no success. In 2019, when political dynamics in the state shifted and marijuana-friendly leaders took control, these groups were able to quickly draft, advise, edit, and advocate for equity-centered legislation because they had already laid the groundwork. But with competing interests and electoral fragility hampering the process, Virginia's final bill was not nearly as equitable as advocates wanted.

There are certainly elements to Virginia's legislation that can help advance equity that are worth mentioning. The law authorized automatic record sealing for marijuana infractions, including 333,806 individuals charged with simple possession, 64,651 charged with simple distribution, and 395,747 charged with lesser infractions. All records for marijuana-related infractions, including arrests as well as charges and convictions, will be sealed by 2025, and the law provides a path for total expungement. Sealing records prevents that information from being readily available to the public while still officially on record in state databases, while expungement clears the record entirely.

Additionally, Virginia's law specified a social equity paradigm for a new state Cannabis Control Authority, which would be responsible for approving, licensing, and regulating legal sales and grow operations. Under the current bill, social equity applicants from historically marginalized communities and formerly incarcerated individuals would have priority in the approval process. Further, lawmakers specified that tax revenue from sales would go towards a reinvestment fund intended to funnel money into underserved communities impacted most by the war on drugs.



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However, there's three main problems that undercut these positives. The first problem with the bill is that it takes a gradual approach to legalization. Starting with legalizing simple possession in July 2021, full recreational sales and regulation won't be available until 2024. That leaves three years without legal retail or scalable cultivation, causing confusion for consumers and a missed opportunity for cannabis entrepreneurs and farmers. Lawmakers adopted this strategy in order to allow the state government time to build and staff the regulatory infrastructure necessary for sales and taxes on legal weed. In practice, however, that delay could cost the state hundreds of millions of dollars per year in missing revenue and prevent Virginian entrepreneurs from getting a foot in the door before neighboring states or the federal government follow in legalization. Further, Virginians across the state reported widespread confusion on what exactly was legal, the timetable for sales and cultivation, and what kinds of enforcement would happen in the interim.

The effects of Virginia's incremental approach would be less harmful without the second major problem in the bill: a "reenactment clause" in the bill that could serve as a poison pill for the entire legalization process. As part of last-minute negotiations, lawmakers added a provision requiring the landmark legalization bill to be passed by the legislature again in the 2022 legislative session. This clause allowed lawmakers to punt many of the key decisions on regulatory infrastructure to the following year after a large statewide election. With the bill's future seemingly dependent on ever-changing political winds, the clause hamstrung the state government's ability to build upon the existing medical marijuana regulatory system and prevented entrepreneurs and investors from laying retail and cultivation groundwork.

In essence, Virginia has already wasted an entire year and millions of dollars over a political fight. In 2021, Virginia Republicans took back control of the governor's seat and one chamber of the legislature, making advocates wonder about the fate of legalization. The state's Republican leaders have recently said that they do not plan to repeal the law entirely, they do want to make significant changes. Some of those changes include scrapping equity-centered provisions that prioritize victims of the war on drugs and historically marginalized communities for licensure. These provisions were hard-fought, non-negotiable demands from advocacy groups and bill advocates, so it seems clear that Virginia's law is headed for another bruising political battle this year.

The third major issue with Virginia's bill are the cracks in its equity-first approach. Though BIPOC-led groups such as Marijuana Justice fought tooth and nail for amendments and language that prioritized ending racialize policing and enforcement of cannabis violations, much of the policy ideas were axed in negotiations. Advocates pointed out that legalization as a racial justice issue must necessarily focus on repairing the harms of past wrongful criminalization before focusing on future regulation. Key provisions that would have done much more to repair those harms, such as mandated resentencing of past convictions for cannabis offenses and eliminating criminal penalties for youth possession fell by the wayside. The consequences of that failure are twofold: first, that hundreds of people incarcerated for now-legal acts will stay incarcerated, and second, that Black people will continue to face disproportionate enforcement.

