

Social Equity

November 12, 2021

Mission

7 V.S.A. §843(a) reads: “The Cannabis Control Board is an independent Commission created within the Executive Branch to safely, equitably, and effectively implement and administer the laws enabling adult use and medical use of cannabis in Vermont.”

Relevant Statute

Social Equity – Act 164 & Act 62

VT Act 164 Sec. 5. (g) “On or before January 15, 2022, the Executive Director of the Cannabis Control Board shall submit to the General Assembly: (1) a summary of its work with the Department of Labor, Agency of Commerce and Community Development, the Department of Corrections, and the Director of Racial Equity to develop outreach, training, and employment programs focused on providing economic opportunities to individuals who historically have been disproportionately impacted by cannabis prohibition” (pg 19 of 102)

VT Act 62 Sec. 11. FEES; SOCIAL EQUITY “When reporting to the General Assembly regarding recommended fees for licensing cannabis establishments pursuant to Sec. 4a of this act, the Cannabis Control Board shall propose a plan for reducing or eliminating licensing fees for individuals from communities that historically have been disproportionately impacted by cannabis prohibition or individuals directly and personally impacted by cannabis prohibition.” (pg 21 of 27)

VT Act 62 Sec. 13 SOCIAL EQUITY APPLICANTS; CRITERIA “The Cannabis Control Board, in consultation with the Advisory Committee, the Agency of Commerce and Community Development, and the Executive Director of Racial Equity, shall develop criteria for social equity applicants for the purpose of obtaining social equity loans and grants from the Cannabis Business Development Fund pursuant to 7 V.S.A. chapter 39. The Board shall provide the criteria to the General Assembly not later than October 15, 2021.” (pg 23 of 27)

Social Equity - Cannabis Business Development Fund - 7 VSA § 987

§ 987. Cannabis Business Development Fund

- (a) There is established the Cannabis Business Development Fund, which shall be managed in accordance with 32 V.S.A. chapter 7, subchapter 5.
- (b) The Fund shall comprise:
- (1) a one-time contribution of \$50,000.00 per integrated license to be made on or before October 15, 2022; and
 - (2) monies allocated to the fund by the General Assembly.
- (c) The Fund shall be used for the following purposes:
- (1) to provide low-interest rate loans and grants to social equity applicants to pay for ordinary and necessary expenses to start and operate a licensed cannabis establishment;
 - (2) to pay for outreach that may be provided or targeted to attract and support social equity applicants;
 - (3) to assist with job training and technical assistance for social equity applicants; and
 - (4) to pay for necessary costs incurred in administering the Fund.

Social Equity – Loans & Grants - 7 VSA § 988

§ 988. Social equity loans and grants

The Agency of Commerce and Community Development shall establish a program using funds from the Cannabis Business Development Fund for the purpose of providing financial assistance, loans, grants, and outreach to social equity applicants. The Agency may procure by contract all or part of the necessary underwriting, execution, and administration services required for loans and grants to be made from the Cannabis Business Development Fund to eligible social equity applicants as allowed under this chapter. Should the Agency be unable to do so, the program shall not move forward until the General Assembly appropriates the operational resources necessary for the Agency to make loans and provide financial assistance to social equity applicants.

Social Equity – Reporting - 7 VSA § 903

§ 903 (b)(c). Priorities; business and technical assistance

(b) The Agency of Commerce and Community Development, in collaboration with the Agency of Agriculture, Food and Markets, shall provide business and technical assistance to Vermont applicants with priority for services based on criteria adopted by the Board in accordance with subsection (a) of this section.

(c) No later than September 1, 2021, the Board shall begin working with the Department of Labor, Agency of Commerce and Community Development, the Department of Corrections, and the Director of Racial Equity to develop outreach, training, and employment programs focused on providing economic opportunities to individuals who historically have been disproportionately impacted by cannabis prohibition.

Social Equity – Reporting - 7 VSA § 989

§ 989. Reporting

The Cannabis Control Board, in consultation with the Advisory Committee, the Agency of Commerce and Community Development, and the Executive Director of Racial Equity, shall report to the General Assembly on or before January 15, 2023 and biennially thereafter regarding the implementation and application of this chapter, including data on the number of applicants, the number of recipients, the number and amounts of loans and grants, and the identification of continuing barriers to accessing the cannabis market for social equity applicants. This information shall be presented in a manner that can be quantified and tracked over time.

