

Social Equity Program

Cannabis Control Commission

June 26, 2018 | Shekia Scott, Director of Community Outreach

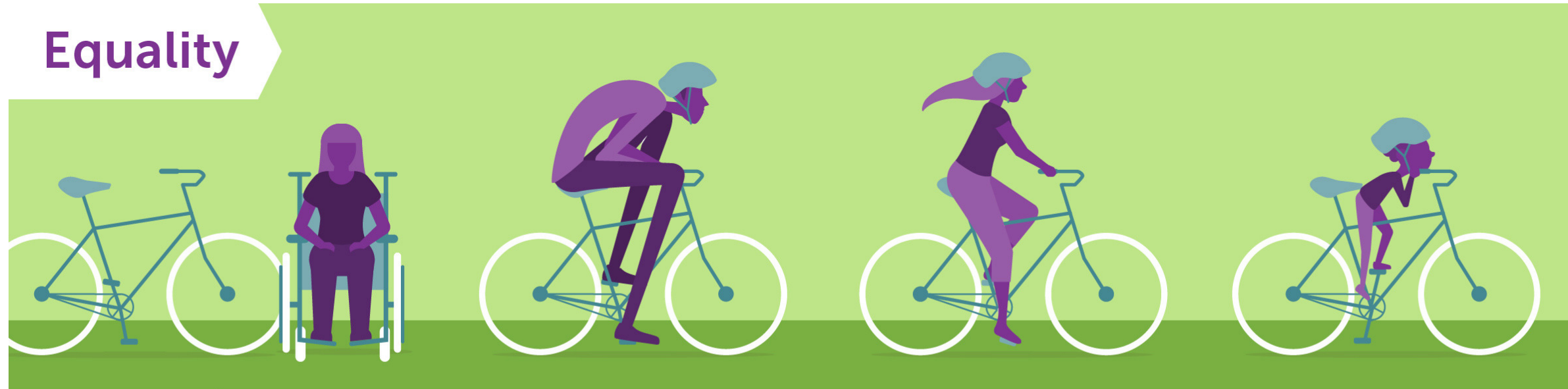
Agenda

- Background
 - State Law - Legislative Mandates
- Program Overview
 - Development
 - Eligibility
 - Tracks
 - Goals
 - Benefits
 - Outcomes
- Application Overview
- Next Steps
- Contact Information



What is Equity?

Equality



= Sameness

Equity

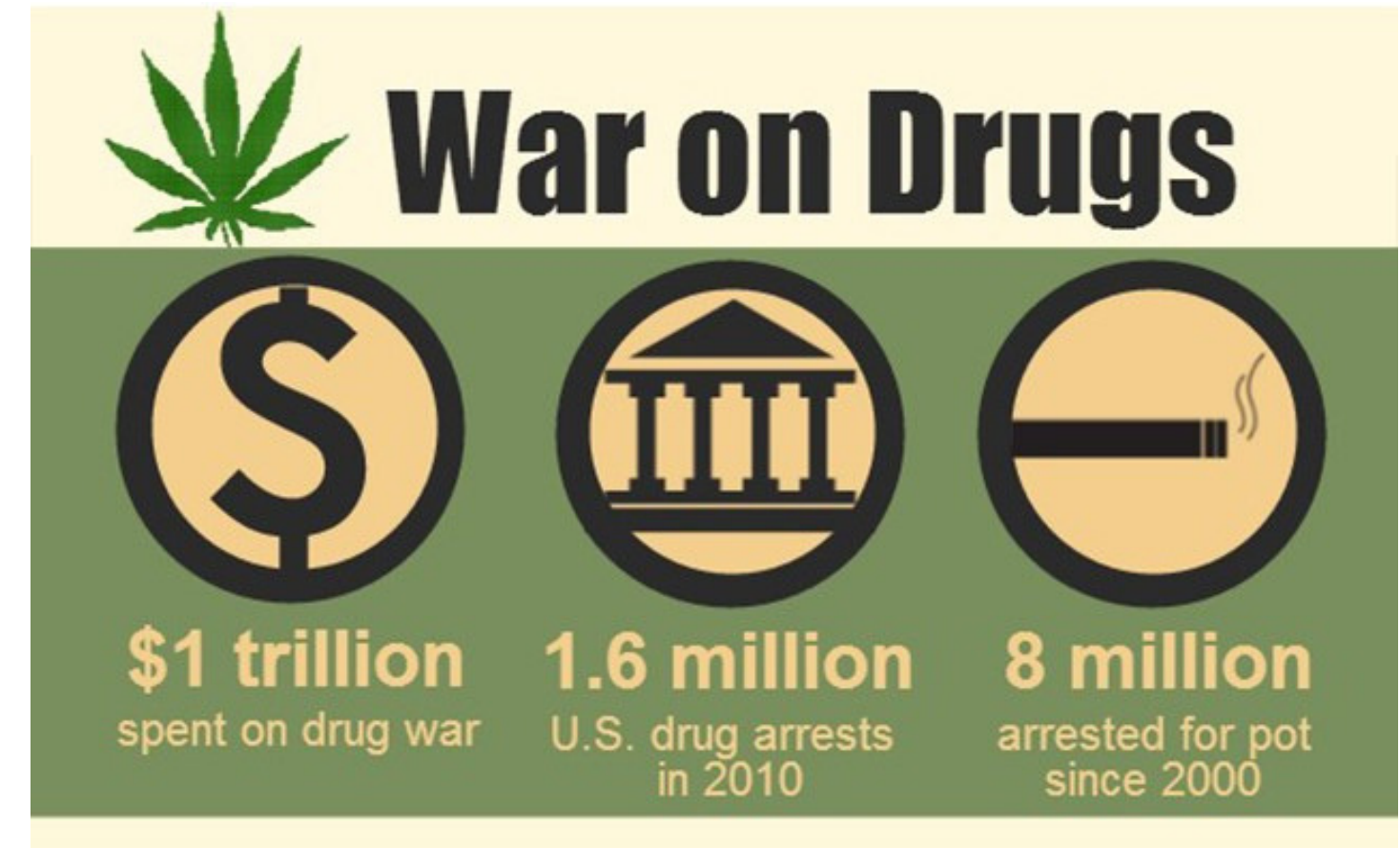


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= Fairness

“THE WAR ON DRUGS WAS A VERY SPECIFIC WAR ON A VERY SPECIFIC COMMUNITY AND CULTURE”

Darlene Flynn, Director of Oakland, CA's
Department of Race & Equity



Full Criminalization

Any possession for any reason, as well as cultivation and sales, were illegal and criminally punishable.

1970's

Decriminalization

Created civil penalties for small possession amounts. Cultivation, sale, and possession of more than 1 oz remained illegal.

2009

Medicalization

Medical use became legal in 2012. By 2014, there was a significant uptick in license applications and a notable decline in marijuana-related arrests.

2012

Legalization

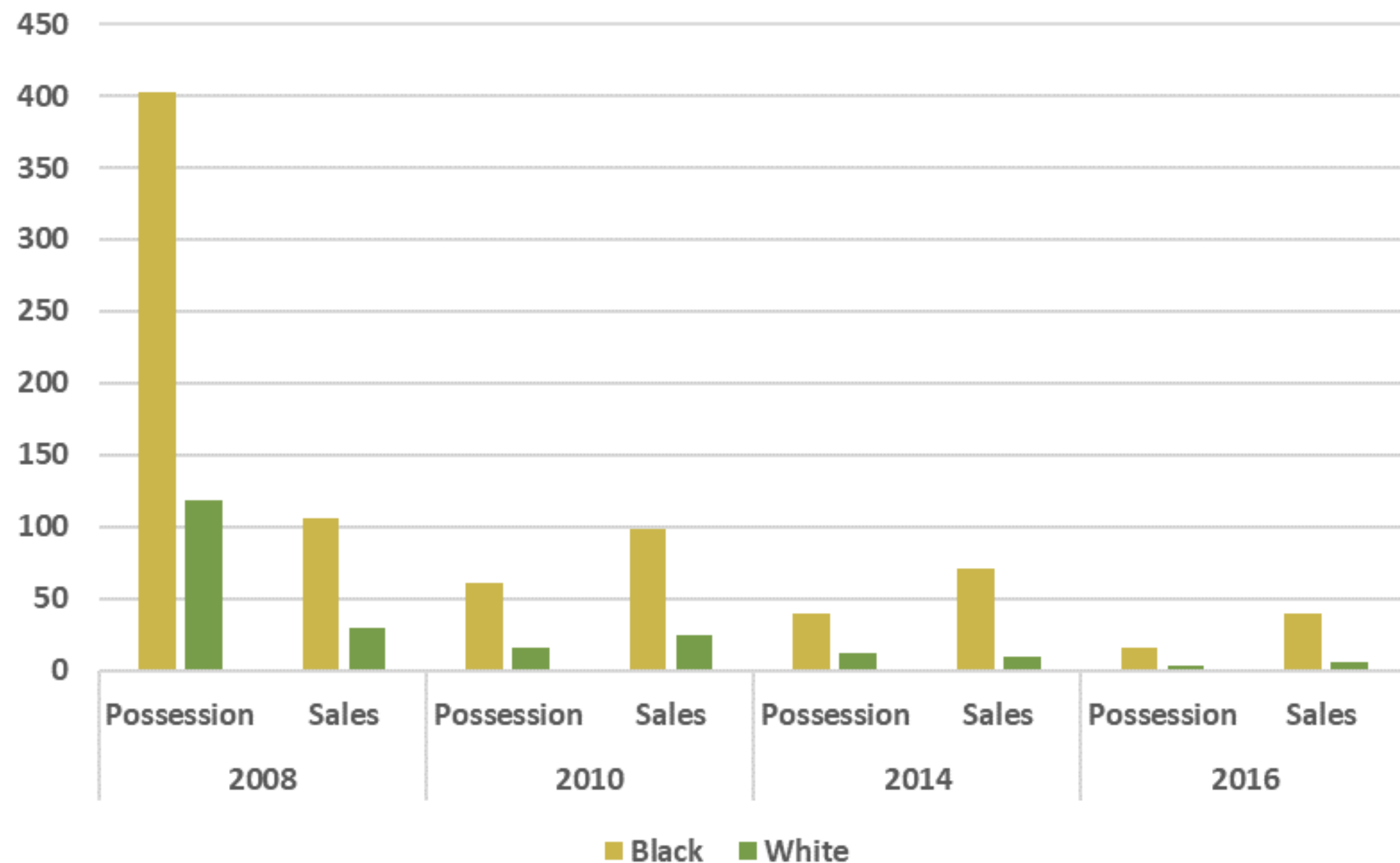
Voters approved a ballot measure in 2016 to legalize the adult use of cannabis.

