



NATIONAL ASSOCIATION OF CANNABIS BUSINESSES

Vermont Social Equity Sub-Committee

Discussion Guide for
Week of 09/27/21



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 with the relevant subcommittees of the Advisory Committee and stakeholders to assist in the design of a social equity program

AGENDA

- Call to Order
- Summary of Public Comments received electronically
- Approval of Minutes
- Licensing fee initiatives of “reducing or eliminating licensing fees” & VOTE
- Benefits for SE applicants
- Special Licensing for SE applicants
- Public Comments (in person)

Electronically submitted Public Comments (Summarized)

No electronic public comments received at this time.

Submit Public Comments to:

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

Approval of meeting minutes

- Thursday, September 23, 2021

AGENDA Item: Fees

Consider licensing fee initiatives of “reducing or eliminating licensing fees”

VERMONT– RECOMMENDATIONS Eliminating/Discounted Fees for SE

- Applications fees should be waived
- Reduced license fees

Recommendation 1 –	Recommendation 2	ANY OTHER RECOMMENDATIONS
First year: waived Second year: 25% of fee Third year: 50% of fee Fourth year: 75% of fee Fifth year: Full price	Fee & Waiver Recommendations <ul style="list-style-type: none">• First year waived• 25% of fee or second year waived with qualification met• 50% of fee or additionally reduced waiver for year 3• No reduction for year 4 and 5	

OTHER FEES

- **Other Fees Proposed by Market Structure sub-committee**

- Provisional license application fee \$500

Recommendation: waived

- Employee registration fee \$100

Recommendation: to be paid by business

- Local fees \$100

SE License Business

- At least fifty-one percent owned by one or more Social Equity Candidate
- Social equity candidate must be involved with the daily operations and be able to make decisions for the business
- SE candidate must meet state requirements to open a business

Social Equity License Transfer

Transfer to another Social Equity License is permitted, however, the new SE licensee must take over the previous owner's fee schedule.

- Ex. 3rd year transfer – 3rd year fee applies
- Transfer to a non-SE Licensee, within 5 years, new licensee will need to repay any cost savings the company received to the social equity program.
- After 5 years, transfer of ownership is allowed without penalty.

City of Denver, CO – Exclusivity/ Discounted Fees for SE

Delivery Program

- Only Social Equity Candidates until July, 2024
- City License fee: \$2,000.00

All Other Licenses

- Restricted to Social Equity Applicants until July, 2027
- City License Fee (depending on type): 50% off all retail & medical licenses
- Application Fee is waived

ILLINIOS – Discounted Fees for SE

Social Equity Applicants get a 50% discount.

- Application Fee
- Licensing Fee

Example: Adult Use Dispensing Organization

- Non-SE Applicant
 - Application Fee: \$5,000.00
 - Two-Year License Fee: \$60,000.00
- SE Applicant
 - Application Fee: \$2,500.00
 - Two-Year License Fee: \$30,000.00

MICHIGAN – Discounted Fees for SE

Discounts for application and license fees go up to 75%, with criteria as follows:

- 25% fee reduction: If the applicant has resided in a disproportionately impacted community for at least 5 cumulative years within the past 10 years.
- 10% fee reduction: If the applicant was a registered primary caregiver under the Michigan Medical Marihuana Act for at least two years between 2008 and 2017.
- Conviction due to a cannabis-related offense- Misdemeanor convictions: 25% fee reduction; Felony convictions: 40% fee reduction.
- Effective June 1, 2020, applicants/licensees who qualify for the maximum fee reduction will receive a 75% reduction in their application and annual licensing fees.

MASSACHUSETTS – Discounted Fees for SE

- Waived application fees (this waiver does not include the costs associated with background checks);
- A 50% reduction of annual license fees, regardless of license type.

AGENDA Item: Benefits

Consider social equity program benefits

City of Denver, CO – Social Equity Benefits

Delivery Program

- Only Social Equity Candidates until July, 2024

All Other Licenses

- Restricted to Social Equity Applicants until July, 2027

Technical, compliance, and capital assistance

ILLINIOS – Social Equity Benefits

Licensing preference

Receive training and technical assistance in the following areas:

- business plans
- applying for cannabis licenses

Access to low-interest loans

MASSACHUSETTS – Social Equity Benefits

Delivery-Only & Social Consumption

- Only Social Equity Candidates until 2024

Licensing preference

Receive training and technical assistance in the following areas:

- Management, recruitment, and employee training
- Accounting and sales forecasting
- Tax preparation and compliance
- Legal compliance
- Business plan creation and operational development
- Marijuana industry best practices
- Assistance with identifying or raising funds or capital.

Access to low-interest loans

MICHIGAN – Social Equity Benefits

Licensing preference

Receive technical assistance - online workshops

Joint Ventures Pathway Program (JVPP): to connect SE with companies willing to provide like to Mentorships, Incubator programs, Employment

Social Equity Benefits

Any social equity candidate (cannabis industry employee or licensee holder) are eligible for SE benefits.

- **Priority licensing and processing**
- **Educational Courses: Cannabis Certificates**
- **Receive training and technical assistance (workshops) in the following areas:**
 - Application assistance
 - Business plan creation and operational development
 - Tax and legal compliance
 - Cannabis industry best practices

Access to low-interest loans

Exclusive Licenses: Co-op & Delivery Service

Exclusive Licenses

Cooperative License (Co-op)

Delivery License

- Exclusive to Social Equity candidate
- Time Limit of Exclusivity ???

DELIVERY LICENSE

- Courier Service for dispensaries
- Delivery to customers
- Must have reliable vehicle car with alarm system, GPS tracking device, a way of locking cannabis.

CO-OP LICENSE – Why?

Reasons for consideration:

- Funding in the Cannabis Business Development Fund is limited
 - \$500,000 allocation
 - Possible funds but not definite: additional \$50,000 from each Integrated Licensee
- Dividing the loans/grants between licensees could result in two adverse results:
 - Small loans for applicants
 - Large loans for very few applicants
- Cannabis business is expensive to maintain
- Don't want to set Social Equity Applicant up for failure.
- Working together united is stronger

CO-OP LICENSE - Approaches

Different approach to share resources:

- Property
 - Pool resources from what would otherwise be small loans
 - VT Cannabis Control Board lease/purchase land and equipment for SE candidates to work together
 - SE candidates pay small monthly rent to support program.
 - Cultivate, process, and sell cannabis from the licensed premises (works well with the farm to consumer license)

Public Comments

In-Person Public Comments

Provide written Public Comments

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

Material to Read

- **NACB Comparison of State Cannabis Social Equity Provisions Chart**

https://uploads-ssl.webflow.com/5d08f10495e8370c8381a6df/61000bbc6c7acf7a38554211_NACB_SocialEquityChart%20Word%20Updated%207.21.pdf