

# Show Me the Money: Cannabis Revenue, Spending, and Equity in Massachusetts

*By Jessica Troe, Deputy Director of Research and Policy Analysis*

## Key Takeaways

- Since the legalization of recreational, adult-use cannabis in 2016, cannabis sales in Massachusetts have generated nearly \$2 billion in state and local revenue, with total adult-use retail sales reaching over \$8 billion as of August 2025.
- Revenue from the Marijuana Regulation Fund (MRF), the main fund that receives cannabis revenue, supports various programs across public health, community investment, law and public safety, and regulatory oversight, with public health receiving the largest percentage.
- Massachusetts has led the nation in cannabis social equity programs. The initial legislation, revised after the 2016 ballot initiative, includes mandated social equity components to promote participation from communities disproportionately harmed by past marijuana prohibition and enforcement. The 2022 cannabis social equity bill furthered the Commonwealth's commitment by, among other changes, establishing the Cannabis Social Equity Fund which has distributed nearly \$28.9 million in grants to date.
- The cannabis market is maturing, and continued monitoring of revenue, spending, and social equity programs is crucial. New initiatives like social consumption offer opportunities to advance equity and support communities impacted by historical criminalization.

Nearly a decade after Massachusetts voters legalized adult-use recreational marijuana<sup>1</sup> and three years after the legislature enacted social equity reforms to the industry, this report provides a landscape analysis of the revenue and spending generated by the legalization of cannabis, and the social equity components associated with cannabis legalization.

Adult-use recreational marijuana<sup>2</sup> was legalized in Massachusetts by a voter-approved ballot initiative in 2016, with the first retail locations opening in November 2018. Since then, over 400 adult-use marijuana retail locations have opened and, as of August 2025, total adult-use retail sales of cannabis reached over \$8 billion. During that same period, the state collected \$1.58 billion (\$1.72 billion adjusted for inflation) and local governments collected \$300 million (\$333 million adjusted for inflation) in revenue. It was a long road to get here.

## A Brief History of Marijuana Criminalization in Massachusetts

Cannabis has long been regulated in the United States, beginning in the early 20th century.<sup>3</sup> Massachusetts enacted its own laws controlling cannabis starting in 1912.<sup>4</sup> The federal Marijuana Tax Act of 1937 enacted a "transfer tax stamp" on cannabis, which the federal government rarely issued, essentially prohibiting cannabis.<sup>5</sup> Subsequently, the Controlled Substances Act (CSA) of 1970 developed a system to place different types of substances into different categories, called schedules. Of the five categories, marijuana was placed in the most dangerous designation, along with other drugs like heroin

and LSD, with no accepted medical use and a high potential for abuse. This designation officially prohibits the “distribution, dispensation, and possession of marijuana except for purposes of sanctioned research.”<sup>6</sup> Massachusetts adopted a version of the Controlled Substances Act in 1971 that included up to six months in prison and a \$500 fine for possession of more than one ounce of marijuana.<sup>7</sup>

The CSA laid the groundwork for the “War on Drugs” by illegalizing marijuana, along with other substances, and giving more authority to law enforcement agencies to arrest, prosecute, and incarcerate people on illegal drug related charges.<sup>8</sup> The Anti-Drug Abuse Act of 1986 furthered the “War on Drugs” by enacting mandatory sentencing minimums for drugs, including marijuana, and directing more funding to drug enforcement.<sup>9</sup> The combination of these policies created decades of mass incarceration, disproportionately targeting Black and Latino people.<sup>10</sup> Data from 2017 illustrates this disparity: at the time, 22 percent of Massachusetts’s population was Black and Latino, though Black and Latino people account for 57 percent of the state’s prisoners and 75 percent of the people serving mandatory minimum sentences for drug offenses.<sup>11</sup>

## Decriminalization, Legalization, and Equity Aspirations

Massachusetts voters decriminalized the possession of less than one ounce of marijuana in 2008 and in 2012, voters legalized medical marijuana use and sales. A ballot initiative legalizing adult-use recreational marijuana passed in 2016. The legislature then revised the ballot initiative language to enact the legalization of marijuana. In this process, the legislature, acknowledging that the historical criminalization of cannabis disproportionately targeted Black and Latino people, added language to encourage social equity in the implementation of the law. The law mandates that the Cannabis Control Commission (the Commission) establish “procedures and policies to promote and encourage full participation in the regulated marijuana industry by people from communities that have previously been disproportionately harmed by marijuana prohibition and enforcement and to positively impact those communities”. The law also mandates the Commission to prioritize review and licensing decisions for applicants who “demonstrate experience in or business practices that promote economic empowerment in communities disproportionately impacted by high rates of arrest and incarceration for offenses under [the Controlled Substances Act].”<sup>12</sup>

Lawmakers sought to redress these harms by providing helpful “on-ramps” to participate in the cannabis industry. The Commission identified 30 communities deemed Disproportionately Impacted Areas (DIAs) that have been “disproportionately harmed by marijuana prohibition and enforcement”.<sup>13</sup> Additionally, there are several license application types, programs, and designations (detailed below) aimed at providing support to these communities and promoting equity in the cannabis industry.

### Helpful Terms and Definitions

**Economic Empowerment Priority Applicant** is a priority licensing review designation that was available from April 1, 2018 to April 15, 2018. Economic Empowerment Priority Applicants needed to meet three of the six eligibility criteria:

- Majority of ownership belongs to people who have lived in DIAs for five of the last 10 years.
- Majority of ownership has held one or more previous positions where the primary population served were disproportionately impacted, or where primary responsibilities included economic

education, resource provision or empowerment to disproportionately impacted individuals or communities.

- At least 51% of current employees or subcontractors reside in DIAs and will increase to 75% by the first day of business.
- At least 51% of employees or subcontractors have drug-related CORI (Criminal Offender Record Information) but are otherwise legally employable in a cannabis-related enterprise.
- A majority of the ownership is made up of individuals of Black, African-American, Hispanic, or Latino descent.
- Owners can demonstrate significant past experience in or business practices that promote economic empowerment in DIAs.

