

Vermont Social Equity Sub-Committee Meeting Minutes—September 23, 2021

Deneka Scott calls meeting to order at 3:04 pm.

Attendees

Advisory Committee Members:

- Nader Hashim
- Ashley Reynolds
- Julio Thompson on behalf of TJ Donovan
- Xusana Davis
- Lindsay Kurrle

VT Cannabis Board:

- Julie Hulburd
- Nellie Marvel
- James Pepper

NACB:

- Gina Kranwinkel
- Geoffrey Gallegos
- Deneka Scott
- John O'Donnell

6 or 7 Members of public per Chair Pepper.

Minutes recorded by Meggan Hau.

A public comment was summarized and shared this week. A reminder was given to the public they can submit comments electronically on the website.

Deneka Scott asks the committee to approve minutes from Monday, September 20. Ashley Reynolds makes motion. Nader Hashim seconds. Minutes from September 20 are approved.

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. We took nonviolent component out and broaden **definition** section 3A to Have Personally been arrested, convicted or incarcerated for a cannabis offense (misdemeanor or felony)

*Ashley Reynolds- I think that looks good.

*Nader Hashim- I agree. I also think that looks good.

*Julio Thompson- I'm comfortable with that.

Residency Requirement discussion:

*Ashley Reynolds- I want to stress the importance of having some residency requirement. I would not feel we are serving VT people affected on War on Drugs. I think if we do go forward with residency requirement, I don't know if there are any other states if someone feels they are a SE applicant, why couldn't they go before the

board for a hearing to state their case and waive residency requirement for them. I see the public comment. I would like to see diversity. I would like to see young people move here. I want Vermonters to get a fair chance in this market. We've already let MSO's in. I want to look at how we protect Vermonters with this SE candidate.

*Gina Kranwinkel- What would be your preferred amount of years?

*Ashley Reynolds- I think 2-3 but 5 would be ideal.

*Gina Kranwinkel- If we would have a residency requirement it would be for a DIA or opportunity zone. There are cases popping up to debate residency requirements.

*Julio Thompson- Residency requirements- Maine, Missouri, City of Detroit have cases against them that residency requirement is unconstitutional. Criteria here in Vermonters anyone impacted by criminal justice system to compete with other Vermonters, question is whether Vermont can legally create an artificial barrier that protects them from people who reside outside of Vermont or haven't been here for a year. Make space for people who have been impacted as it relates to cannabis should be able to tell that story and take it into consideration but saying people that haven't been here might not be eligible. Recommendation- To be identified as a SE candidate, there shouldn't be a residency requirement. I would support when SE candidates are applying for benefits and they are looked at in light of factors that make them eligible for assistance. I think people who have been affected should be an inquiry made in application process. Use it as a factor but not automatic disqualifier.

*Nader Hashim- Appreciate what both Ashley and Julio have said. Understand desire to support Vermonters that have been living here and affected by VT justice system. Also defer to Julio's experience and knowledge when it comes to legal ramifications of this. When dealing with drug cases, population is largely one that is transitory and not staying in one place for a long time. That's why initial concern, now coupled with the concern of litigation and where it's going, creates more concern regarding residency. Share the story and have it be taken into consideration instead of a yes or no. Recommendation- No residency requirement.

*Xusana Davis- If we did a requirement, I'd like it be optional. I like how Julio said it. A factor but not requirement. I'm also extremely comfortable with no residency requirement at all.

*Lindsay Kurrle- I need more time not reflect on this.

*Ashley Reynolds- The folks that have DIA in VT and chose to stay regardless, I would like to see them get retribution for staying here. We know it isn't easy living here. I continue to stand by allowing Vermonters to be at the forefront of this decision.

Gina Kranwinkel called the subcommittee to vote on the definition of Social Equity Candidate.

We will take out residency requirement based on Nader and Julio's suggestion. Will note that if someone is applying to additional loans or funds, make it a point of add to story and make sure they get additional merit but not required to get benefits from SE.

*Nader- yes

*Ashley- yes but I think one year would have been a good option.

*Julio- yes

Gina Kranwinkel notes there are 3 yeases, the SE Candidate Criteria passes.