Despite the overwhelming popularity of legalization and its many proven economic benefits, there are still several major challenges to implementing a truly equitable recreational cannabis plan for states in the South. Some of these challenges can be mitigated with careful negotiations while others are, unfortunately, permanent obstacles until federal legalization. It is important for lawmakers to consider them carefully in crafting legislation and establishing public-private partnerships to grow the industry. Overall, these challenges are not insurmountable, but they do make it more difficult for states to ensure equity in the legal cannabis business.





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Federal Classification of Marijuana

The foremost challenge revolves around the federal classification of marijuana as a Schedule I substance under the Controlled Substances Act, designating it as a dangerous and 'high potential for abuse' drug. Though the science on marijuana's effects on the body and mind do not bear this out and the federal government has acknowledged as much, federal policy towards marijuana has not officially changed, despite multiple attempts, since it was designated as a Schedule I drug in 1970.

Rather, the federal government has taken a laissez-faire approach to individual state laws around marijuana. Federal law enforcement entities have followed an unofficial policy of non-intervention, clearing the way for states to move towards medical and recreational cannabis without enforcement or assistance from the federal government.

This classification is important because under federal law, banks are barred from lending to entrepreneurs engaged in drug cultivation or retail even if it is legal at the state level. Without access to bank loans, it is incredibly difficult for entrepreneurs—particularly social equity entrepreneurs (people from underrepresented communities) who are more likely to lack the capital necessary to start a business—to launch and maintain a cannabis business that can compete

in the marketplace. It pushes these entrepreneurs to operate cash-only businesses, which is a problem for assessing taxable revenue and accessing the full market in an increasingly cashless society. The classification also limits interstate commerce around marijuana and puts law enforcement in a tricky and untenable enforcement position, especially near state borders among legal and illegal states.

Pre-existing Social Inequity

The second major challenge of marijuana equity lies in the pre-existing inequitable conditions in society that prevent social equity entrepreneurs from entering in the first place. Social equity entrepreneurs are more likely to struggle getting access to capital for their business ventures thanks to the racial wealth gap and [systemic biases](#) in banking and lending. This makes the market prioritize pre-existing wealth and deprioritize social equity entrepreneurs.

Public-private partnerships (PPP) initiatives can help fill this gap and provide critical technical assistance and funding for social equity entrepreneurs, but without federal solutions and widespread social change to mitigate economic, social, and political disparities, equity-minded states will struggle against the status quo.



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Cannabis Misinformation + Myths

The third major challenge is the persistence of myths and misinformation around cannabis use and effects, which continue to play a huge role in shaping attitudes toward legalization in the South. There is a century's worth of fear mongering about marijuana's alleged harmful impacts on health, public safety, and the economy, all of which have either been entirely or partially debunked. While many cannabis advocates' claims about cannabis improving health, reducing crime, and providing a cure-all for financial woes are a bit far-fetched, the data-informed academic consensus is that legal cannabis does not make these problems worse.

Not everyone in the country, however, has begun to see through the myths, especially political leaders, who tend to be older and more skeptical of legal marijuana. The gap between how voters feel about marijuana versus their elected representatives is vast and can't be taken lightly.

Lawmakers should remember that the national debate around legalization has changed rapidly in the past two decades, and it will change even more as the decade progresses. This is likely to boost the negotiating power of advocates to push for an equitable legalization bill instead of compromising equity provisions just to make it legal. However, this knowledge must be counterbalanced with the fact that the longer states wait to legalize marijuana, the more money they risk leaving on the table and the more people they leave to the hands of law enforcement.



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Engagement Gaps

The final challenge of implementing an equitable marijuana policy is the engagement gap between state government services and marginalized populations. There is an undeniable and understandable trust gap between communities harmed by the war on drugs and the state and federal enforcement entities who waged that war. This history puts the onus on states to take proactive steps to include marginalized populations in the industry and build trust through good-faith engagement efforts, but it is far from a given that these communities will embrace the legal market even with such steps.