Vision

November 12, 2021

Social Equity

The Board spoke with Xusana Davis, Executive Director of Racial Equity at the first meeting on May 27th

Following that, the Board held a series of six meetings, each dedicated to an identified priority. Social Equity was the central topic of the June 17th meeting. This conversation informed the Board's Social Equity Vision.

The Board continues to discuss Social Equity in conversations pertaining to the building the adult-use cannabis market and medical cannabis program.



Cannabis Control Board Meeting Agenda

Thursday, June 17, 2021 at 9:30am

***Presenters and Board members will be participating by phone and web presentation. [Click here to join the Microsoft Teams meeting](#). Call-in Number: (802) 828-7667 Conference ID: 813 425 592#.*

9:30am	Call to order & Chair's remarks
9:35am	Approval of meeting minutes
9:40am	RFP Discussion
10:00am	Public Comment
10:10am	Break
10:20am	Social Equity in Vermont Cannabis Policy Mark Hughes, Executive Director, Vermont Racial Justice Alliance Matt Leonetti, Owner, HomeGrown Consulting Ericka Redic
12:00pm	Public Comment
12:10pm	Lunch
12:40pm	Social Equity Programs in Other Jurisdictions Beau Kilmer, Director, RAND Drug Policy Research Center Shaleen Title, Vice-Chair, Cannabis Regulators of Color Coalition
2:30pm	Public Comment

Vision

7 V.S.A. §843(a) reads: “The Cannabis Control Board is an independent Commission created within the Executive Branch to safely, equitably, and effectively implement and administer the laws enabling adult use and medical use of cannabis in Vermont.”

Social Equity. The Board recognizes the disproportionate impact of the historically government-led policies that fueled the economic oppression of Black and Brown people for generations and continues to disadvantage these individuals as well as Indigenous people, people of color, and other historically marginalized groups. The Board aspires to build an equitable and accessible program in order to mitigate the past harm inflicted by the prohibition of cannabis. To this end, the Board will prioritize inclusivity in its process of building the regulatory framework, and endeavor to collect data on the program to inform course corrections.

Overview of Sub-Committee Recommendations

November 12, 2021

Social Equity

In the next phase of the Board's work, the Cannabis Control Board's Advisory Committee divided in to working sub-committees. Each committee focused on specific priorities generally led by one of the consultants selected by the CCB.

SOCIAL EQUITY

SUB-COMMITTEE

- NACB
 - Gina Kranwinkel
 - Geoffrey Gallegos
 - Deneka Scott
- CCBAC
 - Nader Hashim
 - Ashley Reynolds
 - TJ Donovan
 - Julio Thompson (TJ's designated)
- 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 to obtain 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

8/18/21

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Social Equity Sub-Committee Recommendations

Recommendation: Two Programs

- Social Equity Program

Goal: Inline with the CCB's vision for achieving the mission, this program is aimed at reducing barriers and increasing access to those who have been disproportionately impacted by cannabis prohibition.

- Diversity, Equity & Inclusion Program

Goal: Building on the CCB's vision for achieving the mission, this program would be aimed at building a more inclusive industry.

Social Equity Sub-Committee Recommendations

Recommendation: Social Equity Applicant Definition

Social Equity Candidate (Qualifications for Program Applicants)

“Social equity applicant” means an applicant that meets at least one of the following criteria:

1. Lives in an Opportunity Zone
 2. Member of BIPOC/minority race/ethnicity
 3. Convicted of cannabis-related offense
 - 3A. Have personally been arrested, convicted or incarcerated for a cannabis offense (misdemeanor or felony)
- OR**
- 3B. Are a member of an impacted family

No previous residency required. Must currently reside in state.

11/9/2021

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Social Equity Sub-Committee Recommendations

Board discussion on the recommendation:

- Intent: Provide access for those who have been historically and disproportionately impacted by cannabis prohibition.
- Data: Demonstrates disproportionate impact for people of color as a result of cannabis prohibition. Cannabis convictions demonstrate disproportionate impact (directly and indirectly) of cannabis prohibition.
- Considered the intersectionality that may exist between socio-economic status, race, and conviction rates.
- Recognized other means of considering socio-economic status to create an inclusive industry

Social Equity Sub-Committee Recommendations

Board Approved Definition, October 15th Report to the Legislature:

“Social equity applicant” means a cannabis license applicant that meets at least one of these 2 criteria:

1. Person of color or anyone who can demonstrate that they are from a community that has historically been disproportionately impacted by cannabis prohibition
2. Has personally been arrested, convicted or incarcerated for a cannabis-related offense or has a family member that has been arrested, convicted, or incarcerated for a cannabis-related offense
 - No previous Vermont residency is required, but applicant must currently reside in Vermont.