2016

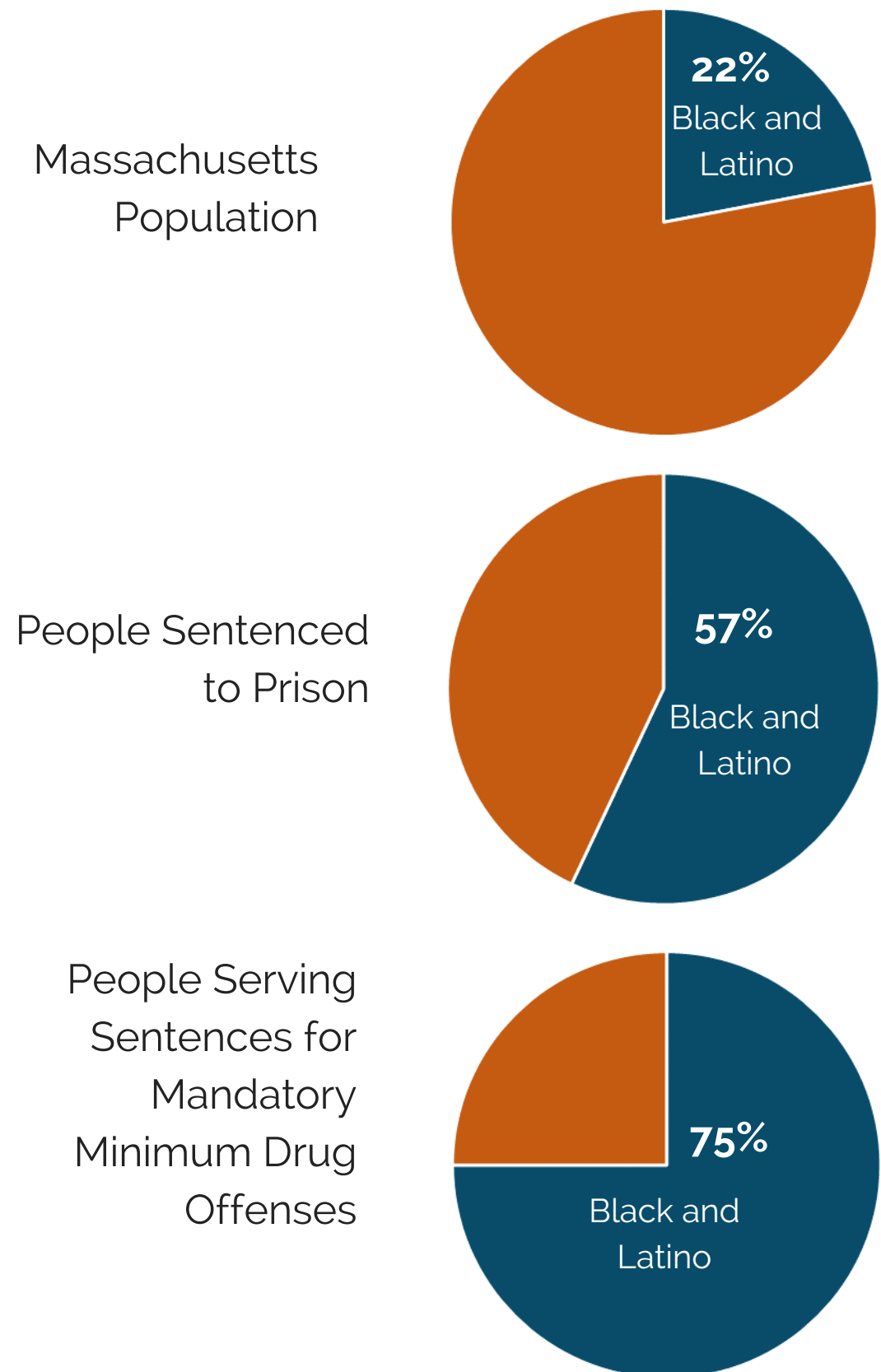
TIMELINE OF CANNABIS LAWS IN MASSACHUSETTS

Defining Disparities

Disproportionate representation relative to population size and behavior patterns

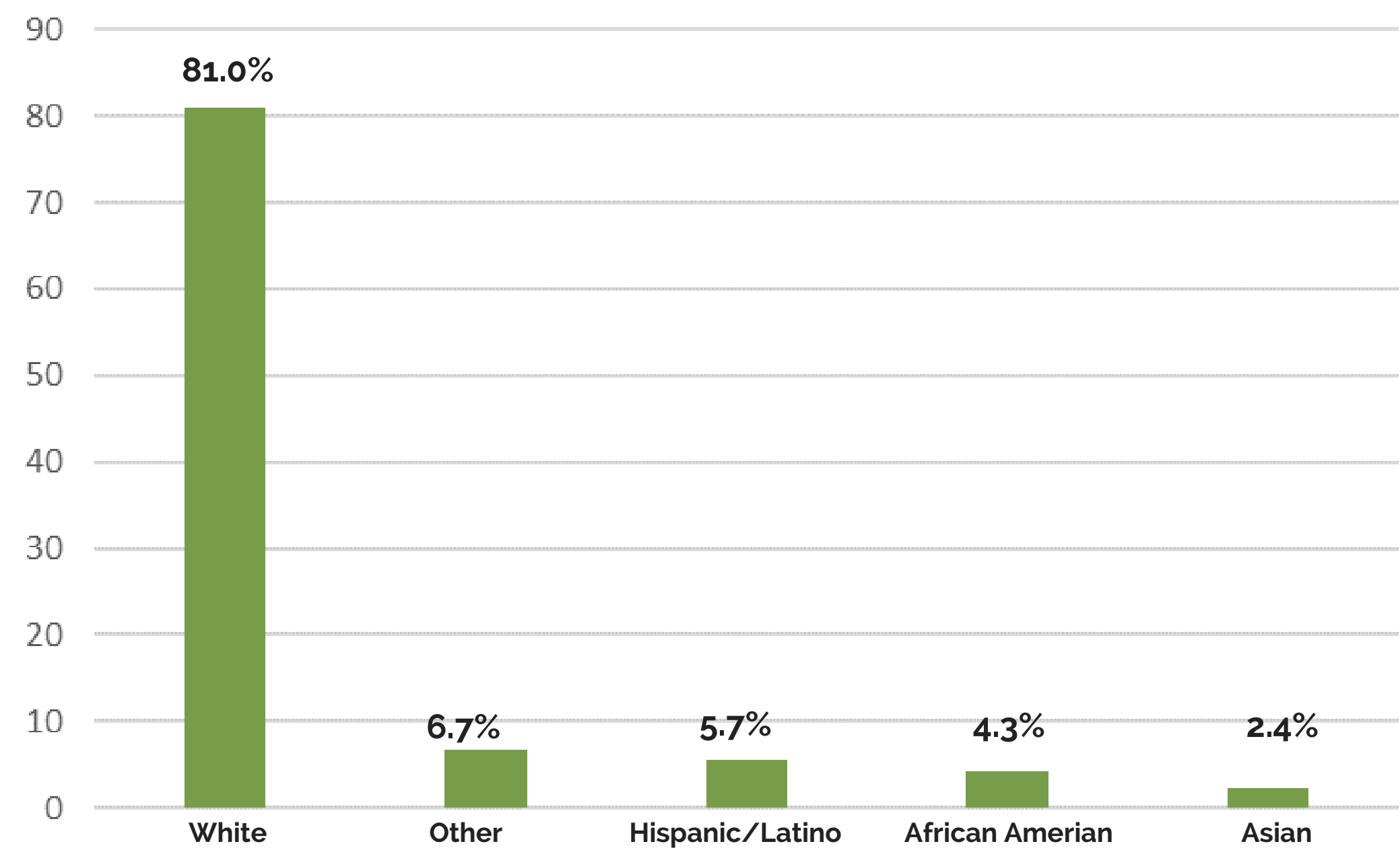


Racial Disparities in the System of Incarceration



Disparities in Representation in the Cannabis Industry

Breakdown of cannabis business owners & founders by race



Key Barriers to Entry

Category	Barrier
Financial	Access to Capital or Financing
	Access to Real Estate
	Licensing and Regulatory Fees
Technical	Business Ownership
	Legal and Regulatory
	Tax
	Awareness of Equity Programs
Criminal	Background Checks
Other	Geography
	Distrust in Government

Note: results reflect the percentage of respondents with any ownership stake in marijuana business.

