

The Cannabis Industry Is Rooted in Racial Justice

By [Connor Smith](#)

April 30, 2021 7:30 am ET



New York State Assembly Democratic Majority Leader Crystal Peoples-Stokes, at a rally for marijuana legalization in January.

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In 2019, New Jersey and New York were expected to be the first states to legalize cannabis sales without a voter referendum. But the bills flopped in their state legislatures—defeated not by conservatives but by progressive Democrats.

The reform plans hadn’t addressed the disproportionate historical impact of marijuana convictions on Black communities, said critics. Marijuana use is uniform across all demographics, but many studies showed that people of color were arrested for possession at rates over three times higher than white people. Hoping to help correct this, Illinois became the first state legislature to permit recreational pot sales to adults, in a 2019 bill that [made sure that the resulting business opportunities](#) wouldn’t all go to affluent white folks.

When New York’s legislature [finally legalized recreational sales](#) this year, social justice was prioritized. New York State Assembly Majority Leader Crystal Peoples-Stokes tells *Barron’s* that her colleagues learned from watching other states’ legalization programs.

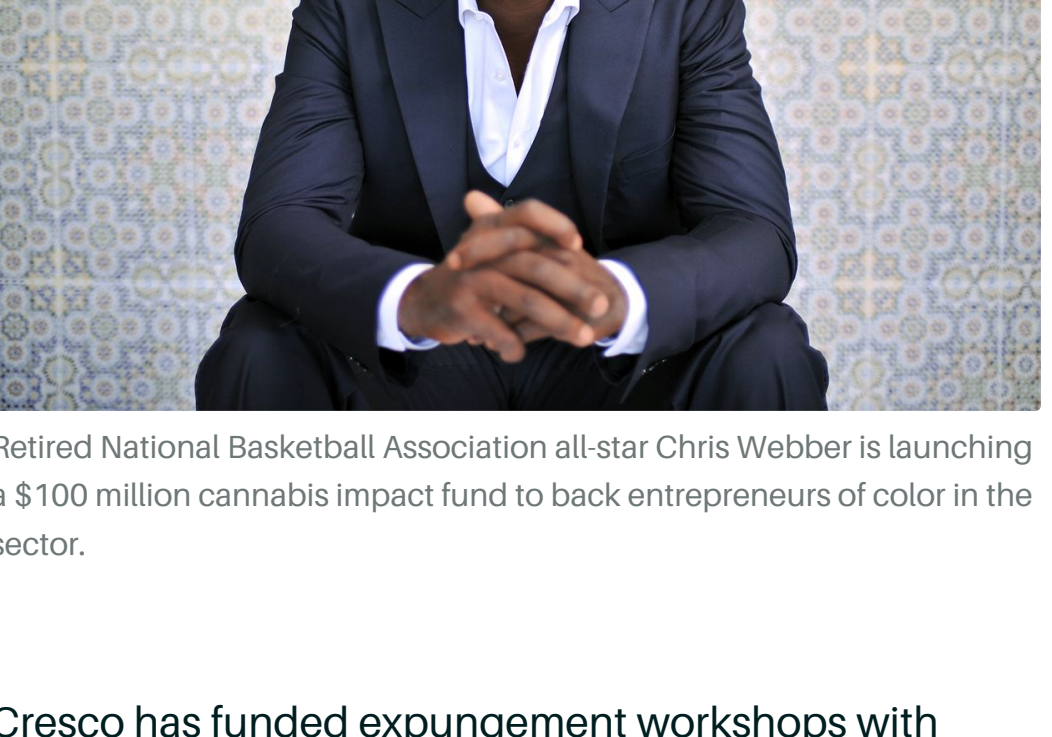
“Their first thought was, how do you get access to all this underground revenue that can then be used to help support municipal- or state-government services?” says Peoples-Stokes. “So, we kind of flipped that and said, ‘Equity is our first thought.’ ”

The New York bill, signed by Gov. Andrew Cuomo in March, includes a goal for 50% of licenses to go to minority- or women-owned businesses, distressed farmers, or service-disabled veterans. After covering the costs of the program, revenue from cannabis taxes will be split, with 40% going toward education, 40% to a community-grants reinvestment fund, and 20% going to a drug-treatment and public-education fund.

Covid-19 [budget gaps surely helped](#) get legalization bills across the finish line this year in New York and Virginia. But cannabis reform has become entwined with America’s current reckoning with racial injustice. “It’s an opportunity to create generational wealth for a different population of New Yorkers,” says Peoples-Stokes, “as opposed to a population that already has access to wealth.”

Out of idealism, pragmatism, or both, the U.S. cannabis operators have embraced social-justice objectives like few other industries. At the Chicago-based Cresco Labs (ticker: CRLBF), a social-equity initiative called SEED works with local organizations on workforce training, arrest expungement, and community business incubation. When Illinois was considering recreational-use sales, Cresco CEO Charlie Bachtell knew that restorative justice had to be part of the plan, he tells *Barron’s*.

“They were talking about passing a law that allows me to do it because I have a license and a storefront,” Bachtell says. “But somebody could have got arrested for what I was doing yesterday.”



Retired National Basketball Association all-star Chris Webber is launching a \$100 million cannabis impact fund to back entrepreneurs of color in the sector.

Cresco has funded expungement workshops with Cabrini Green Legal Aid in Chicago, where people learned how to access their rap sheets and have their records cleared. Companies like Cresco are taking steps to improve equity, says the legal-aid group’s executive director, Esther Franco-Payne, but there’s still work to be done.

Retired National Basketball Association all-star Chris Webber says that the industry’s social initiatives are good business, and not handouts. With Jason Wild—an early investor in cannabis stocks through his JW Asset Management, and also the chairman of TerrAscend (TRSSF)—Webber is launching a \$100 million cannabis impact fund to back entrepreneurs of color in the sector. For the industry to be as robust as it can be, says Webber, there needs to be diversity and inclusion.

Webber says that his impact fund will give access to those who lack it. “I have Black children,” he says, “and I want to make sure there’s a pathway for all people to get into business.”

Write to Connor Smith at connor.smith@barrons.com