



Alcorn

SCHOOL OF AGRICULTURE
AND APPLIED SCIENCES



Mississippi Urban Research Center

**Examining How Black Farmers Can Effectively Participate in
Mississippi's Medical Marijuana Initiative
EXECUTIVE SUMMARY
January 8, 2021**



Alcorn

SOCIALLY DISADVANTAGED FARMERS
AND RANCHERS POLICY RESEARCH CENTER

SOUTHERN UNIVERSITY
LAW CENTER

CANNABIS COMPLIANCE, LAW
& POLICY INSTITUTE

Initiative 65

In 2020 a campaign, Medical Marijuana 2020, rallied to make medical marijuana available to Mississippians suffering from medical conditions classified as debilitating. A petition signed by 228,000 Mississippians to put *Initiative 65* on the ballot for the November 3, 2020 election. Voters in Mississippi approved the citizen-led Initiative 65 by a 74% majority to allow doctors to prescribe medical marijuana for 22 debilitating conditions. This action allows the use of Medical Marijuana for classified medical conditions. The amendment specifies the prevention of criminal sanction for the production, distribution, and usage of medical marijuana and includes definitions for terminology associated with medical marijuana, and an explanation of the rules, regulations, and overhead supervision surrounding medical marijuana in the state of Mississippi.

Research Team

A project team consisting of the Socially Disadvantaged Farmers and Ranchers Policy Center; Alcorn State University's School of Agriculture and Applied Sciences; Jackson State University's Mississippi Urban Research Center (MURC); and JSU's Department of Public Policy and Administration collaborated in late November 2020. The project's goals included: (1) determining what is required for the production and distribution of medical marijuana, (2) determining the level of interest and knowledge of minority farmers in the production and distribution of medical marijuana, and (3) determining the resource needs of minority farmers for the successful production and distribution of medical marijuana.

The project team reviewed legislative documents for Initiative 65, data on socially disadvantaged farmers and ranchers from the 2017 USDA Census, the final report issued by the Mississippi Hemp Cultivation Task Force dated December 3, 2019; surveyed minority farmers in Mississippi; and conducted a state-by-state review of legislature related to the production and distribution of medical marijuana. The following is a summary of what the project team found.

Socially Disadvantaged Farmers and Ranchers in Mississippi

According to a GAO analysis of the 2017 Census of Agriculture, SDFR accounted for 41 percent of all producers. Of these SDFR 88.3 percent were women of any race, 8.1 percent were Hispanic, 4.2 were American Indian or Alaska Native, 3.3 percent were Black or African American and 1.6 percent were of Asian descent. In 2017, 30 percent of all farms were SDFR farms - meaning a SDFR was the principal operator. On average, SDFR farms were smaller and brought in less revenue than non-SDFR farms in 2017. These SDFR farms operated 21 percent of all acres and produced 13 percent of the total market value of production. The number of black farmers, black-owned farms, and farmland (acreage) operated by Black principal operators continues to decline. The number of Black farmers peaked at nearly one million (~14% of the U.S. farm population) between 1910 and 1920, followed by a precipitous decline to under 50,000 (a mere 1.4% of farms according to 2017 NASS data).

In Mississippi, as of 2017, there were 4,885 farms in Mississippi operated by Black principal producers. Approximately 62% (3,022) identified as fully owned; 27% identified as partially owned; and 11% operated as tenant producers. Since the 2012 U.S. Agriculture of the Census, Black farmers in the state declined by 8.6%. Social equity programs are needed to stop the decline in black farmers and black farms.

Medical Marijuana Requirements

The necessity of space for producing and cultivating medical marijuana is dependent on whether the farmer plans to utilize an indoor or outdoor grow space. A grower can comfortably fit at least six plants in a closet, so with a half an acre to several acres of land there is quite a lot of possibility. The amount of space needed is also dependent on the types of strains being grown, as some require more space than others. With greenhouses and indoor growing there is more opportunity for growing with little space and keeping a perpetual harvest, continuous monetary gain, and farmers not being at the mercy of the elements. Based on the information, medical marijuana indoor is 2000 square feet. If a farmer owns at least one acre of land, he or she would in turn be able to create at least 20 separate grow spaces depending on the types of marijuana plants being farmed. Another aspect to be considered is that indoor production allows for at least 4-6 harvests per year, whereas outdoor production allows for 1-3 harvests per year. While the grounds may be fertile enough to farm medical grade marijuana because of these factors, it may be safer to encourage indoor growth and production of cannabis.

The initial investment for Cannabis cultivation indoor is estimated to average around \$830,000. This estimate includes a space for farmers who do not own their land. The average direct cost of growing cannabis yearly is around \$180,000 or \$516 per pound. This includes all growing materials, direct labor costs, and taxes. For sales at around 1,400 pounds per year the gross profit looks to be around \$1,000,000 after revenue and direct costs are calculated. This assumes that everything is successful surrounding planting, harvesting, packaging, and selling. These costs and gross profits are averaged based on indoor growth and cultivation.

