



NATIONAL ASSOCIATION OF CANNABIS BUSINESSES

# Vermont Social Equity Sub-Committee Recommendations



# 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 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 Item: Social Equity Program Review of Recommendations

## Review of Recommendations

# Social Equity & DEI programs in Vermont

Two *separate* programs need to be created:

- **Social Equity**

*Person/applicant disproportionately impacted by cannabis prohibition*

*Ex: Minorities (BIPOC), people incarcerated due to prohibition of cannabis*

- **Diversity, Equity and Inclusion**

*Person/applicant historically unrepresented in society*

*Ex: Women, people with disabilities*

# **Social Equity Candidate**

## **(Qualifications for Program Applicants)**

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

1. Member of BIPOC/minority race/ethnicity
2. Convicted of cannabis-related offense
- 2A. Have personally been arrested, convicted or incarcerated for a cannabis offense (misdemeanor or felony)

**OR**

- B. Are a member of an impacted family

No previous residency required. Must currently reside in state.

# “Impacted family”

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 Partnership

## 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.

# SUPPORTING DOCUMENTS FOR SOCIAL EQUITY CANDIDATES

- Proof of conviction-court documents, probation documents or Department of correction documents
- 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 paycheck stub;
  - (E) Any document that school districts require for proof of residency
  - (F) Bank statement
  - (G) Recent tax return
  - (H) Utility bills
  - (I) Notarized affidavit from lease holding roommate



# Eliminating/Discounted Fees for SE

- Application fees should be waived
- License fees should be reduced

## **Recommendation License Fees *Sub-Committee Preferred***

<b>First year:</b>	<b>Waived</b>
<b>Second year:</b>	<b>25% of fee</b>
<b>Third year:</b>	<b>50% of fee</b>
<b>Fourth year:</b>	<b>75% of fee</b>
<b>Fifth year:</b>	<b>Full fee</b>

### **Waiver\* for License fee:**

Partial and/or Full-Fee Waiver for second or third year

- Second year: 25% of fee
- Third year: 50% of fee
- No reduction for year 4 and 5

*\*Licensee must demonstrate financial need and show plan as to how they will remedy situation moving forward.*

# OTHER FEES

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

- Provisional license application (Intent to Apply) fee \$500

Recommendation: waived

- Employee registration card fee \$100

Recommendation: to be paid by business

- Local fees \$100

Recommendation: waived for the first year only

# 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 (Business) Transfer

- Transfer to another Social Equity Business is permitted, however, the new SE licensee benefits will start at the 2<sup>nd</sup> year –75% off license fee, regardless of when business is transferred.
  - If the business is transfer to a SE partner of the business or a family member the new SE licensee must take over the previous owner's fee schedule.
- Transfer within 5 years to a non-SE Licensee: new licensee business holder 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 Benefits

Any social equity candidate (cannabis industry employee or licensee holder) are eligible for Social Equity 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

\*Above listed workshops are a starting point, should be evaluated periodically to determine needs of Social Equity candidates.

**Access to low-interest loans**

**Exclusive Licenses: Cooperative (Co-op) & Delivery Service**

# Exclusive Licenses

- Cooperative License (Co-op)
- Delivery License

\*Exclusive to Social Equity candidate

-Time Limit of Exclusivity to be determine by Cannabis Control Board

# Co-op License

- VT Cannabis Control Board lease/purchase land and equipment on behalf of SE candidates who work together in cooperative program
- Cultivate, process, and sell cannabis from the licensed premises
- SE candidates pay small monthly rent to support program.