Source: Marijuana Business Daily August 2017 reader survey

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Source: 2017 Cannabis Equity Report, San Francisco

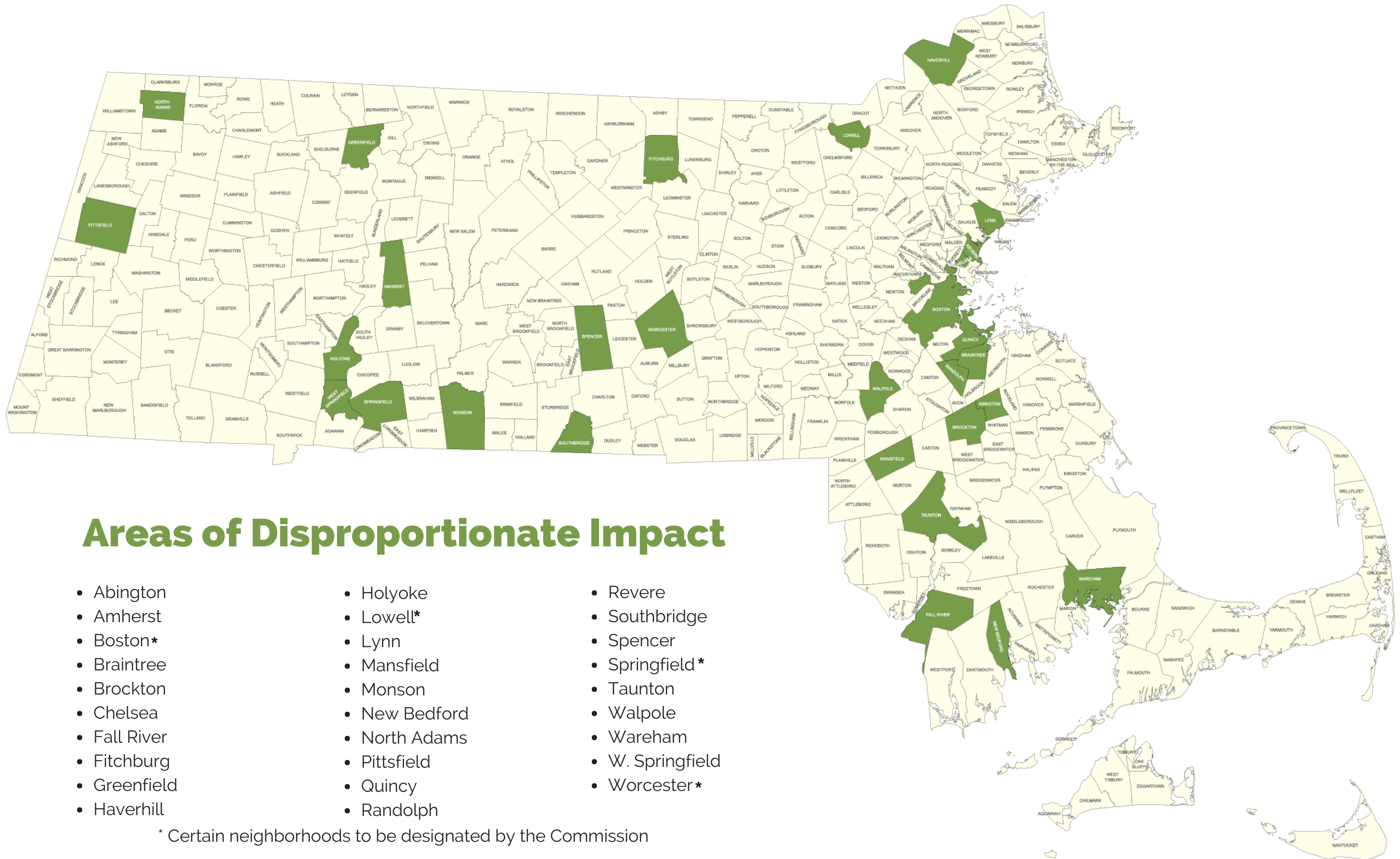
STATE LAW - LEGISLATIVE MANDATES

EQUITY PROGRAM FOR APPLICANTS

- The law requires the Commission to adopt procedures and policies to **promote and encourage full participation** in the marijuana industry by **people from communities that have been disproportionately harmed** by marijuana prohibition and enforcement and to positively impact those communities.

ECONOMIC EMPOWERMENT PRIORITY REVIEW FOR APPLICANTS

- The law requires the Commission to **prioritize review and licensing decisions** for applicants for retail, manufacture, or cultivation licenses who “**demonstrate experience in or business practices that promote economic empowerment in communities disproportionately impacted** by high rates of arrest and incarceration for offenses under [the Controlled Substances Act].” M.G.L. c 94C



Areas of Disproportionate Impact

- Abington
- Amherst
- Boston*
- Braintree
- Brockton
- Chelsea
- Fall River
- Fitchburg
- Greenfield
- Haverhill
- Holyoke
- Lowell*
- Lynn
- Mansfield
- Monson
- New Bedford
- North Adams
- Pittsfield
- Quincy
- Randolph
- Revere
- Southbridge
- Spencer
- Springfield*
- Taunton
- Walpole
- Wareham
- W. Springfield
- Worcester*

* Certain neighborhoods to be designated by the Commission

ACCOUNTABILITY

The Legislature directed the Cannabis Control Commission to conduct a study regarding participation in the cannabis industry with a particular focus on minority, women, and veteran business enterprises.

The Legislature instructed that, if the Commission found evidence of discrimination or barriers to entry in the regulated cannabis industry, the Commission was to adopt diversity licensing goals that would provide for the meaningful participation of those communities disproportionately impacted by cannabis prohibition enforcement. The Legislature further directed the Commission develop and implement training programs to meet the goals of meaningful participation in these communities.

1

Recruitment of minority-owned, women-owned, and veteran-owned business enterprises to become licensed in cannabis-related businesses;

2

Development of workforce training for minorities, women, and veterans to enter into cannabis-related businesses;

3

Creation of employer training to attract minorities, women, and veterans into the workforce; and

4

Outreach to disadvantaged groups, including consultations with state agencies and providing education and training opportunities.

