

Vermont Social Equity Sub-Committee

Discussion Guide for
09/13/21



SOCIAL EQUITY

SUB-COMMITTEE

- NACB
 - Gina Kranwinkel
 - Geoffrey Gallegos
 - Deneka Scott
 - CCBAC
 - Nader Hashim
 - Ashley Reynolds
 - TJ Donovan
-
- State of VT (*in consultation*)
 - Xusana Davis, Executive Director of Racial Equity, Diversity
 - Lindsay Kurrle, Secretary – Agency of Commerce and Community Development

- Program Design (*stakeholder engagement plan*)
- Applicant Program Design & Execution
- Ongoing program administration including transferability of Social Equity licenses

MILESTONES

- **OCTOBER 1, 2021**
 - Plan for reducing or eliminating fees for SE applicants
- **OCTOBER 15, 2021**
 - Develop criteria for SE applicants for the purpose of obtaining social equity loans and grants from the Cannabis Business Development Fund
- **NOVEMBER 2021**
 - Meet in-person with the relevant subcommittees of the Advisory Committee and stakeholders to assist in the design of a social equity program

Public Comments

Summary of Social Equity Comments

- Priority review of applications
- (Cultivation Licensees) Allowed to sell wholesale to MMJ dispensaries and Integrated licensees immediately upon licensure
- (Dispensaries) 25% of cannabis products purchased from Social Equity Licensees

Liaise:

- Waiving of license/application fees
- Additional licenses awarded based on demonstrated capacity
- Reduce cost burden of bringing on additional employees
- Immediate re-sentencing and record expungement of nonviolent cannabis offenses, in addition the CCB should join the cannabis community in asking/petitioning the legislature to include nonviolent felony cannabis charges available for expungement.

Subsidize:

- Subsidize purchases of green technology
- Social Equity General Fund generated from cannabis sales tax revenue and reinvested into social equity businesses
- Eligibility for fund to be reviewed after 3 years of participation in program
- Utilize percent of cannabis tax revenue to generate a Cannabis Workforce Development Program.
- As market matures, we will have diverse artisans and scientists available to hire, improving market quality as a whole, similar to M4MM PREEP plan"

From: Zachary Tyson

Agenda/Discussion Guide

- Summary of any public comments submitted electronically
- Determining Social Equity candidate parameters & requirements
 - Qualifications of SE candidate
 - BIPOC incarceration rates
 - Disproportionately impacted area
 - Low-income area candidates
 - Opportunity Zones
 - Supporting Documentation
- Upcoming Priorities
- Public Comments (from those in the room)

DEI for Vermont's Cannabis Industry

Recap of discussion:

Fundamental difference in Social Equity and Diversity, Equity & Inclusion

Was the person/applicant disproportionately impacted by cannabis prohibition?

Diversity, Equity and Inclusion as its own program

- *Will social equity applicants also be considered in Diversity, Equity and Inclusion?*

NACB Social Equity Model Executive Summary

Qualifications for social equity licenses. In most states, individuals eligible for equity licenses must live in (or have recently lived in) a designated geographical area where there has been a high rate of arrest and incarceration for marijuana-related activity that is no longer illegal. These areas must have higher than average poverty and unemployment rates. Applicants who themselves have been arrested or convicted, or who are hiring employees who have been arrested or convicted, may receive priority for their social equity license application.

Social Equity Candidate

According to Proposal Law VT H414

- **“Social equity applicant” means an applicant that meets at least one of the following criteria:**
 - (A) at least 51 percent ownership and control by **one or more individuals who have resided for at least five of the preceding 10 years in a disproportionately impacted area;**
 - (B) at least 51 percent ownership and control by one or more individuals who: have been arrested for, convicted of, or adjudicated delinquent for any cannabis offense that is eligible for expungement; or
 - (ii) are a member of an impacted family;
 - (C) for applicants with a minimum of 10 full-time employees, an applicant with at least 51 percent of current employees who:
 - (i) currently reside in a disproportionately impacted area; or have been arrested for, convicted of, or adjudicated delinquent for any cannabis offense that is eligible for expungement or are a member of an impacted family.

