

Vermont Social Equity Sub-Committee Meeting Minutes—September 20, 2021

Deneka Scott calls meeting to order at 3:07 pm.

Attendees

Advisory Committee Members:

- Nader Hashim
- Ashley Reynolds
- Xusana Davis
- Julio Thompson

VT Cannabis Board:

- Julie Hulburd
- Nellie Marvel

NACB:

- Gina Kranwinkel
- Geoffrey Gallegos
- Deneka Scott

Members of public

Minutes recorded by Meggan Hau.

Deneka Scott motions to approve minutes from Monday, September 13. Nader Hashim makes motion. Ashley Reynolds seconds. Minutes from September 13 are approved. Deneka Scott motions to approve Thursday, September 16 minutes. Ashley Reynolds makes motion. Nader Hashim seconds. Minutes from September 16 are also approved.

There were no public comments to review this week. A reminder was given to the public they can submit comments electronically on the website.

The Sub-Committee moves on to the discussion guide/deck shared on screen. Gina Kranwinkel reviews the subcommittees definition of a social equity candidate and who a member of an impacted family could be.

*Nader Hashim- I support that, and I think it looks good.

*Ashley Reynolds- I agree, I think that's a better definition of impacted family.

*Julio Thompson- I don't have any concerns on that.

*Xusana Davis- I am comfortable with this.

Gina Kranwinkel shared examples of residency requirements in other states (CO, IL, MA, MI), and Geoffrey Gallegos went on to give information about possible interstate commerce issues and discussed the Dormant Commerce Clause- A state cannot regulate an industry that would impact interstate commerce. In some states mandating residency requirements, people from out of state are suing saying they are being discriminated against for living out of state. Congress has prohibited interstate commerce of cannabis. A current court case is *Lowe vs City of Detroit*.

Notable comment(s):

*Nader Hashim- If we are concerned with interstate commerce, if they are living here for a year, how does that create liability for State of VT? Is the concern they will get an apartment for a year and bounce back? What's the concern? Does having a time restriction of one year shield VT from liability or are we concerned between interstate commerce risk and residency requirement.

*Gina Kranwinkel- If someone came from MA and was now residing in VT, they will want opportunity if they fit one qualification. Right now, we would be limiting them to have lived in VT at least one year in order to qualify. We can only give you information on what we've seen. We want you to be fully informed before you make a recommendation.

*Nader Hashim- Regarding the one year residency requirement, at this moment I'm fine with keeping it at one year.

*Ashley Reynolds- Looking at these other states, these are good requirements. Why can't VT incorporate all of these? These are well thought out, protects residents in state that they are residing in. I like all requirements-- an increase from one year, makes sure Vermonters who have been in Vermont benefit the most. Increasing it to 2 or 3 years, I'd like to see 5 years, I don't think it will hinder that many people. That protects us and gives us a more equal playing field. I think all of these operating in Dillon states is important. To reinvent the wheel is silly.

*Julio Thompson- If any city or state has had a challenge where they defeated the challenge, I'm only aware of two and the government lost both times. I am a little uncertain because I'd like to see an example of a court going the other way. I think it's important if VT is looking at a residency requirement, I'd be more comfortable hearing reasons around VT's needs and the history of VT specifically.

*Xusana Davis- I appreciate Julio's points because it's about who is here, who has been pushed away and to do right by them as well. I also agree with Ashley, I don't mind raising it past a year a little bit, but I think 5 years is excessive. There is a presumption of stability, and when we speak about marginalized people, the population we are looking to lift up may not have level of stability we are assuming in order to qualify.

*Nader Hashim- Xusana articulated what was on my mind regarding presumption of housing stability, which is why I lean toward lower number of years for residency. I support one year but would agree to two years if we look to compromise at that.

*Julio Thompson- I'm not sure about it. I need more background. In the Portland, ME case, state of ME would not enforcement residency requirement because there were constitutional issues and likely not enforceable. I would like something that won't hold up the process on a legal challenge. I can't say firmly one way or another, I'm undecided at this point.

*Gina Kranwinkel- We can take more time. I'll contact everyone independently to give more information and research. Noted that Xusana Davis had to leave at 3:30 pm.