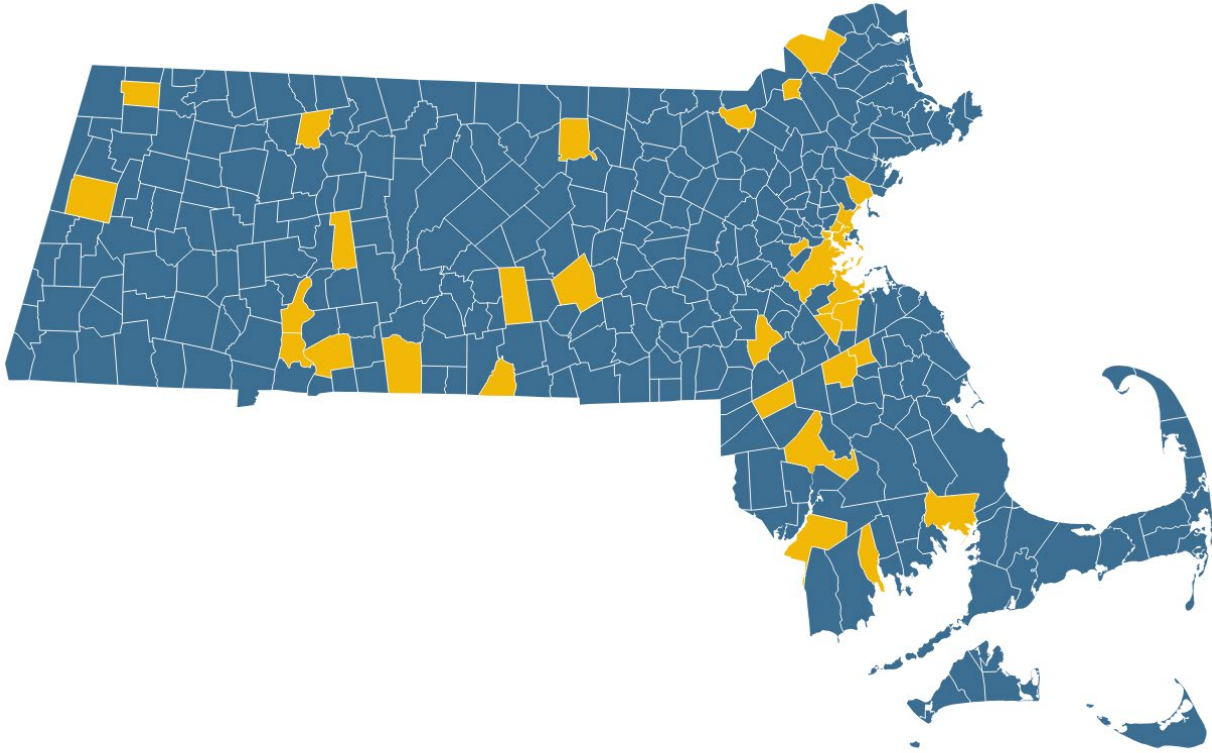
**Social Equity Program** is a technical assistance program administered by the Cannabis Control Commission. The program is eligible to people residing in DIAs for five of the past 10 years and with income that does not exceed 400% of the Area Media Income (AMI) of the municipality of residence. More information on the Social Equity Program is discussed later in this report.

#### **Social Equity Business**

The law governing recreational marijuana defines social equity business as “a marijuana establishment with not less than 51 percent majority ownership of individuals who are eligible for the social equity program...or whose ownership qualifies it as an economic empowerment priority applicant.”

**Disadvantaged Business Enterprises** are minority-, woman-, or veteran-owned cannabis applicants and businesses certified by the state Diversity Supplier Office. These businesses are eligible for expedited licensing review and fee waivers.

## **Map: Disproportionately Impacted Communities Across Massachusetts**

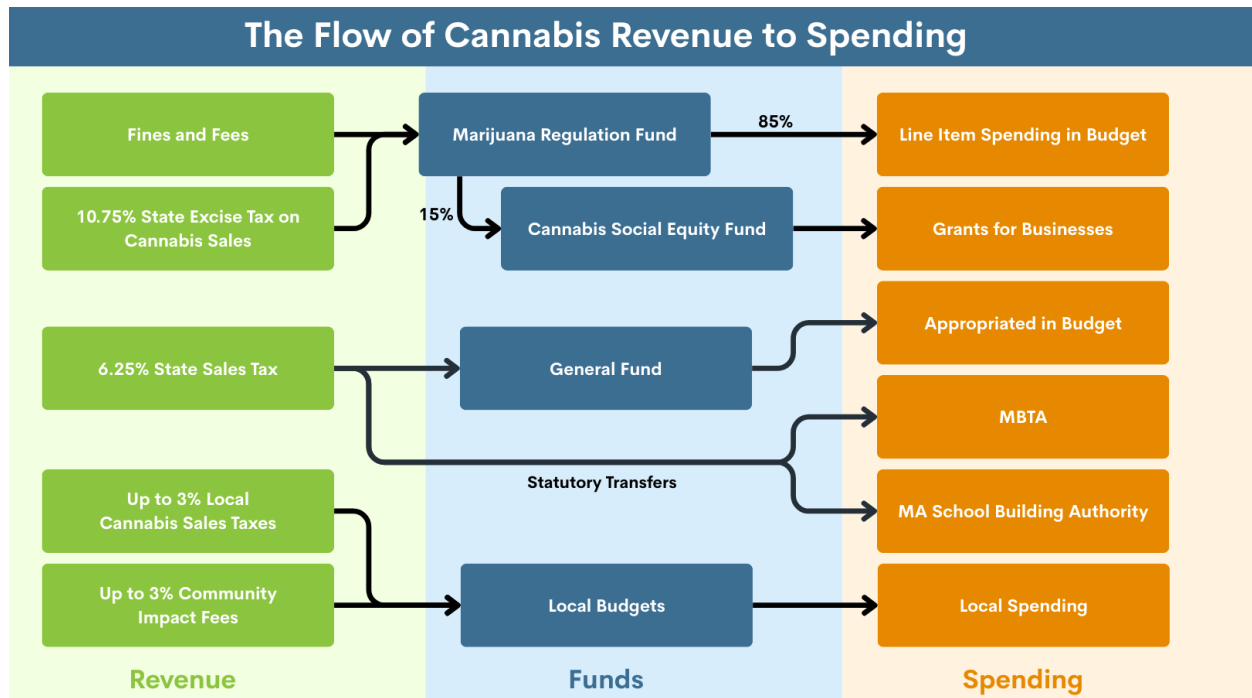


Map data: MassGIS • Created with Datawrapper

Massachusetts was one of the first states to incorporate an equity component into cannabis legalization. Early adopter states like Colorado and Washington eventually added social equity components after states like Massachusetts and Illinois implemented these in their initial cannabis legislation.

