

Growing pot industry offers breaks to entice minorities

May 31 2017, by Janie Har And Bob Salsberg



In this photo taken Thursday, May 11, 2017, Andre Shavers, who runs a marijuana delivery business, walks up a street in Oakland, Calif. The City of Oakland is prodding cannabis businesses to pair with minority applicants if they want a license to sell, manufacture, cultivate or distribute weed in 2018 as part of California's massive expansion of legal cannabis. (AP Photo/Eric Risberg)

Andre Shavers was sentenced to five years on felony probation after authorities burst into the house where he was living in one of Oakland's

most heavily policed neighborhoods and found a quarter ounce of marijuana.

After the 2007 raid, Shavers couldn't leave the state without permission. He was subject to police searches at any time. He walked to the corner store one night for maple syrup and came back in a police car. Officers wanted to search his home again.

All the while, cannabis storefronts flourished elsewhere in a state where [medical marijuana](#) was authorized in 1996.

Now Oakland and other cities and [states](#) with legal pot are trying to make up for the toll marijuana enforcement took on minorities by giving them a better shot at joining the growing marijuana industry. African-Americans made up 83 percent of cannabis arrests in Oakland in the year Shavers was arrested.

"I was kind of robbed of a lot for five years," Shavers said. "It's almost like, what do they call that? Reparations. That's how I look at it. If this is what they're offering, I'm going to go ahead and use the services."

The efforts' supporters say legalization is enriching white people but not brown and black people who have been arrested for cannabis crimes at far greater rates than whites.



In this May 11, 2017, photo, Andre Shavers, who runs a marijuana delivery business, checks his delivery bag in Oakland, Calif. The City of Oakland is prodding cannabis businesses to pair with minority applicants if they want a license to sell, manufacture, cultivate or distribute weed in 2018 as part of California's massive expansion of legal cannabis. (AP Photo/Eric Risberg)

Recreational pot is legal in eight states and the nation's capital. California, Maine, Massachusetts and Nevada approved ballot questions in November. They join Colorado, Washington, Oregon, Alaska and the District of Columbia, which acted earlier. Twenty-nine states permit medical marijuana.

Massachusetts' ballot initiative was the first to insert specific language encouraging participation in the industry by those "disproportionately harmed by marijuana prohibition and enforcement." The law does not specify how that would be accomplished.

In Ohio, a 2016 medical pot law included setting aside 15 percent of marijuana-related licenses for minority businesses. In Pennsylvania, applicants for cultivation and dispensing permits must spell out how they will achieve racial equity.

Florida lawmakers agreed last year to reserve one of three future cultivation licenses for a member of the Florida Black Farmers and Agriculturists Association.

There have been setbacks as well. The Maryland General Assembly adjourned last month without acting on a bill to guarantee a place for minority-owned businesses that were not awarded any of the state's initial 15 medical marijuana cultivation licenses.



In this photo taken Thursday, May 11, 2017, Andre Shavers, who runs a marijuana delivery business, poses in Oakland, Calif. Shavers was sentenced to five years on felony probation after authorities burst into the house where he was

living in one of Oakland's most heavily policed neighborhoods and found a quarter ounce of marijuana. Oakland and other cities and states with legal pot are trying to make up for the toll marijuana enforcement took on minorities by giving them a better shot at joining the growing marijuana industry. (AP Photo/Eric Risberg)

There's no solid data on how many minorities own U.S. cannabis businesses or how many seek a foothold in the industry. But diversity advocates say the industry is overwhelmingly white.

The lack of diversity, they say, can be traced to multiple factors: rules that disqualify people with prior convictions from operating legal cannabis businesses; lack of access to banking services and capital to finance startup costs; and state licensing systems that tend to favor established or politically connected applicants.

"It's a problem that has been recognized but has proven to be relatively intractable," said Sam Kamin, a professor at the University of Denver Sturm College of Law who studies marijuana regulation.

In 2010, blacks constituted 14 percent of the U.S. population but made up more than 36 percent of all arrests for pot possession, according to an American Civil Liberties Union study released in 2013 . The report found African-Americans were nearly four times more likely than whites to be arrested for cannabis possession.

That study did not report Latino arrests because the FBI data on which it was based did not track Hispanics. But a 2016 study by the ACLU of California and the Drug Policy Alliance found Latinos were cited at 1.4 times the rate of white people for marijuana infractions in Los Angeles and 1.7 percent the rate in Fresno.