Further, marginalized communities suffer disproportionately from poor access to broadband, government services, and communication, particularly in rural areas - a huge problem for many Southern states. This makes engagement more difficult but not impossible. Of course, a good engagement strategy takes time, effort, and dollars. If the state lacks the political will to do this, then equity efforts will be hamstrung, and the industry could become a hotbed for corruption as has happened in several legalized states in recent years.



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The Non-Negotiables

Policy evolves across every political context. Even when one party controls most levers of power in a state or at the national level, differences in opinion among legislators require negotiations in order to pass legislation. This holds true for recreational cannabis legislation, but it is especially fraught in the South where myths and misinformation about the plant have informed skeptical political views on legalization.

However, as the population increasingly supports legalization by huge margins, even the most deep-red states will eventually have to move towards recreational cannabis. It is unlikely that the first iteration of such a policy will contain every equity-centered provision that proponents advocate, but there are certain elements that should be non-negotiable in any policy push. Without these provisions, legalization risks reinforcing the same discriminatory cycles that fueled the war on drugs initially rather than moving towards a truly equitable industry.

- **A clear commitment of marijuana sales tax revenue towards repair and relief for the most marginalized communities, with a particular focus on communities most affected by the war on drugs.** Applying an equity lens to cannabis legalization requires acknowledging the history of disproportionate harm to Black, indigenous, and other people of color and prioritizing repair to these communities above all else. Reinvestment can take many forms, but taking it off the table should be a red line for policymakers. The economic, social, mental, and physical toll that marijuana policing, enforcement, and incarceration has taken on these communities cannot be repaired with more investment from sales taxes, but it is an essential first step.

- **Transparency over what marijuana sales tax revenue is used for and its measurable impact on communities.**

Committing to reinvesting in marginalized communities is one thing but showing the receipts is even more important. Specifying clear, concise processes for collecting, investing, and distributing this revenue from recreational weed in the policy negotiation will help ensure lawmakers stick to their word. Committing to yearly reports on how much revenue is raised, where it goes, and how it improves impacted communities can also help build trust with these groups and ensure that reinvestment can be redirected if it is not achieving the desired impact.

- **Erasing marijuana-related records.** One of the most far-reaching harms of the war on drugs is the effect of criminalization on affected individuals' lives and livelihoods. People with a record of arrests, convictions, and/or incarceration for cannabis offenses are less likely to be able to secure employment or cover necessary expenses for themselves for the rest of their lives after the incident. Erasing records, either by sealing, expungement, or both, will immediately eliminate these barriers to prosperity for folks who only had the misfortune of possessing or consuming marijuana in the wrong time period.

- **Redirecting policing + enforcement for youth and adults.** A win-win for both proponents and social conservatives alike, policymakers should sell the legalization movement as a way to save billions of dollars wasted on cannabis enforcement to redirect to higher priorities. In places where crime is cited as a top electoral issue, this framing provides an easy bipartisan selling point. Policymakers should be sure to explicitly state that legalization goes hand-in-hand with curbing enforcement. Instead, states should consider making possession, cultivation, and/or distribution for all ages civil offenses that may incur small fines.

- **Decarceration + civic enfranchisement.** The most basic but often politically difficult element of an equitable marijuana policy is freeing individuals incarcerated for marijuana offenses from prison. There is no justifiable reason in the world why someone should spend a single day longer in prison for committing an offense that is now legal, but decarceration tends to fall by the wayside in state policy battles. It should not.

Erasing marijuana records is a good step towards rectifying criminalization, but until folks are freed—which can be done through explicit decarceration provisions and allowing individuals to petition courts directly for their release—it is incomplete justice. Further, many states have tacked on civil rights penalties to marijuana offenses that legislation must explicitly repair. It is unjust to use an individual's right to vote, driver's license, visitation or custody rights, livelihood via exorbitant financial penalties and fees, or parole time as penalties for marijuana offenses once legalized. Legislation should provide clear and efficient methods for individuals to petition courts directly to eliminate these civic penalties, and future penalties should focus on community service oriented activities.