## Revenue, Spending, and Social Equity Analysis

Cannabis revenue and spending come from a variety of sources, are deposited in multiple funds, appropriated in different budgets, and spent on a wide range of programs. The chart below illustrates the flow of revenue, funds, and spending. This section will detail each of those categories.



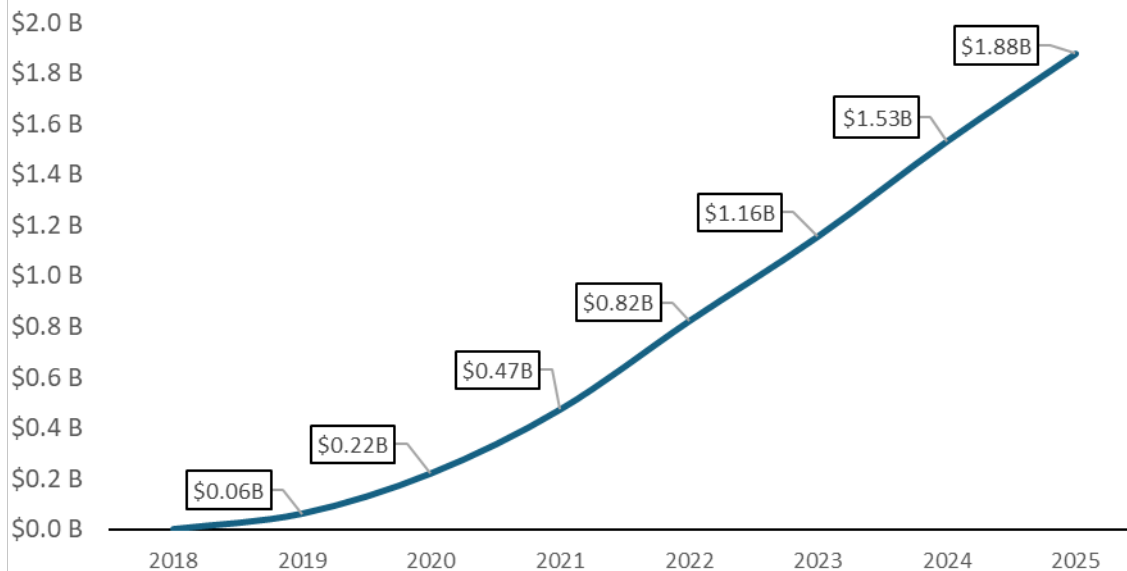
## Revenue

The state collects the standard 6.25 percent sales tax as well as a separate 10.75 percent excise tax on marijuana and marijuana products. Additionally, the state collects various fees and fines related to the cannabis industry, including application and licensing fees. Local governments also collect revenue from recreational marijuana sales via local excise taxes of up to 3 percent. All towns and cities that allow for the sale of recreational marijuana have opted to enact a 3 percent excise tax.<sup>14</sup> The combination of these taxes adds up to a 20 percent tax on cannabis. After the revenue is collected, it is directed to various funds and budgets.

Revenue from all state and local sources have totaled nearly \$1.9 billion (\$2.1 billion adjusted for inflation) since the legalization of recreational, adult-use marijuana. For the Commonwealth, cannabis revenue makes up, at most, a quarter of one percent of all revenue.

## State & Local Revenue from Cannabis Totals Nearly \$2 billion

Gross Total Revenue FY 2018 to 2025, not adjusted for inflation

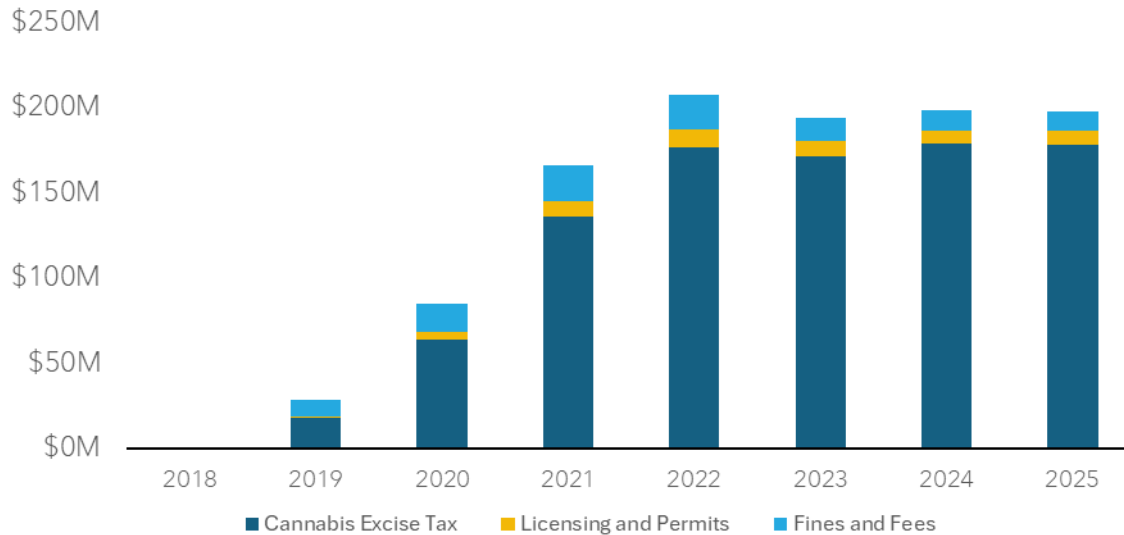


Source: Author's calculations based on data from Massachusetts Office of the Comptroller and Division of Local Services

It is worth noting that revenue collected from cannabis sales is not progressive revenue. Instead, everyone pays the same amount regardless of their income. Therefore, like nearly all sales taxes on consumer goods, cannabis revenue is regressive, meaning lower-income individuals pay a larger percentage of their income on the tax than higher-income consumers. Currently, there is not sufficient data on cannabis industry consumers to conduct an analysis to assess the degree of regressivity.

## Revenue in the Marijuana Regulation Fund Comes from Several Sources

MRF by Revenue Source, FY 2018 to FY 2025, Adjusted for Inflation



Source: Massachusetts Office of the Comptroller, Commonwealth Revenues.