In this May 2, 2017, photo, Ebele Ifedigbo, center, co-director, Lanese Martin, right, co-director and Biseat Horning, left, 32, fellow, pose at the offices of The Hood Incubator in Oakland, Calif. The City of Oakland is forcing cannabis businesses to pair with minority applicants if they want a license to sell, manufacture, cultivate or distribute weed in 2018 as part of California's massive expansion of legal cannabis. The Oakland-based nonprofit provides training and mentoring to minority cannabis entrepreneurs. (AP Photo/Eric Risberg)

The Minority Cannabis Business Association has drafted model legislation for states considering new or revised [marijuana laws](#), including language to expunge pot-related convictions and to encourage racial and gender diversity among cannabis businesses.

"The people who got locked up should not get locked out of this industry," said Tito Jackson, a Boston city councilman and mayoral candidate. He suggests Massachusetts give licensing preference to groups

that include at least one person with a marijuana conviction.

The Oakland City Council in April voted to set aside half of medical cannabis licenses for people who have been convicted of a marijuana crime or who lived in one of 21 police districts with disproportionately high marijuana arrests. Candidates must meet income restrictions.

Complicating matters is that marijuana remains illegal under federal law—a fact seen as unlikely to change under President Donald Trump. That makes most banks reluctant to lend money to startup cannabis businesses, which often must rely instead on personal wealth.

An Oakland-based nonprofit known as The Hood Incubator provides training and mentoring to minority cannabis entrepreneurs.



In this May 3, 2017, photo, Dan Grace poses for a photo in the marijuana production facility of the Dark Heart Nursery in Oakland, Calif. The City of

Oakland is prodding cannabis businesses to pair with minority applicants if they want a license to sell, manufacture, cultivate or distribute weed in 2018 as part of California's massive expansion of legal cannabis. (AP Photo/Eric Risberg)

"Maybe they lack the money to get into the industry or they might have, you know, gotten arrested in the past for oh, what do you know? Selling weed. And now they can't actually get into the legal industry," said Ebele Ifedigbo, one of the group's three co-founders.

Under Oakland's program, applicants who don't qualify for a so-called equity license can still get preference if they "incubate" a minority-owned business with free rent or other help.

Dan Grace, president of Dark Heart Nursery, is nervous about finding a partner but ready to make the program work. Debby Goldsberry, Magnolia Wellness dispensary's executive director, said the industry is primed to change and expand.

"Why? Because there's a prohibition that's been out there targeting people in our communities in Oakland, and it's very unfair," she said.

Oakland hosted a business mixer this month that attracted several hundred people, including retirees who have never smoked a joint and people who served time for marijuana offenses and established cannabis businesses.



In this May 2, 2017, photo, Debby Goldsberry, executive director, smells a Crypt hybrid bud at the Magnolia Wellness marijuana dispensary in Oakland, Calif. The City of Oakland is forcing cannabis businesses to pair with minority applicants if they want a license to sell, manufacture, cultivate or distribute weed in 2018 as part of California's massive expansion of legal cannabis. Goldsberry says the city is correct to put the responsibility on businesses. She has a restaurant-grade kitchen for budding entrepreneurs to rent. (AP Photo/Eric Risberg)

That group included Shavers, who hopes his drug-related record helps him get office space and investors to grow his delivery service, The Medical Strain.

"It's a blessing in disguise," he said, "but not the blessing I would recommend."

States offer breaks to minority marijuana

entrepreneurs

Some states that have legalized marijuana are encouraging minorities to enter the growing cannabis industry after years of drug enforcement that had a disproportionate effect on black and Hispanic communities. A look at some of the efforts nationwide:

CALIFORNIA

California voters legalized recreational marijuana in November. The first retail sales are expected in January.

Oakland officials approved a program that initially sets aside half of the city's marijuana licenses for low-income residents who have been convicted of a cannabis crime or who live in a specified neighborhood where drug enforcement has been intense. Advocates are urging similar programs statewide, including in San Francisco and Los Angeles.

African-Americans made up 5.6 percent of the state but 16 percent of marijuana arrests in 2015, according to an AP analysis of statistics collected by the FBI.

COLORADO

The first state to legalize marijuana for recreational use does not track industry demographics. A spokesman for the Denver department that oversees marijuana policy, Daniel Rowland, said individual businesses have programs to employ minorities, but nothing is mandated by the city.

A report by the Colorado Public Safety Department found that arrest rates for African-American and Latino juveniles increased after legalization, while the rate for white juveniles went down.