- **Prioritization of historically marginalized entrepreneurs in applying and licensing for recreational businesses.** Many states have tried various approaches toward ensuring minorities and women get a foot in the door to the recreational industry, and there is no single way to accomplish it. It is important to make this priority clear in some form, however, as failing to do so risks allowing largely white male-owned recreational marijuana monopolies from other states to move in and take over before marginalized groups even get a chance to consider diving in.

- **Proper regulatory infrastructure for licensing, taxing,**

and regulating sellers and growers that includes an equity advisor, team, or council. Regulating the recreational cannabis market seems like an obvious answer, but not all regulation is created equal. In some states that have tried to use their infrastructure to support equity, systemic discrimination and opaque, expensive application processes have stalled minority and women participation. A good regulatory system makes equity a consideration in all stages and types of regulation. It will prioritize ensuring that women and minorities have all the tools and resources necessary to report and comply with regulations and appropriate time to amend any violations or issues.

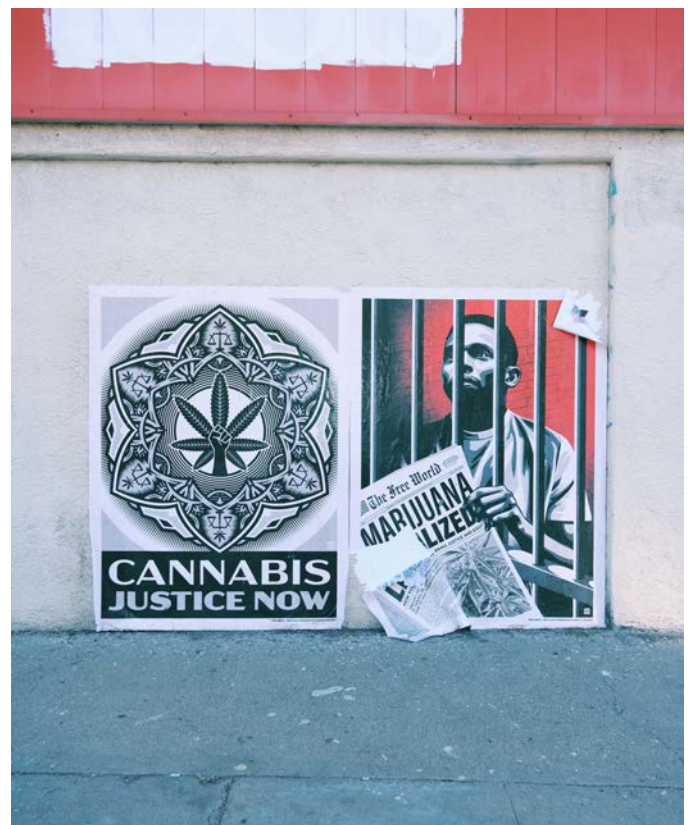


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The Flexibilities

Even with these non-negotiables on the table, there is still room for flexibility in recreational cannabis legislation, which will be critical for policymakers in the South. Many of these flexibilities revolve around the processes and details of the non-negotiables discussed above, but lawmakers would be wise to frame them as wide-ranging, open-minded policy spheres that can allow for constructive bipartisanship.

The bottom line is that if lawmakers can agree on an equity-centered approach to legalization, there are many different ways of achieving it for that specific state. Below are a list of questions for policymakers to ask as they write legislation, representing just a few areas that might help break partisan deadlock without sacrificing the equity lens.

- **Where and how should we deploy tax revenue from cannabis sales within a social equity focus?** Nearly all legalized states have required that cannabis revenue go towards some kind of social equity fund prioritizing investment in marginalized communities, but there are many different ways of doing this. New York, for example, dedicates 40 percent of revenue to its [Community Grants Reinvestment Fund](#), which grants funds to local governments and community organizations serving historically marginalized communities. These funds can be

spent on things like mental healthcare, adult education, job placement and training, community banking, and cleverly, for legal services for people with prior marijuana convictions. Vermont, on the other hand, uses its revenue to fund a grant program for [starting or expanding after-school and summer-school programs](#) for children in underserved areas. Ways of deploying revenue towards equity will differ from region to region. The best way to figure out what will work for your state is through surveying the affected communities on what kinds of investment would make the most difference in their lives.