Note: FY 2018 includes \$46.4K from Fines and Fees and \$3.2K from Licensing and Permits

### Fines and Fees

Massachusetts collects several fines and fees on cannabis businesses. These consist of initial application fees, license fees, fees regarding changes in building structure, and change in ownership or control fees. While medical marijuana sales are not taxed, the state collects fees from these establishments. Additionally, Massachusetts collects fines for an array of violations for individuals attempting to illegally purchase marijuana from cannabis businesses. Fees have made up nearly 13 percent and fines make up less than one percent of all marijuana revenue collected from FY 2018 through FY 2025. The money collected from fees and fines is deposited in the **Marijuana Regulation Fund**<sup>15</sup> (MRF).

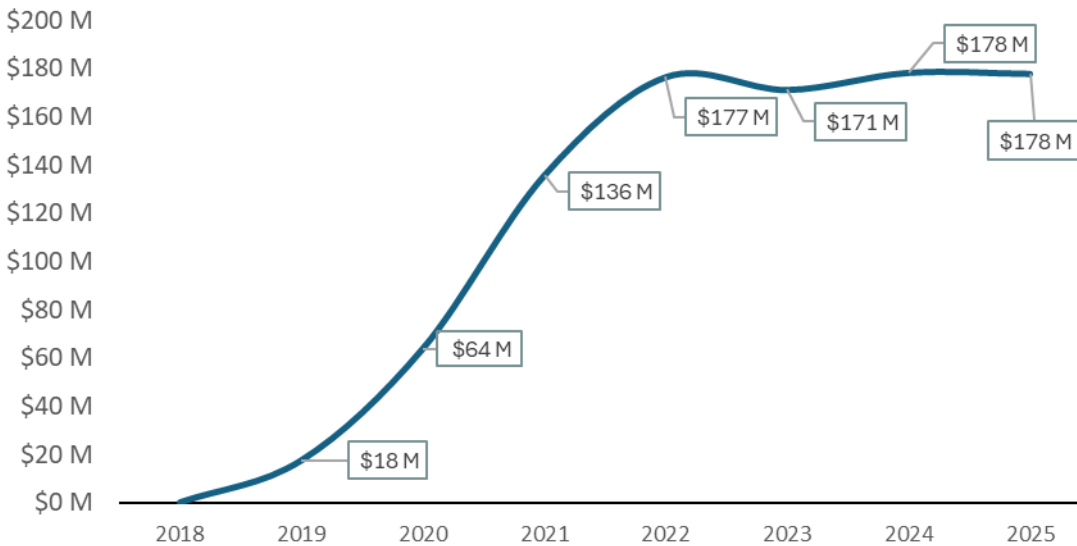
### Cannabis Excise Tax

An excise tax is a tax on the sale of a specific good or service. The 10.75% excise tax on cannabis has generated \$848 million (or \$921 million, adjusting for inflation) in revenue from FY 2018 to FY 2025. As the industry grew, the excise tax revenue increased significantly year-over-year. For example, the revenue generated from the excise tax grew 265 percent between 2019 and 2020. As the market has matured, excise tax revenue collections have stabilized. For FY 2026, the marijuana excise tax revenue is estimated to generate nearly \$186 million, less than half a percent of the state's estimated total tax revenue.

As the chart below shows, cannabis revenue deposited in the Marijuana Regulation Fund grew from FY 2019 to FY 2022 and has since stabilized. This pattern marks the growth and subsequent market maturity of the cannabis industry.

## Revenue from the Cannabis Excise Tax Grew Significantly Until FY 2022 and Has Since Plateaued

Cannabis Excise Tax, FY 2018 to FY 2025, Adjusted for Inflation



Source: Massachusetts Office of the Comptroller, Commonwealth Revenues

### State Sales Tax

Cannabis sales are also subject to the standard Massachusetts 6.25 percent sales tax. From FY 2019 (the first-year data is available), the sales tax collections from cannabis totaled over \$500 million (\$542 million adjusted for inflation). To put this revenue in context, the sales tax on cannabis accounts for less than one percent of all sales tax collected in the state. As with other cannabis revenue, sales tax revenue increased significantly in the first years after legalization and has since stabilized.

### Optional Local Tax

Massachusetts cannabis legalization provided cities and towns with local control options, meaning cities and towns could ban retail marijuana establishments. Cities and towns in Massachusetts that allow<sup>16</sup> for adult-use recreational marijuana dispensaries can enact an up to three percent tax on cannabis sales in their municipality. All have opted to enact a 3 percent tax.

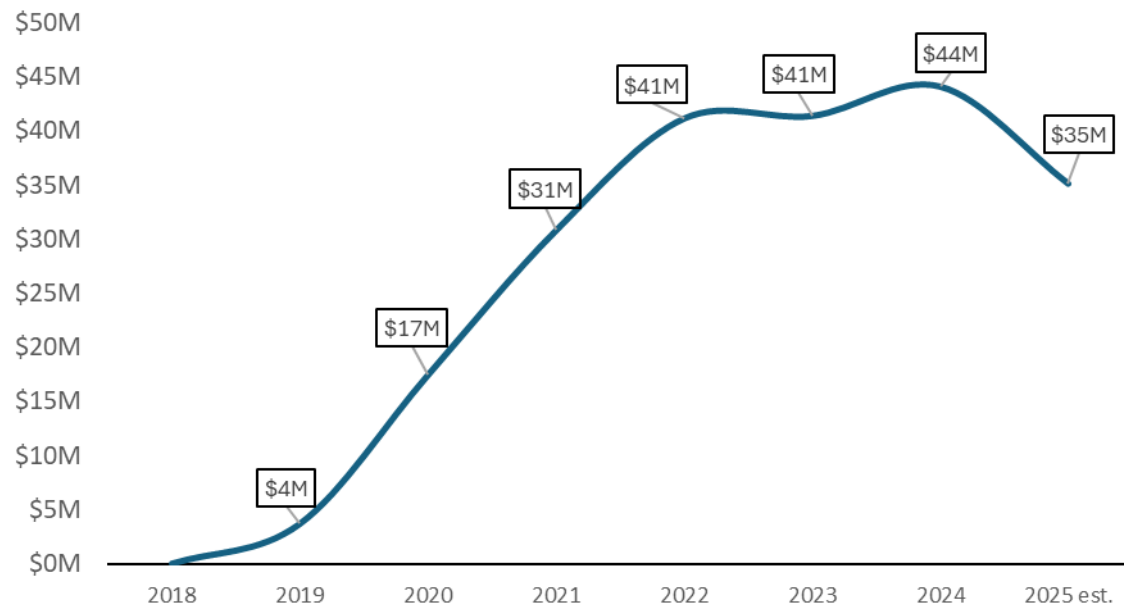
Since the first municipality began collecting this tax, \$196 million (about \$214 million, adjusted for inflation) in local taxes have been collected across the Commonwealth. Boston, Fall River, Worcester, Great Barrington, and Northampton have collected the most in cannabis revenue. Similar to the state excise tax, this revenue grew significantly in the first few years and has since stabilized. Revenue for FY 2025 are estimated to slightly decrease for municipalities. This decrease could be due to several factors, including a decrease in cannabis prices and neighboring states (Rhode Island, Connecticut, and New York)



legalizing marijuana in recent years.