The discussion continues to supporting documentation for Social Equity candidates to show proof of residency in order to receive SE Benefits.

Notable comment(s):

*Julio Thompson- For a business entity I don't know if person needs to be resident.

- *Gina Kranwinkel- I recommend if a SE candidate applies for benefits, they should be a resident of Vermont.
- *Nader Hashim- I agree
- *Ashley Reynolds- I agree
- *Julio Thompson- Majority shareholders live in VT? Or it has VT employees? The SE candidate who wants a license would need to reside in Vermont to get those benefits. For SE benefits I think that makes sense.
- *Julio Thompson- What counts as recent tax return? Prior year? Current year (could be last year's tax return where we are in the tax year)
- *Nader Hashim- Yes
- *Ashley Reynolds- Can they have to meet two of the nine requirements? For the current year.
- *Nader Hashim- Did we want to add a tenth option for a person in which they could provide utility bills?
- *Ashley Reynolds- That's a good addition. I support that.
- *Nader Hashim- Yes
- *Julio Thompson- Yes

Gina Kranwinkel notes there are 3 yeases, the supporting documentation list is approved.

The NACB Sub-Committee moderator Gina Kranwinkel moves the discussion to benefits that Social Equity candidate should receive.

Notable Comment(s):

- *Gina Kranwinkel- Everyone seemed to agree on Recommendation 1 tier system for fees. A recommendation was made that the applicant can submit a waiver to get reduced fees for second year due to hardship, and would have to show hardship and how they would address it and resolve it.
- *Julio Thompson- I am comfortable with Recommendation 1. I support a fee reduction but not entire waiver for third year if there was a need.
- *Nader Hashim- I support Julio's recommendation.
- *Ashley Reynolds- I like that. Are there any other states that do profit ceilings for year after year? The SE applicant is established, if they are now outpacing everyone else, should their fees continue to be waived or reduced? Is that allowed? I want to prevent abuse of this. Five years is a long runway time. I'm curious if this 1-5 years could be shortened or evaluation we could do.
- *Gina Kranwinkel- I agree and value your bringing this up. We often know people are not making money second, third and maybe even fourth years. We felt at fifth year they should be profitable and self-sustaining.

Public Comment Period:

Gina Kranwinkel opened the floor for public comment at 3:51 PM.

*Ben Mervis- VT Dept of Health, Food and Drug Administration, then 5 years in cannabis industry. Working with Craig Mitchell on SE applicant. With your vote to approve qualification we can move forward confidently knowing that he will qualify as a SE applicant. On August 29th, he submitted a public comment. Confusion on application fees. Considerations moving forward- 1. Develop SE policies reduce barriers pursuing any general license types as opposed to specific SE license. Remove requirement for permanent address, allow permanent address when you apply for final license 2. Consider exclusivity on social consumption and delivery. Uniquely tied to community, de-stigmatization 3. Aligned with everything we heard about unique industry, one thing to

make us unique is integrated license for SE license to build their own application, license type. Choose from cultivation, production, manufacturing, retail, social consumption, etc. Build own business at whatever scale.

*Mark Hughes- The coalition will provide notes to CCB and to this committee. I believe those will go out tomorrow. There is a discussion on minimum amount of time to reside in state. I understand Julio's concern about legal ramifications, but personally feel that if that is only reason (to want to err on side of caution), in cases like that, we should have courage to do right thing instead of just err on side of caution. Is it the right thing to do as Ashley pointed out clearly? I ask CCB to consider that. Reinvest in some communities to lift them up that have been impacted by War on Drugs. I don't know if an opportunity zone for a SE applicant is correct. Opportunity zones are relevant but should be more relevant when we put percentage of excise tax towards those zones.

Ideas like co-ops and equity applicant integrated license we support those ideas.

*Gina Kranwinkel- we will be addressing topics you've raised as soon as possible.

Next Steps:

*Check with General Counsel on needing supporting documentation or residency for a business entity.

*Do research on profit caps to avoid abuse of fee waivers.

Adjournment:

Following closing thoughts/comments, Gina Kranwinkel moves to adjourn the meeting. Ashley Reynolds makes a motion to adjourn. Nader Hashim seconds the motion. Meeting is adjourned at 4:02 ET

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