



## Testimony in Support of SB 531 – the RI Cannabis Act

### Senate Committee on Judiciary

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**The Economic Progress Institute strongly supports Senator Acosta’s SB 531**, which 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. In recognition of these values, the RI Cannabis Act acknowledges the harm caused by the war on drugs and attempts to remediate some of that harm by creating a path for those impacted by the war on drugs to enter the cannabis industry in RI by becoming a “Social Equity Applicant” for a license to operate. **SB 531** 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 currently reside in a disproportionately impacted area and/or “have been arrested for, convicted of, or adjudicated delinquent for any offense that is eligible for expungement under this chapter”.<sup>1</sup> This is colloquially referred to as the “slave master’s clause.” Additionally, this legislation would make the process of becoming a Social Equity Applicant more equitable by allowing those with prior misdemeanor and/or felony convictions for marijuana possession to apply – a crucial step, given that throughout Rhode Island Black people are nearly 3.3 times more likely to be stopped for marijuana possession than White people, despite similar usage rates.<sup>2</sup> The racial disparities were even more pronounced, and way above the national average, outside Providence County

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. 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 enter the cannabis industry. **SB 531** amends the law to increase the social equity fund by seeking an allocation of the adult use tax. Finally, **SB 531** 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.

**SB 531** would make our cannabis policy more fair and more accountable for the harm caused by drug laws. 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

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<sup>1</sup> <https://webserver.rilegislature.gov/Statutes/TITLE21/21-28.11/21-28.11-3.htm>

<sup>2</sup> <https://www.aclu.org/news/criminal-law-reform/a-tale-of-two-countries-racially-targeted-arrests-in-the-era-of-marijuana-reform>



caused by the disproportionate enforcement of marijuana and other drug laws. Even though the average income in Rhode Island has risen, there continues to be persistent income inequality by race and ethnicity. In 2021, White non-Hispanic 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 caused by the war on drugs. 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 it caused. We urge passage.