Social Equity Sub-Committee Recommendations

Recommendation: Definition of Family Member

- Relationship to the impacted individual:
- Spouse
- Domestic Partner*
- Child / Step-child that resided in the relationship (when a minor)
- Minor in their guardianship
- Legal guardian
- Parent
- Sibling
- Grandparent
- Grandchild (when a minor)

*Domestic Partner Defined / State of Vermont

1. The persons are each other's sole domestic partner and have been in an enduring domestic relationship sharing a residence for not less than six consecutive months prior to the submission of the application.
2. The persons are eighteen years or older.
3. Neither person is married to anyone.
4. The parties are not related by blood closer than would bar marriage under Vermont state law.
5. The persons are competent to enter into a legally binding contract.
6. The persons have agreed between themselves to be responsible for each other's welfare.

Social Equity Sub-Committee Recommendations

Recommendation: Supporting Documents for application

- Proof of conviction-court documents, probation documents or Department of correction documents (can be achieved by requesting one from the courts)
- Proof of residency (one required):
 - (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 paycheck stub;
 - (E) School district requirements
 - (F) Bank statement
 - (G) Recent tax return
 - (H) Utility bills
 - (I) Notarized affidavit from lease holding roommate

Social Equity Sub-Committee Recommendations

Recommendation: For Businesses to Qualify the Social Equity Applicant must:

- Have at least fifty-one percent ownership (by one or more Social Equity Candidate)
- Be involved with the daily operations and be able to make decisions for the business
- Must meet state requirements to open a business

Social Equity Sub-Committee Recommendations

Accepted by the Board, included on October 15th Report to the Legislature:

Licensing Fees

- Waived in year 1
 - pay 25% of fee in year 2
 - pay 50% of fee in year 3
 - pay 75% of fee in fourth year
 - pay full fee fifth year on
- Provisional license application fee \$500

Recommendation: waived

Considered but not included in the October 15th Report:

Additional Waiver

Ability to apply for an additional fee waiver in year two and three if financial need is demonstrated and plan to remedy

Local Fees

Recommendation: waived for the first year

Employee Identification fee \$100

Recommendation: to be paid by business

Social Equity Sub-Committee Recommendations

Recommendation: Transfer of Social Equity Licenses

- 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.

Social Equity Sub-Committee Recommendations

Recommendation: Program Benefits for SE applicants

Benefits within the Licensing Structure*

- Priority licensing and processing

Benefits proposed for the Cannabis Business Loan Fund**

- 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

**The Board discussed this in Priority of Licensure discussions in meetings in October and early November*

***These recommendations will be shared with ACCD, who has authority re: the Fund.*

Social Equity Sub-Committee Recommendations

Recommendations: Exclusive Licensing for Social Equity Applicants, Co-op & Delivery Service

Co-op

- 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)

Delivery

- Retailer license with Delivery add-on Retailer employs drivers
 - Retailer provides vehicles
 - Retailer provides insurance coverage for driver
 - Given authority to
 - Customer can call in or order online from Retailer
 - Retailer provides delivery service to customer location
 - Compare to Pizza Delivery
 - Less expensive for SE licensee

CCB to set timeline for exclusivity

Social Equity Sub-Committee Recommendations

Recommendations: Cannabis Business Loan Fund

Concerns Identified by Sub-Committee

- Funding in the Cannabis Business Development Fund is limited
- \$500,000 initial allocation
- Possible funds but not definite: additional \$50,000 from each Integrated Licensee

Sub-Committee Recommendations to address these concerns:*

- 5% of cannabis tax revenue goes to fund program
- Creation of a Social Equity Cannabis Trust (public donation) – Type of Trust to be determined by the board

Recommended Expenditures from the fund:**

- Educational courses: certificates and workshops
- Funding for Social Equity Co-op program
- Operational expenses
- low interest loans to SE licensee (if funds permit, or bank supplements)

* Requires legislative approval **Requires coordination with ACCD et al.