- **What is our plan for redirecting policing and enforcement to other priorities?** Different states have different kinds of community safety priorities, from combating violent crime to halting the frightening rise of opioids. The money saved in the criminal legal system from cannabis legalization should be redirected elsewhere, but lawmakers have a lot of leeway in how they would like to see that money redeployed. Many states have redirected funds towards mental health and substance abuse treatment, while others have dedicated a portion of revenue specifically towards community safety interventions such as anti-drug education and direct police funding. Colorado and Washington's legalization efforts pivoted money away from policing and enforcement for cannabis-related offenses and found that doing so dramatically increased clearance rates for other types of crime, particularly violent and property crime. Whatever your state's communal safety priority is, redirecting police dollars away from marijuana will ensure that police have better financial and human resources to tackle it.



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• **What are our processes for including social equity applicants in the industry?**

Making sure to prioritize social equity applicants for licensing for retail and cultivation is a must, but what it looks like in practice is a wide and highly flexible field. Different states have tried a number of approaches to varying degrees of success. The most effective methods yet for including marginalized populations in the initial stages of legalization combine some mix of the following initiatives:

- Priority status for social equity applicants, including reduced or no application fees, expedited processing, and accessible application assistance and/or problem resolution before final consideration.
- Diversity requirements for regulators and licensed sellers and growers alike, ranging from minimum numbers of social equity applicants considered to quotas, which can be politically tricky but have led to the most successful inclusion efforts so far. Ensuring diversity on the regulator side helps minimize bias in selection, and setting standards for how these regulators evaluate social equity applicants against others helps push the most marginalized to the front of the line.
- Special engagement and outreach initiatives for social equity entrepreneurs, including tailored communications and navigator support services to encourage folks to apply and ease the process.
- Technical assistance programs for social equity entrepreneurs in pre- and post-licensing stages to give individuals a leg up on established, out-of-state companies.
- Uncapping the number of business licenses granted in a calendar year and requiring diversity plans from all applicants in order to secure a license.
- Permitting small home grows and sales, which allows individuals without the necessary capital to rent retail space to participate safely and legally in the market with proper licensure.
- Inclusion of cannabis entrepreneurs in small business programs and grant funds, to the extent that federal laws allow.



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- **How should we go about record-sealing and**

expungement? Though all states that prioritize equity in legalization should move towards expungement (especially automatic expungement) for past cannabis-related offenses, sealing records provides flexibility for negotiations. Automatic sealing at the time of legalization accomplishes mostly the same immediate goal of erasing cannabis-related criminal records, but gives states who lack the infrastructure (or political will) to grant automatic expungement critical time to move towards full record erasure. However, lawmakers should specify a clear timeline for moving to expungement and to avoid making the same mistakes as Virginia, should allow individuals to petition courts directly for record sealing, expungement, and resentencing.

- **What should be the age of purchase and consumption?**

So far, every state that has legalized recreational marijuana has set the minimum age for purchase and consumption at 21 years old, but they differ on the threshold for medical purposes. There is no requirement for newly legal states to stick to this pattern, so the age could be lowered or raised in negotiations.