African-Americans made up nearly 4 percent of the Colorado population in 2015 and 11 percent of arrests.

FLORIDA

Florida lawmakers passed a bill last year to address issues that arose with the state's 2014 medical marijuana law, including provisions to favor black farmers.

The provisions ensure that once the state's medical marijuana patient registry reaches 250,000, three additional cultivation licenses will be made available, with one of them designated for a member of the Florida Black Farmers and Agriculturists Association.

Black farmers in Florida were among thousands across the country who sued the U.S. Department of Agriculture for racial discrimination, saying they had been unfairly denied government loans and subsidies in the 1980s and 1990s. The case ended with an historic settlement in 1999.

MARYLAND

The state's rollout of medical marijuana has been marred by lawsuits filed by groups that were not among the 15 chosen by the state for cultivation licenses. None of the 15 was minority-owned, despite language in the law that requires regulators to seek "racial, ethnic and

geographical diversity" in the awarding of licenses.

The General Assembly ended its legislative session last month without acting on a bill designed to create diversity by allowing up to seven more licenses to grow marijuana, with two going to companies that are suing the state and five others for minority-owned companies after a disparity study is conducted. The Legislature's Black Caucus has called for a special session to consider the bill.

Minority groups comprise about 48 percent of Maryland's population, including nearly 30 percent African-American. Blacks made up roughly 57 percent of cannabis arrests in 2015.

MASSACHUSETTS

The 2016 ballot question that legalized recreational marijuana included language to encourage participation in the cannabis industry by people who were "disproportionately harmed" by enforcement of marijuana laws in the past. The law does not exclude people with past marijuana convictions from applying for a retail license or working in a cannabis business.

Boston City Council member Ayanna Pressley has drafted proposed legislation that would direct 20 percent of unexpended revenue from state and local marijuana taxes toward programs to assure racial equity, including efforts to reduce financial barriers to ownership of businesses.

In 2015, African-Americans made up nearly 7 percent of the state's population but 34 percent of cannabis arrests.

OHIO

The state's 2016 medical marijuana law included some licenses set aside for minority businesses, but it's questionable whether that provision would stand in court.

The benchmarks require at least 15 percent of Ohio's marijuana-related licenses to go to the businesses of one of four economically disadvantaged minority groups—blacks, Hispanics, Asians or Native Americans—so long as an adequate number apply.

Legal experts have questioned whether the racial-preference provision would stand up in court, though no legal challenge has been filed to date.

African-Americans made up 12 percent of the state's population in 2015, but 35 percent of arrests.

PENNSYLVANIA

Lawmakers passed a medical marijuana law in 2016, and subsequent regulations written by the Pennsylvania Department of Health included policies to ensure that medical [cannabis](#) organizations "foster participation of diverse groups in all aspects of their operations."

Specifically, the rules require that applicants for cultivation and dispensing permits include in their initial applications a diversity plan that spells out how they will achieve racial equity through ownership, employment and contracting.

The agency is also required to make special efforts to help minorities learn how to apply for cultivation and dispensing permits. At least four

predominantly minority groups have applied for medical marijuana permits, according to Philadelphia City Councilman Derek Green.

African-Americans were nearly 11 percent of the state in 2015 and made up 35 percent of arrests.

WASHINGTON

Recreational pot was legalized in Washington in 2012. The state has nearly 500 licensed retail stores.

Nearly 3 percent of retail license holders are African-American in a state where black people are 3.5 percent of the population . In 2015, African-Americans made up 11 percent of marijuana arrests.

Brian Smith, spokesman for the Washington State Liquor and Cannabis Board, said the board is interested in diversifying licensees and may use targeted outreach to ethnic communities if they decide to license more people in the future.

WEST VIRGINIA

The state in April became the 29th in the U.S. to approve of [marijuana](#) use for certain medical conditions. The new law includes a provision requiring state regulators to seek ways of encouraging minority-owned businesses to apply for growing licenses.

African Americans were nearly 4 percent of the state in 2015 and made up 19 percent of arrests.

The black share of arrests for Maryland, Ohio and West Virginia were based on crime statistics that covered about 80 percent of each state's population. Shares for other states were based on statistics covering at least 90 percent of each state's population.

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Citation: Growing pot industry offers breaks to entice minorities (2017, May 31) retrieved 19 April 2024 from <https://medicalxpress.com/news/2017-05-pot-industry-entice-minorities.html>

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