Social Equity Sub-Committee Recommendations

Recommendation: Social Equity Application and Processing

Social Equity Application Content Recommendations

- Proof of residency (at time of application)
- Documentation indicating a conviction (Included in baseline application requirements for licenses)
- Ownership documentation (Included in baseline application requirements for licenses)
- Social Equity role in company (Included in baseline application/business plan for licenses)
- Race/Ethnicity Identity (included in baseline application requirements, may need additional requirements)
- Explanation of SE relevant harm (additional application requirement)

Social Equity Application Approval Process Recommendations

- SE Board Reviews the Application to ensure completion, CCB approves application

Social Equity Sub-Committee Recommendations

Recommendation: Cannabis Social Equity Board, Responsibilities

Responsibilities

- Sustainable funding for program SE Educational programs
- Funding allocation to programs Disproportionately Impacted Communities Fund
- Approve SE candidates
- Community Outreach and Education of Program

Social Equity Sub-Committee Recommendations

Recommendation: Cannabis Social Equity Board Composition

Members should be drawn from diverse backgrounds and geographic locations to represent the interest of communities of color and other marginalized groups throughout the State of Vermont. [List of 15 potential members]:

- Representative from Disproportionately Impacted Communities (currently residing in community)
- Representative from Disproportionately Impacted Communities who is experienced in community development (currently residing in community)
- Person who was arrested, convicted or incarcerated for a cannabis-related offense (misdemeanor or felony)
- Family member of someone arrested, convicted or incarcerated for a cannabis-related offense (misdemeanor or felony)
- Social Worker from Disproportionately Impacted Communities (currently serving community)
- Educator from Disproportionately Impacted Communities (currently serving community)
- Business Owner from Disproportionately Impacted Communities (residing in or serving in)
- Licensed social equity cannabis representative from one of the following sectors: retail, processor or cultivator
- Licensed social equity cannabis representative from one of the exclusive licenses: delivery or cooperative
- Licensed non-social equity cannabis representative
- Social equity candidate currently working in cannabis industry
- Department of Racial, Equity, Diversity
- Agency of Commerce and Community Development
- Member of the Social Equity Caucus
- Member of the Cannabis Control Board

Social Equity Sub-Committee Recommendations

Recommendation: Create a Community Reinvestment Fund*

- Allocate 20% of cannabis tax revenue to the fund
- Fund devotes its resources to Cannabis
- Disproportionately Impacted Communities for:
 - Education (community focused)
 - Legal Aid
 - Youth Development
 - Violence Prevention
 - Mental Health Services
 - Community Grant Program
 - To be reviewed on an annual basis, but should remain at least 20%, other metrics should also be reviewed regularly (Act 186 criteria)

Disproportionately impacted communities

- More discussion needed on what is a DIA

*Requires legislative approval

Social Equity Sub-Committee Recommendations

Recommendation: Create a Diversity, Equity & Inclusion (DEI) Program

Purpose of Program: To encourage historically unrepresented groups to participate in the industry and ensure a diverse and inclusive cannabis marketplace

What groups should be included?

- Women
- People with disabilities
- LGBTQ
- Immigrant or current member of an immigrant “family”
- Refugee
- Person who faced discrimination based on race, color, or religion
- Socio-economic status, those with income at 135% of the federal poverty level

Benefits

- Priority Processing (Discussed at Board’s Nov 5th meeting)
- Educational program (certificates & workshops)**
- Intent to Apply Fee waived (no application fee waiver)*

*Recommendation made after October 15th Report, requires further discussion **Requires funding proposal

LET YOUR VOICE BE HEARD
JOIN US
IN PERSON OR ONLINE

**VERMONT SOCIAL EQUITY
TOWNHALL MEETINGS**

**THURSDAY
NOV 18TH
6 PM-8 PM
WINOOSKI**

VSAC
10 EAST ALLEN STREET,
WINOOSKI, VT 05404

**SATURDAY
NOV 20TH
11 AM-1 PM
BENNINGTON**

BENNINGTON COLLEGE
SYMPOSIUM ROOM
BENNINGTON, VT 05201

We want to hear your story and recommendations for
the Vermont Social Equity program.

Face Masks & Proof of Completed
Vaccination Required to Attend In-Person



QUESTIONS or GET LNK TO JOIN ONLINE:
SOCIALEQUITY@NACB.COM