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- **What amounts should be allowed for personal cultivation and possession?** Though police departments should be directed to treat cannabis-related offenses as the lowest enforcement priority, most states find it reasonable and necessary to limit personal and retail amounts of cannabis in order to curb the black market. Most recreational states allow individuals to possess up to 1-2 oz. of cannabis, purchase between 1-2 oz. at a time, and cultivate between 3-6 plants in their homes. These can be adjusted lower or higher, but lawmakers should pay careful attention to equity when it comes to enforcing violations. Some states punish violations with years of jail time and hundreds of thousands of dollars in fines, but this approach risks reinforcing discriminatory policing in marginalized communities. Instead, lawmakers should consider issuing misdemeanor charges only after several violations (as is the case in states like Arizona, Mississippi, Nebraska, and New Hampshire), eliminating felony possession (as in California, Colorado, Connecticut, DC, Iowa, and other states), and eliminating mandatory minimum sentencing for all offenses. Lawmakers should also consider issuing civil penalties first in lieu of arrests and prosecution, as is the case in Vermont.



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The Opportunities

Outside of the non-negotiable and flexible provisions of an equitable legalization bill described above, there are countless opportunities for lawmakers to leverage recreational cannabis for broad social and economic good at both the state and national levels.

The South is particularly well-positioned to reap the benefits of the agricultural boom that comes with an expanded legal cannabis industry and the secondary value to local economies that comes from increased consumer spending, tax revenue, and tourism. This is far from an exhaustive list of all the opportunities lawmakers could utilize in marijuana legislation but is intended to spark policymakers' imagination for how this movement can be wielded towards other social and economic causes.

- **Financial incentives for agricultural growing operations and for procuring locally grown cannabis.** With agriculture playing such a major role in the Southern economy, lawmakers should consider ways to provide local farmers with incentives to grow and sell marijuana and its related products, such as hemp. These incentives can include (but are not limited to) subsidies, grants, tax breaks, rebates, write-offs for equipment, technical assistance payments, and cost-share options. Financial

incentives such as tax breaks should be offered to licensed sellers to purchase locally grown cannabis as well in order to ensure there is a sustained internal market for agricultural products.

- **Localizing procurement in packaging, transportation, staffing, etc.** As with any retail product, there are many other industries necessary to support delivering the product from farm/lab to customer, including packaging, transportation, and human resources. Lawmakers can easily include financial incentives and/or licensing requirements for retailers to source vendors from the local economy, circularizing the supply chain to the extent possible in order to create mutually beneficial growth.

- **Boosting tourism and entertainment industries with a focus on cannabis-friendly services.** The tourism and entertainment industries took a devastating hit during the COVID-19 pandemic, and legalizing recreational cannabis can provide a much-needed jumpstart. States can make special rules and regulations to encourage tourism vendors to provide cannabis-friendly vacation packages and entertainment industries to support cannabis-related events and activities. These could include festivals, expos, and brick-and-mortar entertainment and/or restaurant storefronts where individuals can smoke legally while doing other activities such as seeing films, dining out, or playing games. This last idea could be particularly lucrative as few states designate any area besides an individual's home as legal for smoking and could discourage public consumption of marijuana in addition to generating more consumer spending. The Netherlands, for instance, allows businesses owners to operate "coffeeshops" where individuals can purchase and consume marijuana alongside food, drinks, and alcohol beverages, which generates around \$850 million in tax revenue for the Dutch state.

- **Estimate and outline plans for money saved from legalization and money earned from secondary value industries.** While states will certainly see increased police department savings from legalization, there will also be increased savings in the state budget from the legal and corrections industries as a result of fewer arrests and prosecutions. Lawmakers can estimate what these savings would be during budgetary procedures and outline plans for how that money should be redeployed to more pressing issues. Additionally, as noted in the above point, lawmakers can estimate the secondary value bump that legal cannabis can provide other industries and make policy plans for how that money can be redirected.



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- **Launch public-private partnerships to provide access to capital and/or technical assistance for social equity entrepreneurs in the industry.** Due to pre-existing social inequity and the federal red tape binding cannabis financing, states are limited in what they can do to create an equitable playing field, but PPPs can provide a valuable workaround. States can partner with private sector firms to provide navigator programs, grants, training, business development information, and more to social equity entrepreneurs.

