

Testimony in Support of S. 2643  
Tuesday, May 5, 2020, 11:00am

Submitted to:  
Senate Chair Diana DiZoglio and House Chair Edward F. Copping  
Joint Committee on Community Development and Small Businesses

Dear Chair DiZoglio, Chair Copping, and members of the Joint Committee,

Thank you for this opportunity to submit testimony in support of S.2643, *An Act Establishing a Massachusetts Paycheck Protection Program (PPP)*, which would offer financial support to small businesses that are currently ineligible for the comparable federal PPP administered by the Small Business Administration (SBA). This testimony is submitted in my individual capacity as a commissioner of the Massachusetts Cannabis Control Commission to outline the importance of this bill to the many small businesses in the Massachusetts adult-use cannabis industry.

The COVID-19 pandemic, the exclusion of federal emergency relief, and the closing of adult use cannabis retailers under the Governor's State of Emergency Order all threaten the commitments to racial and economic equity and to the encouragement of small businesses that are explicitly integral to the laws that govern our state's cannabis industry. For this reason and others, our commission wrote a letter to the Massachusetts Congressional delegation on April 17 urging our representatives to press for inclusion of cannabis businesses in federal emergency relief. I would be glad to make that letter available to the Committee.

As you may be aware, cannabis businesses operating legally in states that have authorized the legalized, regulated and taxed sale of cannabis and cannabis products to adults are prohibited from benefiting from financial assistance that is available through the SBA. The federal PPP continues this exclusion, despite the fact that the COVID-19 pandemic has heavily affected the cannabis sector, along with all other sectors of the economy.

Our state has approved over 300 licensed cannabis businesses. These businesses employ over 3200 people, contract for professional services with other local businesses, pay local, state and federal taxes, and reinvest into the communities in which they are located and into previously harmed communities. The exclusion of the cannabis industry from the federal PPP puts all these businesses, and the workers, families, and communities who depend on them, at risk.

Massachusetts's cannabis industry is intentionally organized by law to promote equity. Massachusetts was the first state to pass explicit equity measures in the adult-use cannabis industry for farmers, veterans, women, minorities, and those disproportionately harmed by drug laws. The lack of federal PPP support puts the fragile progress we have made over the past three years at risk. The harm is likely to fall more sharply on the very small businesses, workers, families, and communities that our state's cannabis equity measures are intended to protect.

Access to capital through traditional means is already limited for lawful cannabis businesses because of federal banking restrictions. The path ahead for many of these Massachusetts businesses looks even less clear than for other businesses. For any other business,

such limited access to capital would work in favor of the business when it came to eligibility for federal SBA assistance: one of the first criteria for eligibility included in the SBA loan program enabling statute, states that no financial assistance shall be extended pursuant to this subsection if the applicant can obtain credit elsewhere. Yet, this explicit criteria does not apply to lawful cannabis businesses, despite a lack of access to capital, traditional loan products and banking services.

Many of Massachusetts' cannabis businesses are small businesses that, like small businesses across many sectors, now face an uncertain future. But the closing of adult-use marijuana businesses, while liquor stores remain open, has put cannabis businesses in a position where they face that future without the disaster relief options that others can draw on for help, as well as more limited options for capital and credit.

Please support this bill to extend help to businesses unjustifiably excluded from federal assistance and unable to operate under this Administration's State of Emergency Order, and which form an important part of our state economy. I also ask you to help preserve the equity gains that our state has made in this sector.

Thank you for your consideration. I am available to discuss this in more detail and to answer any questions this Committee may have.

Sincerely,

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