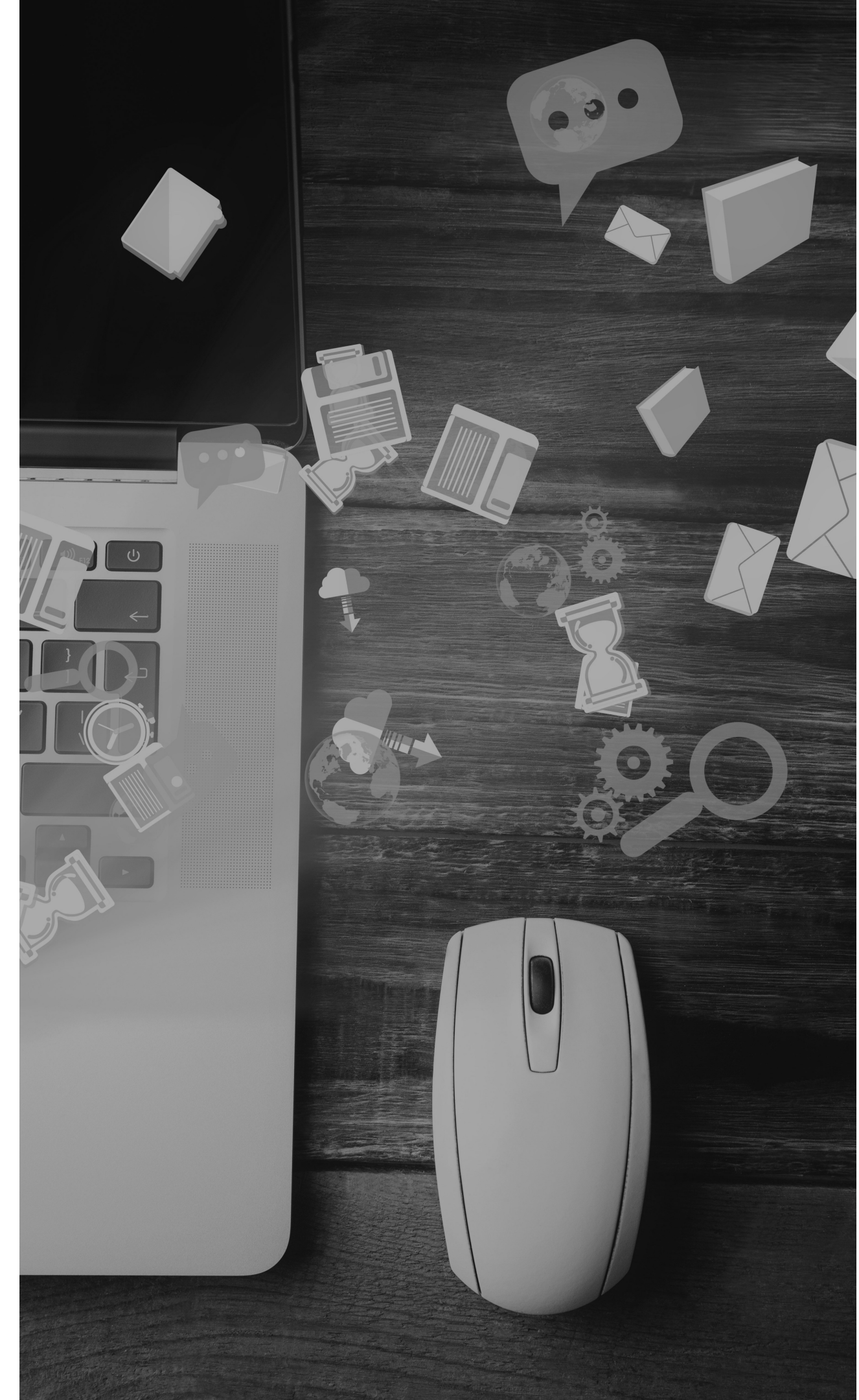
Program Purpose

- The Social Equity Program is designed to create and build sustainable pathways into the cannabis industry for both individuals and businesses, regardless of their desired specialty. This program will allow applicants to reimagine what they can contribute while also providing avenues to build and support the growth of a robust adult-use industry.
- The program will create these pathways by pairing accepted applicants with qualified vendors based on a track system. These tracks are based on an applicant's specific interests in the cannabis industry, their current skills, and the outcomes they are seeking to gain from the program.
- The program will create a pipeline and dedicated connector for social equity applicants who are jobseekers and prospective and current cannabis employers for employment opportunities.



Program Development

- Program vision and track creation
- Application design and development
- RFQ and procurement
- Dedicated webspace creation and utilization plan
- Program lists development and maintenance
- Portal conceptualization and buildout
- Implementation and outreach plans



ELIGIBILITY

Applicants or licensees are eligible for the social equity program if they demonstrate at least **one** of the following criteria:

#1

Residence in an area of disproportionate impact for at least 5 of the past 10 years and an income that does not exceed 400% of the Federal Poverty Level;

#2

A past drug conviction and residence in Massachusetts for at least the preceding 12 months; or

#3

Married to or the child of a person with a drug conviction and residence in Massachusetts for at least the preceding 12 months.

Track Overview

►► These tracks are based on an applicant's specific interests in the cannabis industry, their current skills, and the outcomes they are seeking to gain from the program.



Entrepreneur

Those seeking licensure and ownership



Core

Those interested in cannabis careers at Marijuana Establishments at the managerial and executive level

Core Experienced
Candidates
(2-6 years)

Core Professional
Candidates
(7+ years)



Re-Entry & Entry Level

Those re-entering society and those with entry level experience (0-2 years)



Ancillary

Those with existing skills that are directly transferable to working with or supporting cannabis businesses. Inventors and developers of new cannabis accessories and tools.

Trade
Professionals

Ancillary
Professionals

GOALS

Address the disparities in life outcomes for individuals and improve the quality of life in areas of disproportionate impact by:

1

Reducing barriers to entry in the commercial cannabis industry;

2

Providing professional training, technical services, and mentoring for individuals and businesses facing systemic barriers; and

3

Promoting sustainable, socially and economically reparative practices in the commercial cannabis industry in Massachusetts.

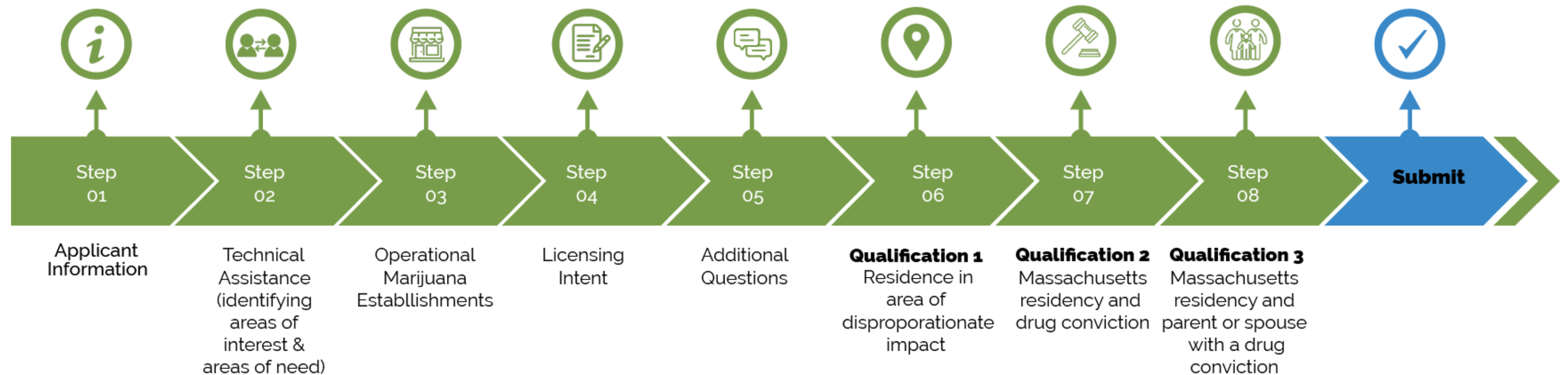
Benefits

- Ongoing technical assistance
- Fee waivers
- Initial exclusive access to certain types of licenses



Application Overview

The Social Equity application will be digital and accessible through the Commission's website. Completing the application will be a nine step process:



Measuring Outcomes

- Overall increase in participation in the industry during and after completion of the program, particularly:
 - Individuals residing in disproportionately impacted areas
 - Women, veterans, farmers, and people of color, specifically those of African American/Black and Hispanic/Latino descent
 - Individuals with drug-related CORIs
 - Economic Empowerment applicants and Certified Economic Empowerment recipients
- Increase in workforce training programs for entry into cannabis industry
- Increase in businesses and individuals entered into and successfully paired with employers through dedicated connector
- Tracking number of licenses granted through this program



Next Steps

The Commission will seek multiple vendors to develop face-to-face and on-demand curriculum as well as professional training, technical services, and mentoring through the Social Equity Program.

Areas of Expertise

1. Accounting and Sales Forecasting
2. Business Plan Creation and Operational Development
3. Farming Best Practices
4. Identifying/Raising Funds or Capital
5. Management, Recruitment, and Employee Trainings
6. Cannabis Industry Best Practices
7. Navigating Licensing/Certification Processes
8. Navigation of Municipal Processes
9. Tax Prediction and Legal Compliance
10. Understanding and Navigating Law
11. Trade Skills
12. Other

The Commission hopes to release an RFQ the week of June 25, 2018



For more information, please contact:

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<http://mass-cannabis-control.com/social-equity-programs/>

Summary of Equity Provisions

Under St. 2017, c.55, *An Act To Ensure Safe Access To Marijuana*, the Cannabis Control Commission (Commission) is required to ensure that people from communities that have been disproportionately harmed by marijuana law enforcement are included in the new legal marijuana industry. This handout summarizes Economic Empowerment Priority Review and the Social Equity Program as well as additional regulations regarding equity. The Commission filed its final regulations with the Secretary of State on March 9.

These programs were developed in response to evidence which demonstrates that certain populations, particularly Blacks and Latinos, have been disproportionately impacted by high rates of arrest and incarceration for marijuana and other drug crimes as a result of state and federal drug policy.¹ Criminalization has had long-term ill effects, not only on the individuals arrested and incarcerated, but on their families and communities.

Economic Empowerment Priority Review for Applicants

St. 2017, c.55, *An Act To Ensure Safe Access To Marijuana*, requires the Commission to prioritize review and licensing decisions for applicants seeking retail, manufacturing, or cultivation licenses who are able to demonstrate experience in – or business practices that promote – economic empowerment in communities disproportionately impacted by high rates of arrest and incarceration for offenses under state and federal laws, including the Controlled Substances Act. As will be described in further detail below, the Commission has designated areas of disproportionate impact.

Definition:

Priority Review will be granted to Economic Empowerment Applicants who demonstrate three of the following criteria:

- Majority of ownership belongs to people who have lived in *areas of disproportionate impact* for 5 of the last 10 years;
- Majority of ownership has held one or more previous positions where the primary population served were disproportionately impacted, or where primary responsibilities included economic education, resource provision or empowerment to disproportionately impacted individuals or communities;
- At least 51% of current employees/sub-contractors reside in *areas of disproportionate impact* and will increase to 75% by first day of business;
- At least 51% of employees or sub-contractors have drug-related CORI, but are otherwise legally employable in a cannabis-related enterprise;
- A majority of the ownership is made up of individuals from Black, African American, Hispanic or Latino descent;
- Owners can demonstrate significant past experience in or business practices that promote economic empowerment in areas of disproportionate impact.

To ensure an equitable distribution of economic empowerment and registered marijuana dispensary licenses, both of which receive priority review, the Commission will consider on an alternating basis (1) economic empowerment applications and (2) registered marijuana dispensaries that are applying for an adult-use license.

After receiving priority review, priority applicants are subject to the same requirements as general applicants.

Social Equity Program for Applicants

Requirement:

State law requires the Commission to adopt procedures and policies to promote and encourage full participation in the marijuana industry by people from communities that have been disproportionately harmed by marijuana prohibition and enforcement and to positively impact those communities.

The Social Equity Program has several goals to decrease the disparities in life outcomes for these individuals and improve the quality of life in areas of disproportionate impact: reduce barriers to entry in the commercial marijuana industry; provide professional and technical services and mentoring for businesses facing systemic barriers; and promote sustainable, socially and economically reparative practices in the commercial marijuana industry in Massachusetts.