*Deneka Scott- Question for clarity- when we are talking a residency requirement, is it in the state or that you have to live in that same DIA area or many DIAs in the required time period? Is there a state residency requirement and a DIA residency requirement?

*Gina Kranwinkel- This would be an overall state requirement, not an opportunity zone or DIA residency requirement. Most states make it as a DIA requirement, not a state requirement.

*Geoffrey Gallegos- If eviction moratorium fails, and a person loses their place of residence, the residency requirement could end up excluding more of the people the program is trying to help.

The NACB Sub-Committee moderator Gina Kranwinkel moves the discussion to fees and shares examples of discounted fees for social equity candidates from City of Denver, CO, Illinois, and Michigan. Gina Kranwinkel shares possible recommendations for Vermont via the shared deck on screen.

Notable Comment(s):

*Ashley Reynolds- I'm glad we are bringing this up. Perhaps in second year we can do 75% waiving, third year 50%, fourth year 25% and last year full price. Do licensing fees change with inflation? I think I like the idea of these percentages and I do agree that first year should be waived. As for application fee, how can we do the most good and create most competitive applicant of these group of people. I think everything should be waived first year if we can.

*Gina Kranwinkel- It sounds like you're in favor of Recommendation 1.

*Deneka Scott- If we have an idea of the hard cost to the CCB or State of VT or an estimation, it may help us in this area as we continue these discussions.

*Gina Kranwinkel- We are doing this along with market structure and fees, but they would like to know how we feel about social equity applicants so they can make recommendations as well.

*Nader Hashim- I think it should be waived, primarily looking at Recommendation 1. My only concern is it takes a while to turn a profit in any business. My only concern, after first year, if that if a business is struggling, 25% might be a big jump. Lower 10% increments of Recommendation 2 is appealing, but I'd like to see first year waived. I'm not sure the how significant the difference is between 15% or 10% jump but someone may be able to answer that. I'm leaning towards Recommendation 1 but if anyone has thoughts on the second year, 25% might be too big of a jump after first year, I'd like to know. But generally I lean towards Recommendation 1.

*Julio Thompson- Nader made good points. I would say I'm not sure startups, particularly ones that have a history of disadvantage, can turn the corner after first year. I'm okay with Recommendation 1 provided it gives someone the option to seek a waiver of fee if they can demonstrate an appropriate level of hardship to be subject to evaluation. The number of licensed persons or businesses is likely not going to be too large that it can't be evaluated by the Board on an ongoing basis. Should have a safety valve if someone is struggling.

Public Comment Period:

Gina Kranwinkel opened the floor for public comment at 3:53 PM.

Notable Comment(s):

*Ron Williams- Mr. Z Craft Cannabis- majority black owned- We ask to not require one year residency prior to licensure and to modify it to require state residency. It still remains attractive for young, diverse communities. A residency requirement could prevent young, diverse people to come from VT. The state is currently experiencing a housing crisis. To deal with one year requirement would be a barrier to entry. Taking that away makes this a truly inclusive market for all.

*Mark Hughes- There are a couple things I want to go back and address. In H414 there is the Cannabis Business Development Fund, but there doesn't seem to be any conversation around this yet. That's pretty foundational as that is where the money is. Community Social Equity Program- seems to be fused with this Social Equity applicant process. Is there a conversation we will have on the Community program?

Gina Kranwinkel- Yes. As far as funding Social Equity programs- integrated license holders through integrated license process.

Mark Hughes- Also provision providing options for integrated licenses including VT college community, Jobs training fund, etc. Is there any conversation on H414 or any other program like these that would be applicable?

Gina Kranwinkel- We will discuss integrated licenses and will be talking about ways on how to use fund in integrated ways. We first need to establish what Social Equity candidates are and what benefits they will be getting. Next week we hope to get to benefits which will discuss licensing and hopefully proceed the following week on what to do with funds.

Mark Hughes- The Lowe's court case is apples vs. oranges.

Adjournment:

Following closing thoughts/comments, Gina Kranwinkel moves to adjourn the meeting at 4:06. Ashley makes a motion to adjourn. Nader Hashim seconds the motion.

Next Social Equity Sub-Committee meeting is Thursday, September 23 at 3 pm ET.