Recommendations ADD: BIPOC as a group (studies show injury due to higher rates of incarceration due to cannabis)

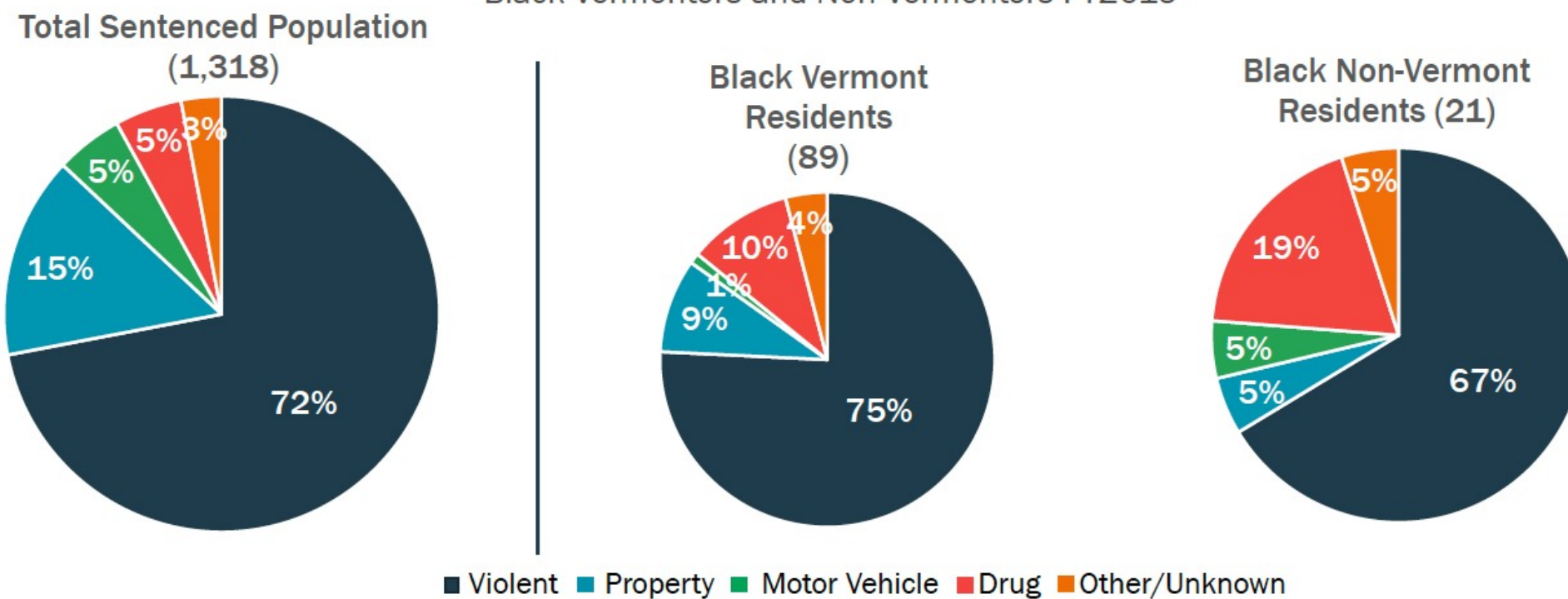
Questions: Do you want to require a previous residency requirement?

Pros & Cons

BIPOC Incarceration Rates

As shown in past CSG Justice Center analysis, Black people are disproportionately incarcerated for drug offenses in Vermont, relative to the total sentenced population.

Vermont DOC Sentenced Incarceration Snapshot Population by Offense Type for Black Vermonters and Non-Vermonters FY2019



Marijuana Possession Sentencing

Table 10

| | Straight | Split | Probation | Deferred | Fine | I.S. |
|-----------------|----------|-------|-----------|----------|------|------|
| White | 4 | 0 | 12 | 0 | 62 | 24 |
| Minority | 11 | 3 | 11 | 3 | 59 | 14 |
| | | | | | | |

From *Race & Sentencing in Vermont*, Robin Weber, JD, PhD
Straight = time served

DRIVING WHILE BLACK AND BROWN IN VERMONT

Report by Stephanie Seguino & Nancy Brooks

| | White | Black | Asian | Hispanic |
|---------------------------------------|-------|--------|-------|----------|
| <i>Warning rate</i> | 62.0% | 58.9%* | 60.6% | 56.4%* |
| <i>Ticket rate</i> | 37.4% | 40.6%* | 38.7% | 42.1%* |
| <i>Arrest rate</i> | 1.2% | 2.1%* | 1.1% | 1.3% |
| <i>Search rates</i> | | | | |
| Discretionary search rate | 0.9% | 3.6%* | 0.5% | 2.6%* |
| <i>Hit rates (as a % of searches)</i> | | | | |
| Hit rates (includes all outcomes) | 79.4% | 72.8% | 88.9% | 75.0% |
| Hit rates (outcome = arrest/ticket) | 67.0% | 56.1%* | 88.9% | 60.7% |
| Hit rates (outcome = arrest only) | 15.0% | 12.3% | | |