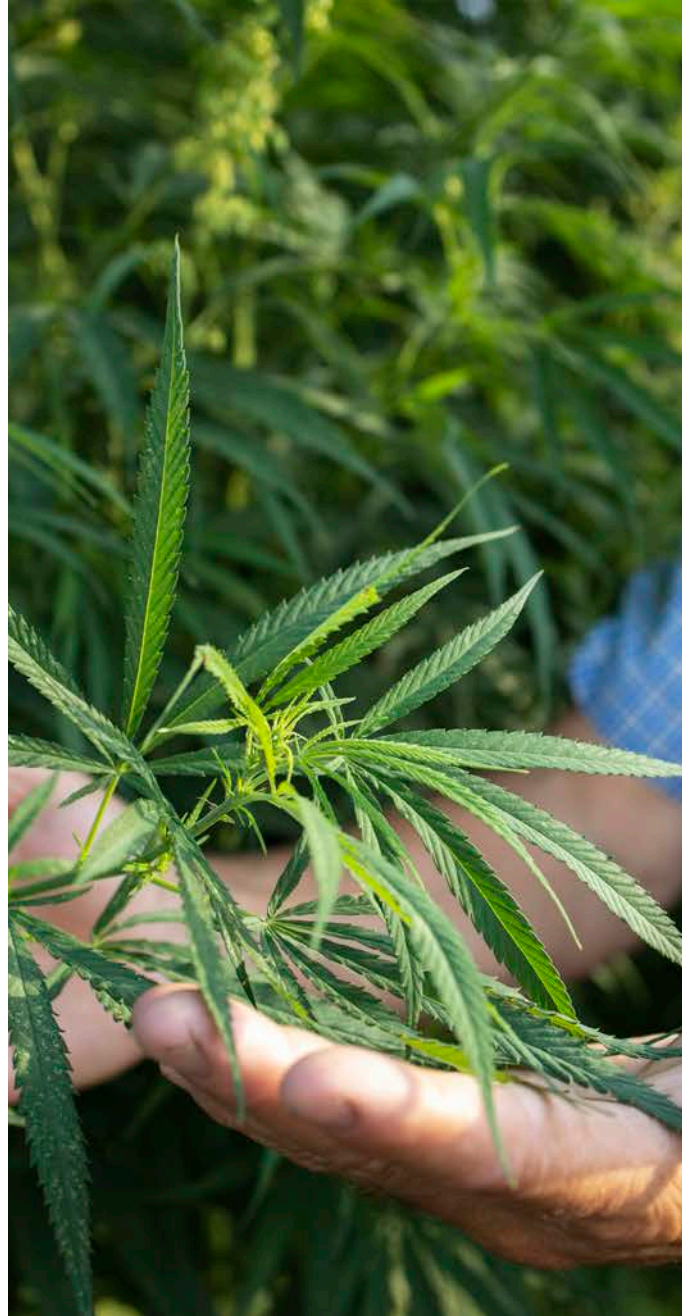


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Inspiring, productive, and inclusive marijuana policy needs more than rigorous research.

We've offered a solid foundation to ensure these policies support economic, social, and political support for all Southerners. We're here to spark your imagination: to think of innovative and equitable ways to craft marijuana legislation to support many industries across the South, including finance, education, the supply chain, public safety, tax revenue use, and more. But in order to turn these ideas into policy, it will take more than reading this publication.

If there's one thing we've learned about social change, it's this:

Everyone has a role to fill.

This research, these stories, and these policies offer a chance to build, assess, and creatively adapt cannabis legislation to many different cities and states.

We need all hands on deck:

- the farmers who plant the seeds,
- the entrepreneurs who seize the opportunity to expand our imaginations and our markets,
- the policymakers that clear obstacles and catalyze change, and
- the storytellers who can spread the good word to willing customers and citizens.

One thing's for sure: as the tide of marijuana legislation turns national, it's clear that the state-level surge won't last. Now is the time to catch the wave.

To support this work, Think Rubix stands ready to support any organization looking to research, strategize, brand, and engage communities towards equitable cannabis policy. We have greener pastures to reach.

Let's get to work.





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