Eligibility:

Applicants or licensees are eligible for the social equity program if they demonstrate at least one of the following criteria:

- They have resided in an *area of disproportionate impact* for at least 5 of the past 10 years;
- They have a past drug conviction and they have been residents of Massachusetts for at least the preceding 12 months; or
- They have been married to or are the child of a person with a drug conviction and they have been residents of Massachusetts for at least the preceding 12 months.

Benefits:

Qualifying applicants and licensees can receive training and technical assistance in the following areas:

- Management, recruitment and employee trainings;
- Accounting and sales forecasting;
- Tax prediction and compliance;
- Legal compliance;
- Business plan creation and operational development;
- Marijuana industry best practices; and

- Assistance with identifying or raising funds or capital.

Outreach:

The Commission has allocated significant funds to ensure people from underrepresented communities have opportunities to learn about Economic Empowerment Priority Review and the Social Equity Program. The Commission will partner with organizations throughout the Commonwealth to create programs for outreach, technical assistance, workforce development and skills-based training programs. Equitable employment and ownership opportunities for minorities, women, veterans, and low-income individuals also will be established. Educational materials will be disseminated in multiple languages online through the Commission's website and through in-person trainings.

Areas of Disproportionate Impact

Based primarily on arrest rates, the Commission has designated 29 cities as *areas of disproportionate impact*. Cities with a population of more than 100,000 people, such as Springfield and Worcester, will be subdivided to reflect that only certain neighborhoods qualify as *areas of disproportionate impact*.

The 29 areas are Abington; Amherst; Boston (certain neighborhoods to be designated by the Commission); Braintree; Brockton; Chelsea; Fall River; Fitchburg; Greenfield; Haverhill; Holyoke; Lowell (certain neighborhoods to be designated by the Commission); Lynn; Mansfield; Monson; New Bedford; North Adams; Pittsfield; Quincy; Randolph; Revere; Southbridge; Spencer; Springfield (certain neighborhoods to be designated by the Commission); Taunton; Walpole; Wareham; West Springfield; and Worcester (certain neighborhoods to be designated by the Commission).

The Commission will establish a process for revisiting the defined areas of disproportionate impact on an ongoing basis.

In order to qualify for the Social Equity Program based on residence in an area of disproportionate impact, a person's income may not exceed 400% of federal poverty level.

Inclusion of Under-Represented Groups

As part of the Commission's ongoing commitment to promote and encourage broad participation in the regulated cannabis industry, applicants are required to submit, in support of the general suitability requirements certain plans:

- a diversity plan to promote racial and gender equity and include veterans and people with disabilities; and
- a plan for how the business will positively impact communities disproportionately impacted by high rates of arrest and incarceration for drug offenses.

Citizen Review Committee

The Commission approved the appointment of a nine-member review committee in January 2018, which is comprised of people from impacted communities. The committee will make recommendations regarding the equity program and the tax revenue targeted toward community reinvestment under state law.

ⁱACLU, “The War on Marijuana in Black and White,” June 2013 < <https://www.aclu.org/report/report-war-marijuana-black-and-white> >.

Beckett, K., Nyrop, K., and Pfingst, L., “Race, Drugs, and Policing: Understanding Disparities in Drug Delivery Arrests”. *Criminology*, 44: 105–137. doi:10.1111/j.1745-9125.2006.00044. February 7, 2006 <<http://onlinelibrary.wiley.com/doi/10.1111/j.1745-9125.2006.00044.x/full>>.

Mitchell, Ojmarrh and Michael S. Caudy, “Examining Racial Disparities in Drug Arrests,” *Justice Quarterly* Vol. 32, Iss. 2, 2015 <<http://www.tandfonline.com/doi/abs/10.1080/07418825.2012.761721>>.

Provine, Doris Marie. “Race and Inequality in the War on Drugs,” *Annual Review of Law and Social Science*, 2011 7:1, 41-60 <<http://www.annualreviews.org/doi/10.1146/annurev-lawsocsci-102510-105445>>.

“Punishment and Prejudice: Racial Disparities in the War on Drugs,” Human Rights Watch. 2000 <https://www.hrw.org/legacy/reports/2000/usa/Rcedrg00.htm#P54_1086>.

Rothwell, Jonathan. “How the War on Drugs Damages Black Social Mobility,” Brookings. September 30, 2014 <<https://www.brookings.edu/blog/social-mobility-memos/2014/09/30/how-the-war-on-drugs-damages-black-social-mobility/>>.

Guidance for Equity Provisions

Under St. 2017, c.55, the Cannabis Control Commission is required to ensure that people from communities that have been disproportionately harmed by marijuana law enforcement are included in the new legal marijuana industry. This handout summarizes the Economic Empowerment Priority Review and Social Equity Program.

Areas of Disproportionate Impact

Based primarily on arrest rates, the Commission has designated 29 cities as *areas of disproportionate impact*. Cities with a population of more than 100,000 people (Boston, Lowell, Springfield, and Worcester) will be subdivided to reflect that only certain neighborhoods qualify as *areas of disproportionate impact*. Please visit [MassCannabisControl.com](https://masscannabiscontrol.com) for the full list of *areas of disproportionate impact*.

Economic Empowerment Priority Review for Applicants

Priority Review will be granted to Economic Empowerment Applicants who demonstrate three of the following criteria:

- Majority of ownership belongs to people who have lived in *areas of disproportionate impact* for 5 of the last 10 years;
- Majority of ownership has held one or more previous positions where the primary population served were disproportionately impacted, or where primary responsibilities included economic education, resource provision or empowerment to disproportionately impacted individuals or communities;
- At least 51% of current employees/sub-contractors reside in *areas of disproportionate impact* and will increase to 75% by first day of business;
- At least 51% of employees or sub-contractors have drug-related CORI, but are otherwise legally employable in a cannabis-related enterprise;
- A majority of the ownership is made up of individuals from Black, African American, Hispanic, or Latino descent;
- Owners can demonstrate significant past experience in or business practices that promote economic empowerment in *areas of disproportionate impact*.

Social Equity Program for Applicants

The Social Equity Program goals are to decrease the disparities in life outcomes for these individuals and improve the quality of life in *areas of disproportionate impact*: reduce barriers to entry in the commercial marijuana industry; provide professional and technical services and mentoring for businesses facing systemic barriers; and promote sustainable, socially and economically reparative practices in the commercial marijuana industry in Massachusetts.

Eligibility:

Applicants or licensees are eligible for the social equity program if they demonstrate at least one of the following criteria:

- They have resided in an *area of disproportionate impact* for at least 5 of the past 10 years;
- They have a past drug conviction and they have been residents of Mass. for at least the preceding 12 months; or
- They have been married to or are the child of a person with a drug conviction and they have been residents of Massachusetts for at least the preceding 12 months.

Benefits:

Qualifying applicants and licensees can receive training and technical assistance in the following areas:

- Mgmt., recruitment, and employee trainings;
- Accounting and sales forecasting;
- Tax prediction and legal compliance;
- Business plan creation and operational devel.;
- Marijuana industry best practices; and
- Asst. identifying/raising funds or capital.

State Medical Marijuana Social Equity Plan Comparison

Florida State Equity Provisions

The Governor of Florida signed an update to the state's medical marijuana laws on June 23, 2017 in the form of S.8-A, *Medical Use of Marijuana*, engrossed as [Chapter 2017-232](#). There are four equity related provisions in this law. The first allocates ten dollars from the fee for each medical marijuana patient identification card for the express purpose of educating minorities about medical marijuana use and the impacts of unlawful use.¹ The second sets aside one of the ten* new medical marijuana treatment center licenses made available by the law for a recognized class member of *Pigford v. Glickman* 185 F.R.D 82 (D.D.C 1999) who is a member of the Black Farmers and Agriculturists Association-Florida Chapter.² This provision is currently being challenged by a Black farmer who is not a member of the Association. A third provision requires the Department of Health to identify applicants with strong diversity plans (accounting for minority and veteran access to the industry) to compete for medical marijuana treatment center licensure.³ And the forth provision requires all applicants for medical marijuana treatment center licensure to demonstrate involvement of minority persons and business enterprises or veteran business enterprises in ownership, management, and employment of the proposed medical marijuana treatment center.⁴ Renewal applications must demonstrate the effectiveness of such plans.⁵

Ohio State Equity Provisions

On September 8, 2016 the state of Ohio enacted [H.B. 523](#), now chapter 3796 of the Ohio Revised Code, authorizing the use of marijuana for medical purposes. The law requires the Department of Commerce and the Board of Pharmacy to, among other things, issue not less than 15 percent of medical marijuana cultivator, processor, laboratory, and retail licenses to members of the following economically disadvantaged groups: Blacks or African Americans; American Indians; Hispanics or Latinos; and Asians.^{6,7} If an insufficient number of eligible applicants meeting these requirements apply for licensure, the department and board may issues licenses to general applicants according to usual procedures. The law's distinct race benchmark raises constitutional questions, but so far has not been challenged in court.