Table 3. Post Stop Outcomes, 2015 (All Agencies)

The Disparity Index is highest for Black and Hispanic drivers. If we think of our disparity index estimates as bounds, Black drivers are estimated to be stopped at a rate that is between 161% to 193% of their population share and Hispanics are estimated to be stopped at a rate that is 179% of their share of the population. Both of these groups, in other words, are over-stopped relative to what would be expected, given their estimated shares of the driving population.

DIA Criteria—Proposed Bill VT H 414

- ***“Disproportionately impacted area”*** means a census tract or comparable geographic area that meets at least one of the following criteria:
 - (A) a designated Vermont Opportunity Zone;
 - (B) the area has a poverty rate of at least 20 percent according to the latest federal decennial census;
 - (C) 75 percent or more of the children in the area participate in the federal free lunch program according to reported statistics from the State Board of Education;
 - (D) at least 20 percent of the households in the area receive assistance under the Supplemental Nutrition Assistance Program; or
 - (E) the area has high rates of arrest, conviction, and incarceration related to the sale, possession, use, cultivation, manufacture, or transport of cannabis.

Why low income candidates?

According to Proposed VT H414

“Individuals who have resided in areas of high poverty suffer negative consequences, including barriers to entry in employment, business ownership, housing, health, and long-term financial well-being. Promotion of business ownership by individuals who have resided in areas of high poverty and high enforcement of cannabis-related laws furthers an equitable cannabis industry. “

Possible VT DIA communities – highest BIPOC rates

- Brattleboro
- Chittenden County (Burlington and Winooski)
- Essex County
- Orleans County

2019 Income Taxes

2019 Vermont Personal Income Tax Returns - Dollars by Town

| Town Name | Returns | Adjusted Gross Income (AGI) | Vermont AGI | Vermont Taxable Income | Adjusted Vermont Tax | Credits | Earned Income Credit | Net Vermont Tax | Average AGI per Exemption |
|-------------|---------|-----------------------------|-------------|------------------------|----------------------|---------|----------------------|-----------------|---------------------------|
| Reading | 323 | 11,586,304 | 11,192,214 | 16,478,037 | 805,338 | 16,460 | 22,800 | 766,078 | 19,506 |
| Searsburg | 49 | 2,137,103 | 2,081,735 | 1,444,152 | 68,754 | * | 22,136 | 24,980 | 20,161 |
| Brownington | 448 | 19,409,689 | 19,304,469 | 12,419,005 | 499,753 | 10,683 | 70,061 | 419,009 | 21,471 |
| Wells River | 253 | 9,600,344 | 9,532,160 | 5,850,308 | 237,552 | * | 52,858 | 181,909 | 21,525 |
| Norton | 491 | 17,120,607 | 16,862,520 | 10,469,144 | 396,026 | * | 75,370 | 308,963 | 22,120 |
| Lowell | 449 | 18,488,517 | 18,062,663 | 11,943,469 | 485,582 | 17,400 | 76,145 | 392,037 | 22,249 |
| Richford | 1,032 | 42,197,694 | 41,557,346 | 26,240,441 | 1,000,543 | 8,267 | 207,052 | 785,224 | 22,493 |
| Lunenburg | 584 | 24,124,475 | 23,502,278 | 15,128,462 | 577,713 | 21,719 | 83,711 | 472,283 | 22,631 |
| Stannard | 94 | 3,833,195 | 3,802,219 | 2,619,315 | 98,164 | * | 9,844 | 86,118 | 23,662 |
| Troy | 782 | 33,365,164 | 33,051,654 | 21,657,516 | 872,654 | 15,336 | 136,867 | 720,451 | 23,663 |

- Rebecca Sameroff from the Vermont Department of Taxes said “We only have data from people that file taxes. Vermonters are only required to file in VT if they are required to file at the federal level. For 2020, those with taxable income below \$12,400 were generally not required to file federally or in Vermont. Some very-low income Vermonters will still file a tax return in order to benefit from certain credits available through the tax code, but it isn’t a requirement. I believe our last estimate of the non-filer population in VT was about 17%”