# Delivery License

## ***Retailer model***

- SE delivery licensee is hired by a retailer as an employee
- Retailer (business) provides vehicles and insurance coverage for driver and car
- Customer can call in or order online from Retailer
- SE delivery license holder to deliver order to customer
- Delivery driver ***cannot*** store marijuana and marijuana products overnight

## ***Cannabis transport model***

- *SE delivery licensee holder that meet specific delivery car requirements can deliver/transport cannabis to all sectors of the industry.*



# Cannabis Business Development Fund

Funding in the Cannabis Business Development Fund is limited

- \$500,000 allocation
- Possible funds but not definite: additional \$50,000 from each Integrated Licensee

Expenditures from the fund :

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

# Additional Funding of Social Equity Cannabis Trust

## Funding:

- At least 5% of cannabis tax revenue goes to fund Social Equity program
- Cost of program to be reviewed in 6 months by Cannabis Control Board
- Creation of a Social Equity Cannabis Trust in order to allow for public donation of program
- Type of trust to be determined by Cannabis Control Board

# Representatives for the Cannabis Social Equity Board

***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.***

- 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 or serving)
- 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 Board Responsibilities

- Aid in soliciting and ensuring funding for the program (grants, donations, etc)
- Aiding in the development and deployment of social equity educational programs

(they don't have to “do it” but they could formulate a program)

- Oversee funding allocation to programs/initiatives and candidates
- Oversee the Cannabis Disproportionately Impacted Communities fund
- Community Outreach and Education of Social Equity Program
- Reviews Initial Application to ensure completion, then Cannabis Control Board does Final Approval of application.

# Social Equity Application

- Application should include, but not limited to:
  - Proof of Residency
  - Proof of conviction-court documents, probation documents or Department of correction documents
  - Incorporation documents including Articles, Bylaws or Operating Agreement showing ownership
  - Description of Social Equity Role and responsibilities in company
  - Race/Ethnicity Identity
  - Explain how one was harmed by the war on drugs (share your story)
  - Number of years residing in Vermont

# Approval of Social Equity Applications

## Recommendation

Both Cannabis Control Board &  
Cannabis Social Equity Board

Social Equity Board reviews Initial Application to ensure completion, then Cannabis Control Board does Final Approval.

# Reinvestment of Cannabis funds to Disproportionately Impacted Communities

- Create a Cannabis Disproportionately Impacted Communities fund
- Allocate at least 20% of cannabis tax revenue to the fund
- Fund devotes its resources to Cannabis Disproportionately Impacted Communities for:
  - Education
  - Legal Aid
  - Youth Development
  - Violence Prevention
  - Mental Health
  - Grants for Community Development and Needs

\*Mandate annual revenue of funding, allocation of at least 20% of tax revenue, increase percentage if needed.

# Disproportionately Impacted Communities

- Addison
- Barre
- Bennington
- Brattleboro
- Chittenden County (Burlington and Winooski)
- Essex County
- Orleans County
- Rutland
- Springfield



# AGENDA Item: Diversity, Equity & Inclusion (DEI) Program

Consider Diversity, Equity & Inclusion (DEI) Program

# Diversity, Equity & Inclusion (DEI) Program

- **Diversity, Equity and Inclusion**

*Person/applicant historically unrepresented in society*

*Ex: Women, people with disabilities*

- ***Purpose of Program***

To encourage historically unrepresented groups to participate and ensure a diversity and inclusive cannabis industry, .

# Diversity, Equity & Inclusion (DEI) Program

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
- Low Socioeconomic

# Low Socioeconomic

Maximum income:

- **135% of federal poverty level**

**\$17,388 - \$60,291**

(depending on persons in family, see chart)

**Federal Poverty Guidelines  
for 2021  
Annual Income**

Persons in Family	100%	135%
1	\$12,880	\$17,388
2	\$17,420	\$23,517
3	\$21,960	\$29,646
4	\$26,500	\$35,775
5	\$31,040	\$41,904
6	\$35,580	\$48,033
7	\$40,120	\$54,162
8	\$44,660	\$60,291

# Diversity, Equity & Inclusion (DEI) Program

## Benefits

- Educational program (certificates & workshops)
- Priority Processing
- Intent to Apply Fee waived