

Testimony in Support of H 5829 – the RI Cannabis Act

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The Economic Progress Institute strongly supports Rep. Felix's H 5829, makes several amendments to the cannabis act relating to applications for licensure, the social equity assistance program and the application of cannabis tax revenue.

Rhode Islanders value fairness and accountability; Accordingly, the RI Cannabis Act acknowledges the harm caused by the war on drugs and attempted to remediate some of that harm by creating a path for those harmed by the war on drugs to enter the cannabis industry in RI by becoming a “Social Equity Applicant” for a license to operate. H 5829 would remove loopholes in the existing law that permit wealthy individuals and multi-state operators from obtaining a Social Equity License. For example, current law provides that one may qualify as a Social Equity Applicant if they employ at least 51% of employees who meet social equity criteria; this is also known as the “slave master’s clause.”

The RI Cannabis Act also created a social equity fund designed to help those from harmed communities come up with the funds to enter the cannabis industry. H 5829 amend the law to increase the social equity fund by seeking an allocation of the adult use tax. The average cannabis dispensary requires \$1 to \$2 million in start-up capital, but the current social equity fund holds only about \$1.5 million – which will be insufficient to help impacted communities get into the cannabis industry. Finally, H 5829 would also create a Disproportionately Impacted Areas Investment Fund to direct some cannabis tax revenue toward community reinvestment in the disproportionately impacted areas outlined by Rhode Island’s Cannabis Control Commission.

H 5829 would make our cannabis policy more fair and more accountable for the harm caused by drug laws. Scholars have long proven that the war on drugs was waged disproportionately against the Black and Latino communities. A 2020 report from the American Civil Liberties Union (ACLU) showed that Black people in Rhode Island were 3.3 times more likely than White people to be arrested for marijuana possession despite comparable marijuana usage rates among the two racial groups. The racial disparities were even more pronounced, and way above the national average, outside Providence County.

While the RI General Assembly has made progress by decriminalizing and then legalizing marijuana, much more needs to be done to address the widespread financial harm caused by the disproportionate enforcement of marijuana and other drug laws. Even when the average income in Rhode Island has risen, there continues to be persistent income inequality by race and ethnicity. In 2021, non-Hispanic White households in Rhode Island earned on average 35%-50% more than Black, Hispanic, and American Indian households. These same patterns of disparities persist in many areas, including in educational and health outcomes. These statistics



cannot be divorced from the effects of disproportionate arrest and incarceration, and the associated financial, familial, educational, and health-related harm. Failure to allocate some of the cannabis revenue toward investment in the Black and Latino communities harmed by the war on drugs would be tantamount to compounding the racial harm caused by the war on drugs. We urge passage.