Pennsylvania State Equity Provisions

Pennsylvania's [Act 16](#), establishing a medical marijuana program, became effective on April 17, 2016. As part of the state's intent to promote diversity and the participation of diverse groups in the marijuana industry the law contains a number of equity provisions related to diversity goals. For example, the Department of Health is required to adopt policies that ensure equal opportunity for diverse groups in permitting, and that promote equitable access to the workforce for diverse individuals.⁸ Accordingly, the Department of Health must conduct outreach to diverse groups,⁹ provide notice of participation opportunities on its website,¹⁰ include language in applications that encourages applicants to contract with diverse groups,¹¹

*An additional four licenses will become available for every 100,000 registered marijuana patients in the state.

and submit annual reports detailing the participation level by percentage of diverse groups and a summary of ways diverse groups are utilized by permittees.¹² These ends are primarily achieved through the Department's application scoring system which allocates a possible 100 points for each applicant's diversity plan out of a possible 1000 total application points.¹³ Applicant Diversity Plans must include goals and summaries for achieving diversity in ownership, management, employment, and contracting with diverse groups, defined as disadvantaged businesses, minority-owned businesses, women-owned businesses, and service disabled veteran-owned or veteran-owned small business.¹⁴ In addition, plans must describe internal diversity goals, outreach events, mentoring, training, or professional development provided to diverse groups, workforce percentages, and contract utilization with diverse groups.¹⁵

STATUTORY/REGULATORY REFERENCES

¹ Florida: Section 7(d) of Chapter 2017-232: *Applications for identification cards must be submitted on a form prescribed by the department. The department may charge a reasonable fee associated with the issuance, replacement, and renewal of identification cards. The department shall allocate \$10 of the identification card fee to the Division of Research at Florida Agricultural and Mechanical University for the purpose of educating minorities about marijuana for medical use and the impact of the unlawful use of marijuana on minority communities. The department shall contract with a third-party vendor to issue identification cards. The vendor selected by the department must have experience performing similar functions for other state agencies.*

² Florida: Section 8(a)(2b) of Chapter 2017-232: *The department shall license as medical marijuana treatment centers 10 applicants that meet the requirements of this section, under the following parameters: b. As soon as practicable, but no later than October 3, 2017, the department shall license one applicant that is a recognized class member of Pigford v. Glickman, 185 F.R.D. 82 (D.D.C. 1999), or In Re Black Farmers Litig., 856 F.Supp.2d 1 (D.D.C.2011) and is a member of the Black Farmers and Agriculturalists Association-Florida Chapter. An applicant licensed under this sub-subparagraph is exempt from the requirements of subparagraphs (b)1. and (b)2.*

³ Florida: Section 8(b) of Chapter 2017-232: *The department shall identify applicants with strong diversity plans reflecting this state's commitment to diversity and implement training programs and other educational programs to enable minority persons and minority business enterprises, as defined in s. 288.703, and veteran business enterprises, as defined in s.295.187, to compete for medical marijuana treatment center licensure and contracts. Subject to the requirements in subparagraphs (a)2.-4., the department shall issue a license to an applicant if the applicant meets the requirements of this section and pays the initial application fee.*

⁴ Florida: Section 8(b)(10) of Chapter 2017-232: *An applicant for licensure as a medical marijuana treatment must demonstrate: 10. involvement of minority persons and minority business enterprises, as defined in s. 288.703, or veteran business enterprises, as defined in s. 295.187, in ownership, management, and employment.*

⁵ Florida: Section 8(b)(10) of Chapter 2017-232: *An applicant for licensure renewal must show the effectiveness of the diversity plan by including the following with his or her application for renewal: a. Representation of minority persons and veterans in the medical marijuana treatment center's workforce; b. Efforts to recruit minority persons and veterans for employment; and c. A record of contracts for services with minority business enterprises and veteran business enterprises.*

⁶ Ohio: Section 9(C) of chapter 3796: *The department shall issue not less than fifteen per cent of cultivator, processor, or laboratory licenses to entities that are owned and controlled by United States citizens who are residents of this state and are members of one of the following economically disadvantaged groups: Blacks or African Americans, American Indians, Hispanics or Latinos, and Asians. If no applications or an insufficient number of applications are submitted by such entities that meet the conditions set forth in division (B) of this section, the licenses shall be issued according to usual procedures.*

⁷ Ohio: Section 10(C) of chapter 3796: *The board shall issue not less than fifteen per cent of retail dispensary licenses to entities that are owned and controlled by United States citizens who are residents of this state and are members of one of the following economically disadvantaged groups: Blacks or African Americans, American Indians, Hispanics or Latinos, and Asians. If no applications or an insufficient number of applications are submitted by such entities that meet the conditions set forth in division (B) of this section, the licenses shall be issued according to usual procedures.*

⁸ Pennsylvania: Section 615(a)(1-2): *615 Diversity goals. (a) Goals. It is the intent and goal of the General Assembly that the department promote diversity and the participation by diverse groups in the activities authorized under this act. In order to further this goal, the department shall adopt and implement policies ensuring the following:*

(1) That diverse groups are accorded equal opportunity in the permitting process. (2) That permittees promote the participation of diverse groups in their operations by affording equal access to employment opportunities.

⁹ Pennsylvania: Section 615(b)(1): *Duties of department. To facilitate participation by diverse groups in the activities authorized under this act, the department shall: (1) Conduct necessary and appropriate outreach including, if necessary, consulting with other Commonwealth agencies to identify diverse groups who may qualify for participation in activities under this act.*

¹⁰ Pennsylvania: Section 615(b)(2): *Duties of department. To facilitate participation by diverse groups in the activities authorized under this act, the department shall: (2) Provide sufficient and continuous notice of the participation opportunities afforded under this act by publishing notice on the department's publicly accessible Internet website.*

¹¹ Pennsylvania: Section 615(b)(3): *Duties of department. To facilitate participation by diverse groups in the activities authorized under this act, the department shall: (3) Include in the applications for permit under this act language to encourage applicants to utilize and give consideration to diverse groups for contracting or professional services opportunities.*

¹² Pennsylvania: Section 615(c)(1-3): *Reports. No later than March 1, 2018, and each March 1 thereafter, the department shall submit a report to the chairperson and minority chairperson of the Public Health and Welfare Committee of the Senate and the chairperson and minority chairperson of the Health Committee of the House of Representatives summarizing the participation and utilization of diverse groups in the activities authorized under this act. The report shall include: (1) The participation level, by percentage, of diverse groups in the activities authorized under this act. (2) A summary of how diverse groups are utilized by permittees, including in the provision of goods or services. (3) Any other information the department deems appropriate.*

¹³ Pennsylvania: Pennsylvania Department of Health, Office of Medical Marijuana. Phase 1 Permit Application Debriefing. Available at <http://www.health.pa.gov/My%20Health/Diseases%20and%20Conditions/M-P/MedicalMarijuana/Documents/DOH%20Phase%201%20MMO%20Permit%20Application%20Debriefing%20Script.pdf>.

¹⁴ Pennsylvania. See above.

¹⁵ Pennsylvania: See above.

Social Equity Program Comparison Chart

	OAKLAND	SACRAMENTO	LOS ANGELES	SAN FRANCISCO
CRITERIA FOR EQUITY APPLICANTS	<p>City Residency</p> <p>Annual income at or less than 80% AMI</p> <p>Lives or lived in ungentrified police beats with high rates of arrests/convictions OR arrested after November 5, 1996 and convicted of a cannabis offense committed in city</p>	<p>Resides in a zip code of a priority neighborhood for at least 7 years, between 1994 and the date of application OR from the most negatively impacted zip code subject to disproportionate marijuana arrest rates (use or sales)</p> <p>Annual income below 200% Federal Poverty Level and net worth below \$250,000</p> <p>A women or veteran-owned business</p> <p>*Each criteria qualifies the applicant for a different set of benefits</p>	<p>Low income residents of LA, with a prior cannabis conviction in the State of California; OR</p> <p>Low income residents of LA who live in disproportionate impact areas for 5 years; OR</p> <p>Residents of LA who live in disproportionate impact areas for 10 years; OR</p> <p>Cannabis Social Equity Supporting Applicant, providing qualifying support to the Social Equity Program</p> <p>*Each criteria qualifies the applicant for a different set of benefits</p>	<p>Natural person;</p> <p>Asset total that does not exceed asset limits established by the Director;</p> <p>Applies as a sole owner/operator, CEO and shareholder with at least 40% interest, shareholder with at least 51% interest, Executive Director at non-profit establishment with majority of board made up of members who meet equity criteria, OR a member of a cooperative made of members who meet equity criteria; AND</p> <p>Meets 3 or more of the following criteria:</p> <p>Is a member of a household with annual income at or less than 80% San Francisco Median Income;</p> <p>Was arrested for, convicted of, or adjudged to be a ward of the juvenile court between 1971-2016 for a cannabis-related offense;</p> <p>Since 1995 has experienced eviction, foreclosure, or revocation of housing subsidy in San Francisco;</p> <p>Has a parent, sibling or child who was arrested for, convicted of, or adjudged to be a ward of the juvenile court between 1971-2016 for a cannabis related-offense;</p> <p>Attended school under the jurisdiction of the San Francisco Unified School District for 5 years either consecutively or in total between 1971-2016;</p> <p>Between 1971-2016 lived for at least 5 years, either consecutively or in total, in San Francisco census tracts where at least 17% of households had incomes at or below the federal poverty level</p>