## Local Cannabis Taxes Collected By Cities and Towns

FY 2018 to FY 2025, adjusted for inflation



Source: Division of Local Services, Data Analytics and Resources Bureau, Local Receipt Estimate vs. Actual

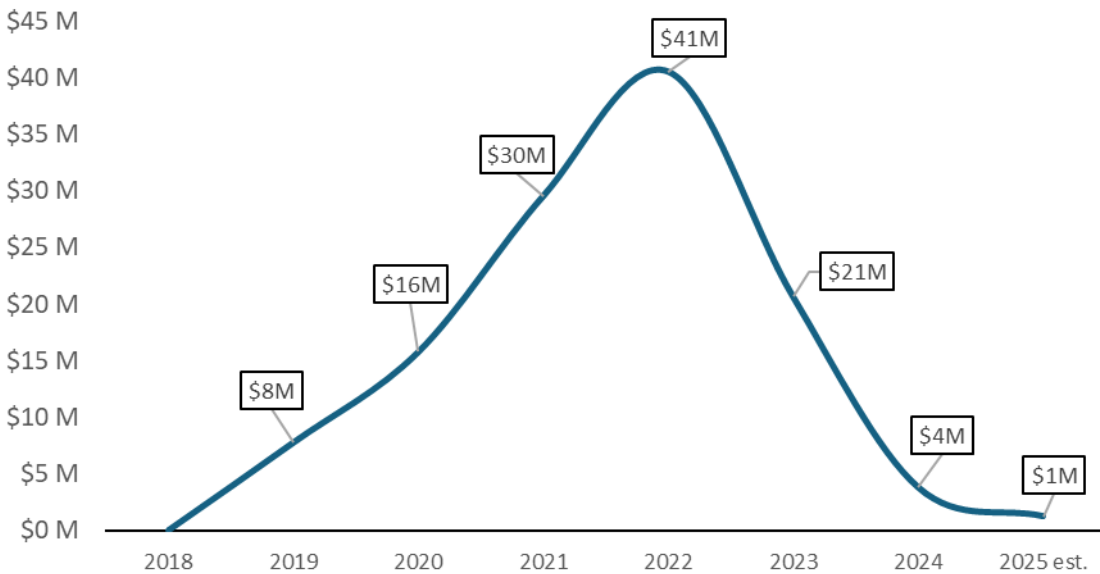
## Community Impact Fees

Cities and towns were also allowed to collect Community Impact Fees (CIF) equaling up to 3 percent of gross sales revenues, for costs associated with the operation of cannabis dispensaries like traffic congestion, public safety enforcement, and other environmental impacts. However, in response to these impacts never coming to fruition, the 2022 cannabis legislation ended the ability for communities to collect CIFs without linking them to direct impacts. While several cities and towns discontinued the use of CIFs and returned previously collected fees to cannabis businesses, other municipalities continue to collect these fees. CIFs created and continue to create an additional financial barrier for people to sustain cannabis businesses and earn a profit.<sup>17</sup>

The chart below illustrates the changes to CIFs, with the amount collected peaking in FY 2022 and drastically decreasing in subsequent years, in accordance with the regulation changes.

## Collection of Community Impact Fees Peaked in FY 2022 and Significantly Declined Due to Regulation Changes

FY 2018 to FY 2025, adjusted for inflation



Source: Division of Local Services, Data Analytics and Resources Bureau, Local Receipt Estimate vs. Actual

### Spending

After revenue is collected, the money goes on to fund several different areas. This section will analyze spending from revenue in the Marijuana Regulation Fund, the General Fund, and local budgets. Additionally, the analysis will highlight social equity spending.

#### Marijuana Regulation Fund

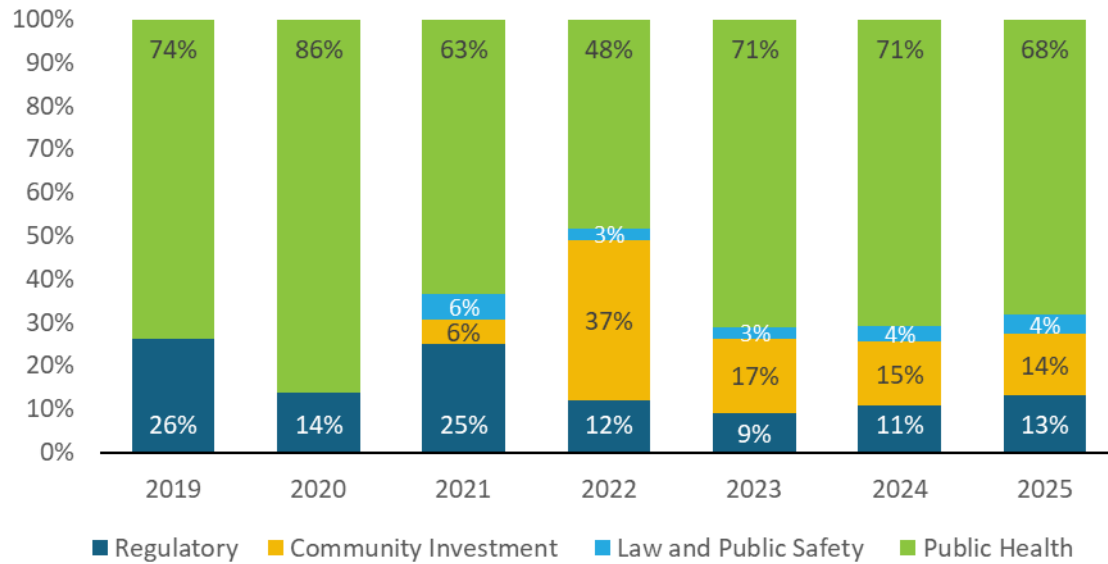
Revenue in the Marijuana Regulation Fund (MRF) supports several line items in the budget and the Cannabis Social Equity Fund, discussed in detail below.