Medical Marijuana Production and Distribution Models

Thirty-six (36) states other than Mississippi have legalized marijuana for medicinal use and 16 of those states have also legalized marijuana for recreational or adult use. Each state that has legalized marijuana has an intricate and complex set of regulations. The licensing structure of each legal state varies. Of the 36 states that have legalized marijuana for medicinal use, 31 states regulate licenses at the state level, 2 states regulate at state and local level, 1 state has granted licenses to the two land grant universities in the state, and two states allow free market.

Regardless of the license structure, there are some commonalties among the application process such as an application fee, an amount of capital on hand in banking institutions, and a bond if selected as a licensee. After a license is granted, most states require any owner who owns an interest of five percent or more to be subject to a background check to ensure there is no criminal record. The requirements for the licensees directly correspond to the federal priorities set forth in the Cole Memorandum.

Social Equity Programs

Twelve (12) of the 36 states have social equity programs in place with varying levels of success. Social equity is broadly defined and has been addressed in different ways regarding cannabis legalization. Components of a successful social equity program would include: (1) points awarded in the application process for a diversity plan, (2) low-interest loans or grants for economically disadvantaged groups and those impacted by the war on drugs, (3) a business mentorship program, (4) technical assistance, (5) education programs in economically disadvantaged areas and areas affected by the war on drugs. It may also be advantageous to have

a component like that of Florida whereby the HBCU land-grant university is awarded a dollar amount for education and outreach in economically disadvantaged areas.

Survey Data

Two versions of a survey instrument developed by the project team and distributed to Community Based Organizations (CBOs) representing SDFR included a paper version and an online electronic version. The survey focused on gauging the level of interest by SDFR in Mississippi's recently approved Medical Marijuana Program, and Mississippi's existing Industrial Hemp Program. As of January 5, 2021, 85 participants returned the survey with responses to individual questions ranging from 85 to 62 --- that is, not all participants answered every question. Major findings from the survey included: the Mississippi Medical Marijuana program receiving a 94.59% interest level, and the Industrial Hemp program receiving a 92.42% interest level. The top three program participation choices selected by rank included Growing, Harvesting, and Packaging. For both the Medical Marijuana and Industrial Hemp programs, more than 40% of survey respondents selected "1 to 10 acres" as being the largest category of land they could make available. Over 60% of respondents indicated they had "Very Little to No knowledge" of both programs. Approximately 43% of Medical Marijuana respondents and approximately 47% of Industrial Hemp respondents indicated they had a "Weak to Very Weak" financial ability to participate in either program. Survey respondents listed Startup grants, Lines of Credit, and Bank loans as the top three financial resources needed by rank. And from the survey's Comments and Suggestions section, *getting more information, ensuring minorities can participate, and needing funding assistance* emerged as the top three "themes".

Role of the Land-grants Universities

There are two land grant universities in the State of Mississippi, Alcorn State University located in Lorman, MS and Mississippi State University located in Starkville, MS. Two potential roles for the land grant universities are the production of Medical Marijuana and the education and training of minority and limited resource farmers in Mississippi. The School of Agriculture and Applied Sciences at Alcorn State University analyzed what is necessary and the projected costs to establish indoor production of Medical Marijuana and to meet the education needs of minority and limited resource farmers in Mississippi. To conduct educational, extension and outreach programs as it relates to Medical Marijuana Initiation of indoor cultivation of Medical Marijuana requires an approximate budget of **\$930,000** for the initial year and an annual budget of **\$600,000**. For successful production of indoor Medical Marijuana, a robust certified greenhouse is a prerequisite. The recommended minimum square footage for a greenhouse for successful production is 3000 sq. ft. The cost per square foot is about \$110 and **\$330,000** is budgeted towards construction of greenhouse which meets the Medical Marijuana production compliance. The additional budgeted amount includes projections for staff for maintenance of the greenhouse production of Medical Marijuana, lighting for indoor cultivation, annual cost of seeds and nutrients, indoor drip irrigation for greenhouse, and for annual harvesting and processing. The projected annual budget for Agriculture Extension staff to provide training and outreach activity to minority and limited resource farmers is **\$500,000** and includes staff salaries (3), travel, meals, and lodging and educational and promotional materials

Recommendations

Based upon the survey findings received to-date, the project's overall research goals of (1) gauging the level of interest by SDFR in Mississippi's Medical Marijuana and Industrial Hemp programs and (2) developing policy and programmatic recommendations addressing how SDFR could successfully participate in the two programs and analyses of the documents described above, the following implications could be derived from research:

- Social equity programs for minority farmers to stop the decline in black farmers and black farms - A need to develop minority inclusion criteria to ensure Mississippi minority farmers have an opportunity to successfully participate in both programs.
- Defined roles for the two land grant universities in Mississippi—Alcorn State University and Mississippi State University.
- Access to capital and other resources for minority farmers to be able to participate in the production and distribution of medical marijuana and/or industrial hemp-- defined upfront.
- A need for providing more information to SDFR on the content and participation requirements of both programs.
- A need to provide more information to SDFR regarding how to participate with (#1) Growing; (#2) Harvesting; and/or (#3) Packaging opportunities related to medical marijuana and industrial hemp crops.
- A need to provide more information to SDFR regarding how to increase their financial ability to participate in both programs.
- A need to provide education and training opportunities that can help SDFR successfully participate in both programs.