DRAFT - FOR DISCUSSION PURPOSES ONLY - NOT A FINAL DRAFT - HAS NOT BEEN APPROVED BY THE CNB				
	OAKLAND	SACRAMENTO	LOS ANGELES	SAN FRANCISCO
BENEFITS FOR EQUITY APPLICANTS	<p>Industry specific technical assistance</p> <p>Business ownership technical assistance</p> <p>No interest business start-up loans</p> <p>Waivers from City permitting fees.</p>	<p>Expungement of criminal records</p> <p>Priority conditional use and business operations permits</p> <p>Processing and fee waiver/deferral</p> <p>Other benefits TBD (community organizations working with city to make recommendations)</p>	<p>Waived fees</p> <p>Technical assistance</p> <p>Expungement assistance</p> <p>Business and compliance training</p> <p>Access to the Industry Investment Fund, if established</p>	<p>Priority permit processing</p>
REQUIREMENTS FOR NON-EQUITY APPLICANTS RECEIVING SOCIAL EQUITY BENEFITS		<p>Commitment to employ 51% transitional workers (having a prior arrest and conviction for a misdemeanor or felony, homeless, a custodial single parent, receiving public assistance, lacking a GED or high school diploma, suffering from chronic unemployment, having been emancipated from the foster care system, or a veteran of the U.S. Military)</p> <p>Cannabis social enterprise</p> <p>A business that hosts/incubates an equity business with prescribed goal of successfully transitioning equity business out of the incubator</p>	<p>Existing dispensaries (priority review)</p> <p>Social equity program partners who provide business incubation for Social Equity applicants (priority review)</p> <p>Both Social equity applicants and Social Equity partners receiving benefits from the Social Equity Program may only transfer control or ownership of their license to persons who meet the same Social Equity ownership and local requirements.</p>	<p>During its first three years in operation as a Cannabis Business:</p> <p>Ensure that at least 30% of all Business Work Hours are performed by local residents;</p> <p>Ensure that at least 50% of the Equity Incubator's employees meet the equity applicant criteria;</p> <p>Provide a community investment plan demonstrating engagement with businesses and residents located within 500 feet of the site of the proposed Cannabis Business; AND</p> <p>Either submit an "Equity Incubator Plan" detailing future incubation capacity; OR</p> <p>Be an Equity Incubator</p>
EQUITY REQUIREMENTS FOR ALL APPLICANTS				<p>Describe how the applicant will:</p> <p>support the establishment and growth of Equity Applicants;</p> <p>provide employment opportunities to persons that have been disproportionately impacted by the criminalization of cannabis; AND</p> <p>otherwise further the City's equity goals</p>

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	OAKLAND	SACRAMENTO	LOS ANGELES	SAN FRANCISCO
COMMUNITY REINVESTMENT				<p>Establishment of a Community Reinvestment Fund to support:</p> <p>Workforce development;</p> <p>Access to affordable commercial real estate;</p> <p>Access to investment financing;</p> <p>Access to legal services and business administration</p>
REQUIREMENTS FOR MEDICAL DISPENSARIES TRANSITIONING TO COMMERCIAL ESTABLISHMENTS WITH SOCIAL EQUITY STATUS		Majority of the board of directors, cooperative leadership structure or executive leadership meet criteria for Social Equity Program.		<p>At least 30% of all Business Work Hours are performed by workers who meet at least three equity applicant criteria; AND</p> <p>Submits an “Equity Plan” describing the concrete steps dispensary will take to encourage and support the establishment and growth of Equity Applicants and otherwise further the city’s equity goals</p>
1:1 DETERMINATION RATIO	<p>Of the 8 new dispensary permits issued per year, 50% shall be to equity applicants.</p> <p>During initial permitting phase, 50% of permits shall go to equity applicants.</p>		<p>2:1 ratio with non-equity applicants for retail and micro-businesses licenses</p> <p>1:1 ratio for all other licenses</p>	
OUTREACH		Engage community-based business organizations in diverse neighborhoods to host free informational workshops to share information on licensing and assist with cannabis license application completion and compliance requirements	The Department of Cannabis Regulation shall provide recruitment and outreach services to support the Social Equity Program	

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	OAKLAND	SACRAMENTO	LOS ANGELES	SAN FRANCISCO
TECHNICAL ASSISTANCE	<p>Industry specific technical assistance</p> <p>Business ownership technical assistance</p> <p>No interest start-up loans</p>	<p>Two-year pilot small business support center and mentoring program to facilitate the development of cannabis businesses owned by minorities, women, and veterans through:</p> <p>Industry specific training, coaching and mentorship;</p> <p>Supplier diversity matchmaking events;</p> <p>Business plan development;</p> <p>Assistance establishing a legal entity and other legal assistance</p> <p>Regulatory compliance</p> <p>Criminal record expungement</p> <p>Training on managing back-end business operations</p> <p>Development of cannabis social enterprise (CSE) collaboratives</p>	<p>Social Equity Program licensees may be eligible for:</p> <p>technical assistance;</p> <p>expungement assistance;</p> <p>business, licensing and compliance training;</p> <p>general business assistance; and</p> <p>access to the Industry Investment Fund if established.</p> <p>The Department of Cannabis Regulation shall also establish an approved list of private investors to fund start-up costs for approved Social Equity applicant</p>	
DEDICATED FUNDING FOR EQUITY PROGRAM	<p>\$3,400,00 annually (subject to tax revenue availability)</p> <p>+ \$200,000 for a consultant</p>	\$1,000,000 over two years		

Social Equity Program Comparison Report

A review of cannabis industry equity programs throughout the country illustrates a broad range of equity provisions and rationales that can be used to create a model equity program in Massachusetts. This report compares the equity programs in four California cities—Oakland, Sacramento, Los Angeles, and San Francisco—that have completed in depth equity research projects and based their regulations on the disparities and obstacles found in their analysis. Ten criteria were selected for comparison based on the kinds of equity provisions each city has adopted, including: criteria for equity applicants; benefits for equity applicants; requirements for non-equity applicants receiving social equity benefits; equity requirements for all applicants; community reinvestment; requirements for medical dispensaries transitioning to commercial establishments with equity status; 1:1 determination ratio; outreach; technical assistance; and dedicated funding for equity programs.

Criteria for Equity Applicants

Oakland

1. Be an Oakland resident, demonstrated by a minimum of two of the documents listed below, evidencing 10 years of residency. All residency documents must list the applicant's first and last name, and the Oakland residence address in the police beats set forth:
 - a. California driver's record; or
 - b. California identification card record; or
 - c. Property tax billing and payments; or
 - d. Verified copies of state or federal income tax returns where an Oakland address within the police beats is listed as a primary address; or
 - e. Utility company billing and payment covering any month in each of the ten years; and
2. Have an annual income at or less than 80% Oakland average median income (AMI), adjusted for household size, demonstrated by federal tax returns and at least one of the following:
 - a. two months of pay stubs; or
 - b. current profit and loss statement; or
 - c. balance sheet; and
3. Either (i) has lived in any combination of Oakland Police Department Beats 2X, 2Y, 6X, 7X, 19X, 21X, 21Y, 23X, 26Y, 27X, 27Y, 29X, 30X, 30Y, 31Y, 32X, 33X, 34X, 5X, 8X and 35X for at least ten of the last twenty years, demonstrated through residency documents listed above; or (ii) was arrested after November 5, 1996 and convicted of a cannabis crime committed in Oakland, California, demonstrated through Department of Corrections or Federal Bureau of Prisons documentation.

Sacramento

1. Reside in a zip code of a priority neighborhood for at least 7 years, between 1994 and the date of application, or from the most negatively impacted zip code subject to disproportionate marijuana arrest rates (use or sales); or
2. Have economically disadvantaged status, as marked by income below 200% Federal Poverty Level and net worth below \$250,000; or
3. Be a women or veteran-owned business.

Los Angeles

1. Be low income residents of LA, with a prior cannabis conviction in the State of California or who live in eligible disproportionate impact areas for a cumulative total of 5 years; or
2. Be low income residents of LA who live in eligible disproportionate impact areas for cumulative total of 5 years or who have lived in eligible disproportionate impact areas for a cumulative total of 10 years; and
3. Applicants under both tiers 1 and 2 shall make a good faith effort to have no less than 50% of weekly hours of licensee workforce performed by local employees; of those employees 20% of employees must meet equity criteria and 10% must be transitional workers; or
4. Be a Cannabis Social Equity Supporting Applicant, providing qualifying support to the Social Equity Program.

San Francisco

1. Be a natural person;
2. At the time of application, have assets, excluding non-liquid assets and retirement accounts, that do not exceed asset limits established by the Director;
3. Submit an application for a Cannabis Business Permit in any of the following capacities:
 - a. As the sole owner/operator of the Applicant; or
 - b. As an individual with an ownership interest of at least 40% in the corporate Applicant, and who is also the Chief Executive Officer of the corporate Applicant; or
 - c. As an individual with an ownership interest of at least 51% in the corporate Applicant; or
 - d. As the Executive Director or member of the board of directors of a not-for-profit Applicant where a majority of the members of the board of directors satisfy the equity requirements; or
 - e. As an individual with a membership interest in an Applicant formed as a cooperative; and
 - f. Meets three or more of the following additional criteria:
 - i. At the time of application, be a member of a household that earns no more than 80% of the San Francisco Area Median Income, adjusted for household size; and/or
 - ii. During the period 1971-2016, was arrested for, convicted of, or adjudged to be a ward of the juvenile court for any crime under the laws of

- California or any other jurisdiction relating to the sale, possession, use, manufacture, or cultivation of Cannabis; and/or
- iii. Since 1995, have experienced housing insecurity in San Francisco, as evidenced by eviction, foreclosure, or revocation of housing subsidy; and/or
 - iv. Has a parent, sibling, or child who, during the period 1971-2016, was arrested for, convicted of, or adjudged to be a ward of the juvenile court for any crime under the laws of California or any other jurisdiction relating to the sale, possession, use, manufacture, or cultivation of Cannabis; and or
 - v. Attended a school under the jurisdiction of the San Francisco Unified School District for five years, either consecutively or in total, during the period 1971-2016.; and/or
 - vi. During the period 1971-2016, lived for at least five years, either consecutively or in total, in San Francisco census tracts where at least 17% of the households had incomes at or below the federal poverty level, as determined by the Director.