#### Line-Item Spending in the Budget

Line items funded by the MRF fall into four broad categories: public health, community investment, law and public safety, and regulatory. The public health category receives the largest percentage of MRF funds in every fiscal year since its inception, ranging from 48 percent in FY 2022 to 86 percent in FY 2020. Community investment programs experienced a swell of funding in FY 2022 as three programs received funding from the MRF for the first, and last, time. Since FY 2019 the MRF has funded \$930 million (\$1.02 billion adjusted for inflation) in various line-item spending. Details on specific line items in each category and their funding are provided below.

## A Large Portion of the Marijuana Regulation Fund Spending Goes to Public Health

MRF by Spending Category, FY 2019 to FY 2025



Source: Author's Calculations Based on General Appropriations Act from FY 2019 to FY 2025

### Regulatory Spending

General Appropriations Act Appropriation for Regulatory Spending Programs							
Program Name	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Cannabis Control Commission	10,022,099	11,922,013	14,731,781	14,557,511	16,581,298	16,948,620	16,554,564
Medical Marijuana Oversight	3,763,994	4,035,010	3,377,284	3,151,570	3,585,995	3,543,010	3,451,738
Cannabis and Hemp Oversight	773,458	578,908	1,077,040	2,883,202	1,004,848	1,038,673	1,075,496

### The Cannabis Control Commission

Revenue from the MRF funds the Cannabis Control Commission (the Commission), which was established in the initial law that legalized recreational marijuana. The Commission is responsible for [“safely, equitably and effectively implementing and administering the laws enabling access to medical and adult-use marijuana in the Commonwealth”](#) and was [originally funded in a supplemental budget for FY 2018](#). These funds did not come from the Marijuana Regulation Fund and are not included in this analysis. In essence, the Commission reviews applications and provides licenses for businesses to grow, test, and sell marijuana.

Funding allocated within the Commission is used to support several critical programs and initiatives, most notably those administered by the Equity Programming and Community Outreach Department. This department oversees the Social Equity Program (SEP), which is the Commonwealth's primary vehicle for creating pathways into the regulated cannabis industry for individuals and communities disproportionately impacted by the "War on Drugs."

The SEP is structured into four distinct tracks that align with participant goals and career pathways:

**Entrepreneur Track** – Designed for individuals seeking to obtain Marijuana Establishment licensure and launch their own cannabis businesses.

**Core Track** – Geared toward those pursuing management or executive-level careers within existing cannabis companies.

**Entry Track** – Intended for individuals seeking entry-level roles in the industry, including those re-entering the workforce following incarceration.

**Ancillary (Integrated Business Solutions Support) Track** – Focused on participants who possess transferable skills or operate businesses that provide products or services to cannabis licensees.

Since its launch in 2019, the SEP has held five application periods and accepted more than 1100 participants. The program offers a comprehensive curriculum that ranges from foundational knowledge of cannabis and regulatory compliance to advanced business and leadership topics. Participants may enroll in multiple tracks over time to expand their expertise and professional development.

SEP participants receive multiple benefits to support their success in the industry, including:

- Access to technical assistance and training from specialized vendors
- Waived application fees for licensure
- Expedited review of licensing applications
- Ongoing outreach and resource-sharing to strengthen their professional development

In addition to administering the SEP, the Equity Programming and Community Outreach department verifies Social Equity Businesses (SEBs). These are businesses with majority ownership by individuals who qualify for the SEP. Verified SEBs are eligible for priority application review and other regulatory benefits that help accelerate their ability to operate in the licensed market.

Finally, the department plays a key role in outreach and engagement, ensuring that SEP participants, SEBs, and Economic Employment Applicants (EEAs) have timely access to information about funding opportunities, including those offered through the Cannabis Social Equity Trust Fund.

### **Oversight of the Medical Marijuana Industry**

After the legalization of recreational marijuana and the formation of the Cannabis Control Commission, the oversight of the medical marijuana industry was moved from the Department of Public Health to the Commission. This funding from the MRF supports the Commission's duties and responsibilities in providing oversight of the medical marijuana industry.

### **Agricultural Oversight of Hemp and Cannabis**

Funding from the MRF is directed to the Department of Agriculture for the oversight of industrial hemp and cannabis. This has been funded by the MRF since FY 2019.

## Public Health

General Appropriations Act Appropriations for Public Health Spending Programs							
Program Name	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Marijuana Public Awareness Campaign	2,509,330	1,235,088	0	0	0	0	0
<b>Bureau of Substance Addiction Services</b>	38,606,267	103,171,000	48,603,692	77,444,284	165,833,468	141,217,039	108,502,064
Violence Prevention Grants	0	0	0	4,506,736	0	0	0

### Bureau of Substance Addiction Services

Revenue from the MRF also provided funding to support the Bureau of Addiction Services starting in FY 2019, with the proportion coming from the MRF increasing every year. The MRF now funds over 70 percent of the Bureau of Substance Addiction Services. The Bureau is responsible for licensing substance use disorder treatment programs and counselors, funding and monitoring prevention, intervention, treatment, and recovery services, providing access to treatment for the uninsured, developing and implementing substance use disorder-related policies and programs, and tracking substance use disorder treatment trends in the state.

### Violence Prevention Grants

Funded only in FY 2022 through the MRF, this is a competitive grant program to prevent youth violence administered by the Department of Public Health. This grant cannot go to law enforcement.

### Marijuana Public Awareness Campaign

Funded in FY 2019 and 2020 wholly by the MRF, this public awareness campaign helped roll out the legalization of adult-use recreational marijuana in Massachusetts.

## Community Investment

<b>General Appropriations Act Appropriations for Community Investment Spending Programs</b>							
<b>Program Name</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Community Empowerment and Reinvestment Grant Program</b>	0	0	0	20,835,004	25,457,638	15,396,635	7,500,000
<b>Community College SUCCESS Fund</b>	0	0	0	10,814,895	14,929,223	14,189,829	14,921,796
Community Action Grants	0	0	0	11,965,461	0	0	0
Career Technical Institutes	0	0	0	8,663,975	0	0	0
After-School and Out-of-School Grants	0	0	0	10,269,196	0	0	0

**Community Empowerment and Reinvestment Program**

The Community Empowerment and Reinvestment Program develops, strengthens and invests in communities that have historically been and continue to be disproportionately impacted by the criminal justice system; have a high percentage of individuals whose incomes fall below 250 percent of the federal poverty level, and have a large population of socially and economically disadvantaged and historically underrepresented groups.

