

### Willamette LSSDP Testimony on HB 4088

First we would like to thank this committee for considering HB 4088 this session. We first gave testimony on this legislation in November of 2019, because we believe that this legislation is instrumental to Law Students for Sensible Drug Policy's mission of ending the war on drugs and remedying the disproportionate impact of cannabis prohibition. Redressing past and present effects of racial discrimination in the policing of the states cannabis law is a compelling government interest, and rebuilding those communities most impacted by prohibition through economic development is one way to remedy this issue. The focus of this legislation on businesses owned and operated partially by individuals with prior convictions for cannabis is something we are excited to see, and believe is a reflection of the will of the citizens of Oregon when measure 91 was passed in 2014. Additionally, we strongly support the emphasis this bill has regarding small business ownership

However, one thing we have noticed that is absent from this bill is direct language regarding preference for businesses owned by communities most disproportionately impacted by prohibition. Specifically, there is an absence regarding Latinx and African-American owned businesses. Other State's who have passed social equity programs have included minority ownership of a business as one qualifying factor to a social equity program.

Pennsylvania includes general requirements for businesses to include diversity plans and requirements of the government to foster the submission of diverse applications. female, veteran, or disabled person.

Maryland's law includes requirements that the government shall encourage diverse applicants and '[t]o the extent permitted by federal and State law, actively seek to achieve racial, ethnic, gender, and geographic diversity when licensing medical cannabis growers[.]'

Florida has a provision focusing solely on Black farmers who are members of the Black Farmers and Agriculturalists Association-Florida Chapter

The social equity policy proposal we created, in conjunction with NuLeaf, focused on giving back to communities of color that have been unfairly targeted and harmed during the war on drugs. The Oregon Criminal Justice Commission found that African Americans are incarcerated at double the rate of

whites for felony drug possession even though federal health statistics point to drug usage being roughly the same across all racial groups in the U.S.

This has set back communities of color from financial security and growth. The ACLU has found that the median wealth of white households is twenty times that of African Americans and eighteen times that of Latino households. Allowing those who have been affected by the war on drugs to have a greater preference in the social equity cannabis program will begin to right the wrongs that as a society we have created and supported for decades.

Our recommendations are based on other states' social equity bills. In Illinois, their program allots additional points in its social equity program if 51% of an applicant is owned by a minority-person. States such as Massachusetts and Michigan have designated areas of "disproportionate impact" as a factor in determining eligibility for their program.

Additionally, using minority business status as a qualifying factor will strengthen the performance of Oregon's small business cannabis market.

According to a study done by the Harvard Business Review, the effect of ethnic diversity on investments has shown on average to lead to a 26-31% better return on investment than non-diverse counterparts. Also, according to McKinsey and Co., companies in the top quartile for racial diversity are 35% more likely to have a greater return on investment than non-diverse counterparts.

These positive effects would be felt statewide, especially in counties such as the Hood River where the Latinx community comprises 31% of the population. Racial equity should not be left out of the conversation when discussing social equity and it is important the language of the bill reflects that reality.