Opportunity Zones

- For purposes of defining an Opportunity Zone, the term “low-income community” takes its definition from [Section 45D\(e\) of the IRS Code](#), which states that a population census tract, in general, is low-income if:
 - (A) the poverty rate for such tract is at least 20 percent, or
 - (B) (i) in the case of a tract not located within a metropolitan area, the median family income for such tract does not exceed 80 percent of statewide median family income, or (ii) in the case of a tract located within a metropolitan area, the median family income for such tract does not exceed 80 percent of the greater of statewide median family income or the metropolitan area median family income.
- **What is a contiguous non-LIC census tract?**
- Certain non-low-income community (non-LIC) census tracts were able to be designated as Opportunity Zones if they were:
 - (A) ... contiguous with the low-income community that is designated as a qualified opportunity zone, and
 - (B) the median family income of the tract does not exceed 125 percent of the median family income of the low-income community with which the tracts is contiguous.
- But no more than 5 percent of a state’s Opportunity Zones can be contiguous non-LIC tracts.
- Retrieved <https://opportunitydb.com/guide/iioa/>

VT Opportunity Zones

- **Census Tract 9603, Vergennes, Vermont in Addison County**
- **Census Tract 9709, Bennington, Vermont, Bennington County**
- **Census Tract 9712, Bennington, Vermont, , Bennington County**
- **Census Tract 9572, Lyndonville, Vermont, Caledonia County**
- **Census Tract 9574, St. Johnsbury, Vermont, Caledonia County**
- **Census Tract 9575, St. Johnsbury, Vermont, Caledonia County**
- **Census Tract 5, Burlington, Vermont, Chittenden County**
- **Census Tract 10, Burlington, Vermont, Chittenden County**
- **Census Tract 24, Winooski, Vermont, Chittenden County**
- **Census Tract 25, Winooski, Vermont, Chittenden County**
- **Census Tract 36, South Burlington, Vermont, Chittenden County**
- **Census Tract 107, St. Albans, Vermont, Franklin County**
- **Census Tract 9532, Johnson, Vermont, Lamoille County**
- **Census Tract 9594, Randolph, Vermont, Orange County**
- **Census Tract 9514, Newport, Vermont, Orleans County**
- **Census Tract 9515, Newport, Vermont, Orleans County**
- **Census Tract 9631, Rutland, Vermont, Rutland County**
- **Census Tract 9632, Rutland, Vermont, Rutland County**
- **Census Tract 9633, Rutland, Vermont, Rutland County**
- **Census Tract 9552, Barre, Vermont, Washington County**
- **Census Tract 9670, Bellows Falls, Vermont, Windham County**
- **Census Tract 9685, Brattleboro, Vermont, Windham County**
- **Census Tract 9651, South Royalton, Vermont, Windsor County**
- **Census Tract 9666, Springfield, Vermont, Windsor County**
- **Census Tract 9667, Springfield, Vermont, Windsor County**

VT Opportunity Zone Chart

- <https://opportunitydb.com/location/vermont/>

Questions

- 1. Do you want to require a DIA candidate to have an additional requirement of low income ?
- 2. How to define SE Applicant: group and/or DIAs?

How to define Social Equity Candidate

SUPPORTING DOCUMENTS FOR SOCIAL EQUITY CANDIDATES

- Proof of income-tax return and two months of pay stubs or proof of eligibility for general assistance, food stamps, SSI or SSDI (*If there is a low income requirement)
- Proof of conviction-court documents, probation documents or Department of correction documents
(Q: How can one get proof of conviction if files are expunged)
- Proof of residency:
 - (A) a Vermont driver's license OR Vermont Identification Card OR Vermont Disability Identification Card
 - (B) a voter registration card;
 - (C) signed lease agreement that includes the applicant's name OR a property deed that includes the applicant's name
 - (D) a voter registration card;
 - (E) a paycheck stub;

Social Equity – Upcoming Priorities

- Consider licensing fee initiatives of “reducing or eliminating licensing fees
- Ways to use Cannabis Business Development Fund
- How to make an inclusive industry
- Justice Reform

Public Comments

In-Person Public Comments

Provide written Public Comments

<https://ccb.vermont.gov/form/publicinputform>

Materials to Read

- Readings to Include in Packet
- **RACE AND SENTENCING IN VERMONT** by Robin Weber, JD, PhD Vermont Center for Justice Research
- CSG Justice Center analysis of data from the Vermont Department of Corrections