**Community College SUCCESS Grants**

Supporting Urgent Community College Equity through Student Services (SUCCESS) grants awarded to community colleges provide wrap-around services to low-income students, first-generation students, students with disabilities, LGBTQ and students of color. These grants aim to provide better educational outcomes in community colleges across the Commonwealth.

**Community Action Grants**

Community Action Grants, funded through the MRF in FY 2022, provided grants to community action agencies that provide services to people with lower incomes across the Commonwealth.

**Career Technical Institutes**

This line item provides funding for career technical institutes in vocational technical schools and was funded through MRF in FY 2022.

**After-School and Out-of-School Grants**

This line item, funded by the MRF in FY 2022, provides grants or subsidies for after-school and out-of-school programs.

Law & Public Safety

General Appropriations Act Appropriations for Law and Public Safety Spending Programs							
Program Name	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
<b>Recidivism Reduction for Youth and Young Adults</b>	0	0	2,000,000	4,000,000	5,860,549	7,032,104	7,107,347
Community Based Re-entry Programs	0	0	1,912,191	0	0	0	0

**Community Based Re-entry Programs**

This funding, financed through the MRF in FY 2021, supports the implementation of re-entry programs to reduce recidivism by providing transitional housing, workforce development and case management to individuals returning to the community from county correctional facilities and state prisons.

**Grants to Reduce Recidivism for Youth and Young Adults**

Funded through the MRF, at least in part, since FY 2021, these grants support programs focused on emerging adults re-entry to reduce recidivism among younger individuals, those between the age of 18 and 25.

**Notable Mention: Transfer to Cities and Towns from the Marijauna Regulation Fund**

The Governor's FY 2025 close-out supplemental budget proposal includes a \$1.25 million transfer to cities and towns for FY 2023 and FY 2024 for 1 percent of cannabis sales from municipalities' Social Equity Businesses. These transfers from the MRF are statutorily required, however at the time of publication in September 2025, have not yet occurred. This transfer is not included in this analysis.

**Cannabis Social Equity Fund**

Prior to FY 2023, after the revenue discussed above were deposited in the MRF, 100 percent of the funds were allocated to various line items in the budget. Beginning in FY 2023, however, 85 percent of the funds from the MRF are allocated to various line items in the budget and the remaining 15 percent of MRF funds are deposited in the **Cannabis Social Equity Fund** (CSE Trust Fund). The CSE Trust fund was established by [Chapter 180 of the Acts of 2022](#) (Section 18), which was signed into law in August 2022, five years after the legislation legalizing recreational adult-use marijuana. The fund is administered by the

Executive Office of Economic Development (EOED) and guided by the Cannabis Social Equity Advisory Board. The money in the CSE Trust Fund is used to make “grants and loans, including no-interest loans and forgivable loans, to Social Equity Program participants and Economic Empowerment Priority Applicants.”

The CSE Trust Fund has completed two cycles, one in FY 2024 and one in FY 2025<sup>18</sup>, providing nearly \$28.9 million in grants. The first grant cycle awarded up to \$50,000 in grant funds to address immediate needs for social equity cannabis businesses, like payroll, rent, professional services, and debt service. The second grant cycle provided grants ranging from \$13,000 to \$500,000 for immediate needs, as well as operational or capital support. The second round also provided grants to Social Equity Businesses (SEBs) looking to enter the cannabis industry. Fifty grants were awarded in the first grant cycle and 181 were awarded in the second grant cycle.

## General Fund and Statutory Transfers

The sales tax has two statutorily required pre-budget transfers, meaning that the money is automatically transferred to specific funds without going through the budget appropriation process. Those two funds are the Massachusetts Bay Transportation Authority (MBTA) State and Local Contributions Fund and the School Modernization and Reconstruction Trust Fund. Of the cannabis sales tax collections from FY 2019 through FY 2025, 18 percent went to the MBTA State and Local Contributions Fund and 16 percent went to the School Modernization and Reconstruction Trust Fund, which provides funding for building and repairing schools. The remaining 66 percent of the total cannabis sales tax revenue collected goes to the General Fund, which then gets appropriated in the budget. The General Fund supports a variety of programs from health care to housing.

## Local Spending

Cannabis legalization has provided many cities and towns a boost to their operating budgets. The revenue generated from municipalities’ local 3 percent tax on all cannabis sales are typically allocated in their general funds and then appropriated in their budgets. Local budgets fund important services such as public works (trash, sewer, water) and public safety (fire fighters, police).

### **Spotlight: Boston’s Cannabis Equity Program**

The City of Boston established their Equity Fund and Cannabis Equity Program in 2019, along with their cannabis board. While the board regulates licensing, it does not oversee the Cannabis Equity Program. The program is administered by the Mayor's Office of Economic Opportunity & Inclusion. Boston’s equity program prioritizes applicants and licensees from backgrounds and neighborhoods most affected by the “War on Drugs” to promote equity in the cannabis industry. Unlike many other municipal programs, Boston’s initiative directly dedicates local excise tax revenue to equity applicants and combines both technical assistance and grant funding, making it one of the most comprehensive local equity efforts in the country.

The first \$1 million generated from the local cannabis excise tax was transferred to the Cannabis Equity Fund and 0.5 percent of the 3 percent excise tax for subsequent years was transferred to the fund until 2024. The funding goes toward grants and technical assistance which is both project specific and general knowledge.



Boston allocated \$675,000 over three years (2022, 2023, and 2024; equating to \$225 thousand per year) to technical assistance contracts including architects, lawyers, and accountants. Over 25 businesses have received technical assistance with over 80 projects completed, not including the current year. The program also provides grants of up to \$49,999 to support SEBs, including start-up costs, equipment purchases, and legal fees (the grant cannot be used to purchase product or paraphernalia). So far, 51 grants have been distributed. For 2025, the City has allocated \$350,000 specifically for technical assistance and another \$350,000 has been allocated to grant funding.

## The Future of Cannabis Revenue and Spending - Continuing Opportunities for Social Equity

Since the legalization of recreational, adult-use marijuana nearly a decade ago, the cannabis industry has generated nearly \$2 billion in state and local revenue. This revenue has supported a wide variety of state and local initiatives, including a large portion to public health and community investment programs. At the same time, the state has implemented several social equity focused programs and allocated funding to create “on ramps” for social equity businesses to enter and successfully stay in the cannabis industry. These programs have, in many instances, contributed to the sustainability of cannabis businesses within the industry.