Benefits for Equity Applicants

Oakland

Equity Applicants shall be eligible for participation in the Equity Assistance program, which will include industry specific technical assistance, business ownership technical assistance, no interest business start-up loans, and waivers from city permitting fees.

Sacramento

Depending on the type/tier, equity applicants shall be eligible for services offered by the business support center including the expungement of criminal records, priority conditional use permit and business operations permit processing, and fee waiver or deferral. Other components of the program, such as criteria to qualify for any of the services offered as well as the various levels of support available to participants, are still being developed through a collaborative effort with local community organizations.

Los Angeles

Depending on the type/tier, equity applicants shall be eligible for waived fees, technical assistance, expungement assistance, business and compliance training, and access to the Industry Investment Fund (if established).

San Francisco

Equity applicants are entitled to priority permit processing.

Requirements for Non-Equity Applicants Receiving Social Equity Benefits

Oakland

This is not an element of the Oakland Social Equity Program.

Sacramento

Social Equity Program partners receiving benefits from the Social Equity Program, including priority review, shall commit to employing 51% transitional workers (having a prior arrest and conviction for a misdemeanor or felony; homeless; a custodial single parent; receiving public assistance; lacking a GED or high school diploma; suffering from chronic unemployment; having been emancipated from the foster care system; or a veteran of the U.S. Military.). Businesses with equity incubators shall offer a Social Equity business free or greatly reduced rent, technical assistance, and general business guidance with prescribed goal of successfully transitioning the Social Equity business out of the incubator, in exchange for fee waivers or deferrals.

Los Angeles

Existing dispensaries qualify for priority review, as do social equity program partners who provide business incubation for Social Equity applicants. Both Social Equity applicants and Social Equity partners receiving benefits from the Social Equity Program may only transfer control or ownership of their license to persons who meet the same Social Equity ownership and local requirements.

San Francisco

Social Equity Program partners are eligible to receive priority review if they commit to compliance with the following operating criteria:

1. Ensure that at least 30% of all business work hours are performed by local residents; and
2. Ensure that at least 50% of the Equity Incubator's employees meet the equity applicant criteria; and
3. Provide a community investment plan demonstrating engagement with businesses and residents located within 500 feet of the site of the proposed cannabis business; and
4. Comply with one of the following additional operating requirements:
 - a. Submit to the Director a written, actionable "Equity Incubator Plan" describing how the Equity Incubator will encourage and support the establishment and growth of Equity applicants who have been awarded cannabis business permits by, among other things, providing business plan guidance, operations consulting, and technical assistance; or
 - b. Provide an Equity Operator with rent-free commercial space owned or leased by the Equity Incubator in which the Equity Operator conducts its cannabis business. The rent-free commercial space must equal or exceed 800 square feet or the equivalent of at least 10% of the square footage of the Equity Incubator's premises, and must include the Equity Incubator's provision of security services for the space.

Equity-Related Requirements for All Applicants

Oakland

This is not an element of the Oakland Social Equity Program.

Sacramento

This is not element of the Sacramento Social Equity Program.

Los Angeles

This is not an element of the Los Angeles Social Equity Program.

San Francisco

All applicants shall describe how they will work to encourage and support the establishment and growth of Equity Applicants who have been awarded cannabis business permits, provide employment opportunities to persons that have been disproportionately impacted by the criminalization of cannabis, and otherwise further the city's equity goals.

Community Reinvestment

Oakland

This is not an element of the Oakland Social Equity Program.

Sacramento

This is not an element of the Sacramento Social Equity Program.

Los Angeles

This is not an element of the Los Angeles Social Equity Program.

San Francisco

The Community Reinvestment Fund is established to receive any monies appropriated or donated for the purpose of providing assistance to entities and organizations working to address the impact of racially disproportionate arrests and incarceration, generational poverty, community degradation, housing insecurity, loss of educational and employment opportunities, disruption of family structures, and other burdens of the failed War on Drugs. The Fund shall be used exclusively by the Director of the Office of Cannabis or his or her designee to support:

1. Workforce development; and
2. Access to affordable commercial real estate; and
3. Access to investment financing; and
4. Access to legal services and business administration.

Requirements for Dispensaries Transitioning to Commercial Establishments with Social Equity

Status

Oakland

This is not an element of the Oakland Social Equity Program.

Sacramento

For medical marijuana non-profits, the majority of the board of directors, cooperative leadership structure or executive leadership shall be composed of those who meet the requirements for Social Equity Applicants.

Los Angeles

This is not an element of the Los Angeles Social Equity Program.

San Francisco

A medical marijuana dispensary may apply for transitional approval for commercial operation of a Social Equity Program business by meeting the following criteria:

1. Medical cannabis dispensaries that have more than 10 employees must demonstrate to the satisfaction of the Director that at least 30% of all business work hours are performed by workers who meet at least three of the equity applicant criteria; and
2. Must submit to the Director of the Office of Cannabis a written, actionable "Equity Plan" describing the concrete steps the medical cannabis dispensary will take to encourage and support the establishment and growth of Equity Operators; provide employment opportunities to persons that have been disproportionately impacted by the criminalization of cannabis; and otherwise further the city's equity goals.

An extension of operating approval for such businesses may take place upon a finding that the medical cannabis dispensary has demonstrated good faith compliance with its Equity Plan to the satisfaction of the Director of the Office of Cannabis. An applicant who has not made a good faith effort to comply with its Equity Plan will not be granted an extension of approval for operation under the Social Equity Program.

1:1 Determination Ratio

Oakland

Eight dispensary licenses shall be issued each year, 50% of which shall go to Social Equity applicants. Additionally, the city has instituted a two-phase permitting system for all other licenses. During Phase I, which lasts until the \$3.4 million allocated for the Social Equity Program has been raised through tax revenue, the city shall issue 50% of all licenses to Social Equity applicants. During Phase II, after the Social Equity Program has been fully implemented, the requirement that the city issue half of all permits to Social Equity applicants ends.

Sacramento

This is not an element of the Sacramento Social Equity Program.

Los Angeles

After the processing of eligible dispensaries, Social Equity Program applicants shall be eligible for priority processing at a 2:1 ratio with non-equity applicants for retail and micro-business licenses, and a 1:1 ratio for all other licenses.

San Francisco

This is not an element of the San Francisco Social Equity Program.

Outreach

Oakland

This is not an element of the Oakland Social Equity Program.

Sacramento

The city shall engage local community-based business organizations in diverse neighborhoods (based on qualifying zip codes) to host free informational workshops or seminars to share information on licensing opportunities and assist with cannabis license application completion and compliance requirements.

Los Angeles

The Department of Cannabis Regulation shall provide recruitment and outreach services to support the Social Equity Program.

San Francisco

This is not an element of the San Francisco Social Equity Program.

Technical Assistance

Oakland

Social Equity applicants shall be eligible for participation in the Equity Assistance program, which will include industry specific technical assistance, business ownership technical assistance, and no interest business start-up loans.

Sacramento

The city shall establish a small business support center and mentoring program (CORE) to facilitate the development of cannabis businesses owned by minorities, women, and veterans. The program, which will be administered by a consultant selected through a request for proposals process, would provide technical assistance and access to other essential business services to new and growing business, in addition to facilitating an industry mentoring program. The two-year pilot program will be administered by a third-party business and technical support organization, with culturally competent staff with a history of successfully operating business development programs. CORE will serve as an incubator program, a small business support center, and a hub that will link program participants and cannabis businesses, that could include, but are not limited to:

1. Intensive cannabis specific business education and technical assistance;
2. Training that includes individualized coaching, mentorship and apprenticeships;
3. Host supplier diversity and matchmaking events with broader industry, creating stronger ties among social equity applicants and those outside the incubator program;
4. Business plan development;
5. Assistance establishing a legal entity;
6. City and state application completion support;
7. Regulatory compliance training;
8. Legal counsel;
9. Criminal record expungement assistance;
10. Training on managing back-end business operations; and
11. Development of cannabis social enterprise collaboratives.

Los Angeles

Depending on the type/tier Social Equity Program licensees may be eligible for technical assistance, expungement assistance, business, licensing, and compliance training, general business assistance, and access to the Industry Investment Fund, if established. The Department of Cannabis Regulation shall also establish an approved list of private investors to fund start-up costs for approved Social Equity applicants.

San Francisco

This is not an element of the San Francisco Social Equity Program.

Dedicated Funding for Equity Program

Oakland

The city budget provides for the use of up to \$3.4 million for technical assistance and a loan program for Social Equity applicants, as tax revenues become available, with an additional \$200,000 for a program consultant.

Sacramento

The CORE program, established to provide small business and technical support has been allocated \$1 million over two years.

Los Angeles

This is not an element of the Los Angeles Social Equity Program.

San Francisco

This is not an element of the San Francisco Social Equity Program.