



April 17, 2020

The Honorable Ayanna S. Pressley, U.S. Representative  
United States House of Representatives  
1108 Longworth House Office Building  
Washington, D.C., 20510

**RE: COVID-19 Financial Assistance for Massachusetts' Licensed Cannabis Businesses**

Dear Representative Pressley,

We write to you as the appointed members of the Massachusetts Cannabis Control Commission ("Commission") to seek your assistance, and that of your colleagues in the Massachusetts Congressional delegation, in support of the Commonwealth's licensed cannabis businesses and the ancillary businesses that support and provide services to them. We understand the urgent and difficult nature of the decisions that you are collectively being asked to consider on behalf of your constituents during these unprecedented times. For that reason, our request is narrow and straight-forward.

We request that you advocate for cannabis businesses licensed by the Commonwealth of Massachusetts to be able to apply for and receive the same or analogous assistance as other state-recognized businesses that have been or expect to be negatively impacted by the declared COVID-19 federal emergency.

As of this writing, 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 benefitting from financial assistance that is available through the Small Business Administration ("SBA")<sup>1</sup>. This includes 300 licensed Massachusetts businesses. The business owners who operate these businesses employ over 3200 individuals; contract for professional services with other local businesses; pay local, state and federal taxes; and return money to the communities in which they are located. Massachusetts was the first state to pass intentional equity measures in the adult-use cannabis industry for farmers, veterans, women, minorities, and those disproportionately harmed by drug laws. During the first calendar year of legalization with retail operations, in 2019, adult-use cannabis businesses helped to generate over \$80 million in

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<sup>1</sup> See 13 CFR 120.110 (h)



tax revenue. That number was projected to be exceeded this year, with the Massachusetts Department of Revenue estimating tax revenues between \$93 million and \$172 million.

With access to capital through traditional means already limited for state-legal cannabis businesses by 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. Point in fact, one of the first criteria for eligibility included in the SBA loan program enabling statute, 15 U.S.C. § 636, states that “[n]o financial assistance shall be extended pursuant to this subsection if the applicant can obtain credit elsewhere.”<sup>2</sup> Yet, this explicit criteria does not apply to state-legal cannabis businesses, despite clear indicia of lack of access to capital, traditional loan products and banking services.

Many Massachusetts cannabis businesses are small businesses. Like small businesses across many sectors, they now face an uncertain future. What differentiates state-legal cannabis businesses, however, are restrictions on both basic business banking and, now, disaster relief options, not faced by others. For this reason, we request your consideration and advocacy for assistance that is inclusive of these Massachusetts businesses in any forthcoming COVID-19 stimulus legislation.

Sincerely,

Steven J. Hoffman, Chair



Kay Doyle, Commissioner



Jennifer Flanagan, Commissioner



Britte McBride, Commissioner



Shaleen Title, Commissioner



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<sup>2</sup> 15 U.S.C. § 636 (a)(1)(A)(i).