The cannabis industry in Massachusetts, as it is in the rest of the country, continues to evolve. The growth of the market may make it difficult for SEBs to continue and thrive as larger, multi-state operators with more access to capital enter the Massachusetts market. As the industry continues to mature and face challenges like falling prices and high federal taxes, it is important to ensure that social equity programs continue to support people and communities that were harmed by the criminalization and policing of drug use.

The revenue and spending trends highlighted in this report offer valuable insights into the future reliance of state and local governments on cannabis revenue. While cannabis revenue has stabilized, additional revenue could be possible as the industry continues to evolve and new business models for the consumption of recreational marijuana are considered and developed. For example, the Cannabis Control Commission just released draft regulations for the social consumption of cannabis, such as cannabis cafes, which could spur increased revenue. The Commission’s guidelines include the exclusive opportunity - for five years - for Social Equity Businesses, Social Equity Program participants, certified Economic Empowerment Priority applicants, microbusinesses, and craft marijuana cooperatives to apply for the new social consumption licenses. The equity-driven inclusions in the new proposed guidelines show that the Commission continues to be committed to making sure that the communities and people of color who were overcriminalized and harmed for decades benefit from the profits of the legalization of recreational marijuana. Still, almost ten years of legal recreational marijuana in Massachusetts and the subsequent implementation of equity opportunity initiatives have not undone the deep structural damages caused by the mass incarceration and racial disparities in the United States judicial systems that resulted from the “War on Drugs.”

Ongoing monitoring of cannabis revenue and spending trends, as well as the efficacy and reach of social equity programs, will be imperative to ensure the continued equitable growth of the cannabis industry. Future research that analyzes the distribution of local cannabis revenue and revenue post social consumption implementation is recommended. With the rollout of social consumption guidelines, the Commonwealth once again has an opportunity to center and advance equity and make amends with the communities and people who were targeted and harmed by the decades of criminalization of marijuana.

## Acknowledgments

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## Endnotes

<sup>1</sup> This report uses the words cannabis and marijuana interchangeably.

<sup>2</sup> This report focuses primarily on recreational marijuana. Medical marijuana is exempt from sales and excise taxes, though is included in the fines and fees the Cannabis Control Commission collects and deposits in the Marijuana Regulation Fund.

<sup>3</sup> The Evolution of Marijuana as a Controlled Substance and the Federal-State Policy Gap.

<https://www.congress.gov/crs-product/R44782>

<sup>4</sup> Marijuana Legalization and the Role of the Massachusetts Legislature.

<https://www.bu.edu/bulawreview/files/2021/07/KEALY.pdf>

<sup>5</sup> The Evolution of Marijuana as a Controlled Substance and the Federal-State Policy Gap.

<https://www.congress.gov/crs-product/R44782>

<sup>6</sup> The Evolution of Marijuana as a Controlled Substance and the Federal-State Policy Gap.

<https://www.congress.gov/crs-product/R44782>

<sup>7</sup> Marijuana Legalization and the Role of the Massachusetts Legislature.

<https://www.bu.edu/bulawreview/files/2021/07/KEALY.pdf>

<sup>8</sup> The Controlled Substances Act: how a “big tent” reform became a punitive drug law, Drug and Alcohol Dependence

<https://doi.org/10.1016/j.drugalcdep.2004.04.012>.

<sup>9</sup> H.R.5484 - 99th Congress (1985-1986): Anti-Drug Abuse Act of 1986. (1986, October 27).

<https://www.congress.gov/bill/99th-congress/house-bill/5484/summary/00>

<sup>10</sup> The Drug War, Mass Incarceration and Race. Drug Policy Alliance, (2015, June).

[https://www.unodc.org/documents/ungass2016/Contributions/Civil/DrugPolicyAlliance/DPA\\_Fact\\_Sheet\\_Drug\\_War\\_Mass\\_Incarceration\\_and\\_Race\\_June2015.pdf](https://www.unodc.org/documents/ungass2016/Contributions/Civil/DrugPolicyAlliance/DPA_Fact_Sheet_Drug_War_Mass_Incarceration_and_Race_June2015.pdf)

<sup>11</sup> To fix racial disparities, legislators must repeal mandatory minimums and address race. ACLU Massachusetts. (2018, August 17). [https://www.aclum.org/en/news/fix-racial-disparities-legislators-must-repeal-mandatory-minimums-and-address-](https://www.aclum.org/en/news/fix-racial-disparities-legislators-must-repeal-mandatory-minimums-and-address-race#:~:text=The%20racial%20disparities%20in%20the,times%20the%20rate%20of%20whites.)

[race#:~:text=The%20racial%20disparities%20in%20the,times%20the%20rate%20of%20whites.](https://www.aclum.org/en/news/fix-racial-disparities-legislators-must-repeal-mandatory-minimums-and-address-race#:~:text=The%20racial%20disparities%20in%20the,times%20the%20rate%20of%20whites.)

<sup>12</sup> Chapter 94C: Controlled Substances Act. <https://malegislature.gov/Laws/GeneralLaws/PartI/TitleXV/Chapter94>

<sup>14</sup> Cities and towns can adopt ordinances and bylaws that limit or ban recreational marijuana establishments within the city or town, subject to certain voting and other procedural requirements that vary depending on whether a majority of the municipality's voters voted "yes" or "no" on the ballot initiative legalizing recreational marijuana in

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2016 and whether the ban is adopted before or after December 31, 2019. For more information see: <https://www.mass.gov/info-details/ask-dls-cannabis-dispensary-issues>

<sup>15</sup> In FY 2019, 2020, and 2024, the Marijuana Regulation Fund also received operating transfers from the Commonwealth. In FY 2020 and 2024 these operating transfers were fund balance deficit elimination transfers.

<sup>16</sup> Cities and towns have bans, retail bans, or no zoning in place for cannabis dispensaries.

<sup>17</sup> For more information on Community Impact Fees and Host Community Agreements see [An Analysis of Cannabis Host Community Agreements in the Commonwealth of Massachusetts](#) and [Host Community Agreements Analysis 2.0](#)

<sup>18</sup> The fund was established partway into FY 2023, so the first annual transfer from the MRF and the required regulations were not in place in time for a grant cycle in FY 2023. The regulations were not fully promulgated until February 2, 2024.