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Cannabis Social Equity Trust Fund FY23 Annual Report

The Executive Office of Economic Development (“EOED”) is required by Section 14A of Chapter 94G of the General Laws (“Authorizing Statute”) to administer the Cannabis Social Equity Trust Fund (“Trust Fund”), in consultation with the Cannabis Social Equity Advisory Board (“Advisory Board”), for the purpose of encouraging the full participation in the Commonwealth’s regulated marijuana industry by entrepreneurs from communities that have been disproportionately harmed by marijuana prohibition and enforcement.

EOED, in consultation with the Advisory Board, is required by the Authorizing Statute to annually submit a report to the Legislature by July 31st detailing the expenditures from the Trust Fund in the previous fiscal year and any other information that EOED and the Advisory Board deem appropriate. Due to reasons outlined below, EOED has not yet made expenditures from the Trust Fund. Accordingly, EOED is submitting this report describing the activities of EOED and the Advisory Board covering the time period from effective date of the Trust Fund’s Authorizing Statute through July 31st, 2023.

Membership of the Cannabis Social Equity Advisory Board

The Cannabis Social Equity Advisory Board is established by Section 14A(b) of Chapter 94G of the General Laws. The Advisory Board consists of five members, as set forth by said Section 14A(b). The following are the current members of the Advisory Board:

- Governor Appointee (Chair) - Keisha Brice
- Attorney General Appointee - Aaron Goines
- Treasurer Appointee - Chris Fevry
- Joint Appointee of the Governor, Treasurer and Attorney General - Meaka Brown
- Joint Appointee of the Governor, Treasurer and Attorney General - vacant

There is a process underway to appoint a qualified individual to the one currently vacant Board seat.

Cannabis Social Equity Advisory Board Meetings

The Cannabis Social Equity Advisory Board met three times as of the filing of this report to discuss the following topics:

- Overview of Massachusetts cannabis industry and regulations, presented by the Cannabis Control Commission;
- Core objectives of the Trust Fund to encourage the full participation in the state's regulated marijuana industry of entrepreneurs from communities that have been disproportionately harmed by marijuana prohibition and enforcement;
- Discussion of laws and regulations applicable to Advisory Board members;
- Advisory Board member eligibility in applying to Trust Fund;
- EOED hiring of Cannabis Social Equity Trust Fund (“Fund”) program administrator;
- Funding issues impacting the transfer of funds to the Trust Fund; and
- EOED development of the Cannabis Social Equity Trust Fund regulations.

The meetings occurred on April 28, 2023; June 16, 2023; and July 24, 2023. The board will meet again in late August.

Cannabis Social Equity Trust Fund Regulations

EOED, in consultation with the Advisory Board, is required by the Authorizing Statute to promulgate regulations governing the structure and administration of the Trust Fund. EOED has commenced the regulation drafting process and engaged in discussions with the Advisory Board to solicit input and expertise on the covered provisions of the regulation over the last two Advisory Board meetings. It is anticipated that the regulations will include, but not be limited to, provisions addressing eligibility requirements, application process and selection criteria, conditions for grants or loans, and default criteria and penalties.

Technical Issue Impacting the Transfer of Money to the Trust Fund

The Authorizing Statute provides that funds for the Cannabis Social Equity Trust Fund “shall consist of: (i) funds transferred pursuant to subsection (b) of section 14...” G.L. c. 94G § 14A(a). Said Section 14 establishes the Marijuana Regulation Fund, of which “15 per cent of the fund shall be transferred to the Cannabis Social Equity Trust Fund established in section 14A” annually. G.L. c. 94G § 14(b).

Section 17 of Chapter 2 of the Acts of 2023, as signed on March 29, 2023, amended the Authorizing Statute to state that “[e]xpenditures from the [Cannabis Social Equity Trust Fund] shall not be subject to appropriation.” Prior to this amendment, the Trust Fund was unable to receive or expend funds. A first transfer of funds into the Trust Fund will occur later this year after the approval of a closeout supplemental budget for FY2023.