

# United States Cannabis Social Equity Profile

# Snapshot of the United States: Cannabis Social Equity Programs

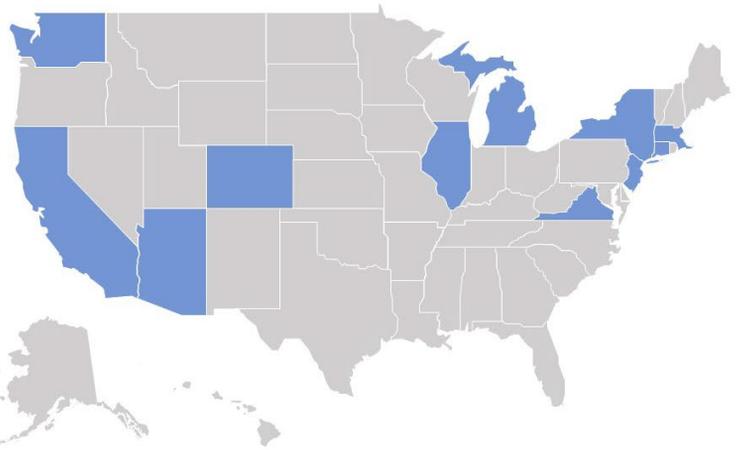
## State-wide Cannabis Social Equity Programs in the United States

(December 2021)



States that have state-wide  
cannabis related social equity  
programs

Please note: CA has broken down their equity program to  
a county level, but offer grants to counties and cities for  
individual programs.



### What is Social Equity related to Cannabis?

The War on Drugs unjustly targets low-income and marginalized communities through excessive law enforcement, unwarranted levels of imprisonment, and punitive sentencing practices.

People of color were and still are subjected to drug related arrests and convictions resulting in generational trauma and continued cycles of poverty. Legalizing cannabis alone does not address these harms nor prevent new inequities created from this expensive and highly regulated industry. Many states are now implementing Social Equity programs to allow those who have been impacted to more easily participate in the industry.

### What are Disproportionately Impacted Areas?

Disproportionately Impacted Areas are communities that have been deemed significantly impacted by the War on Drugs. Each state determines these areas uniquely through an assessment individualized to each state.

### Key Takeaways of Current Cannabis Social Equity Efforts

- > There are three ways of which typical social equity programs are designed: restorative justice, social equity within the industry, community reinvestment.
- > There has been a recent shift in ideology around the issue of social equity in cannabis from industry specific licensing and technical assistance, to general funds accessible to all in disproportionately impacted areas.

# Cannabis Social Equity Programs: Core Social Equity Components

## Restorative Justice



### Expungement, Sealing, & Pardons

- Automatic expungement of arrest, charge, or conviction
- Automatic sealing of arrest, charge, or conviction
- Petition for sealing
- Petition for expungement
- Application or petition for pardon
- Set aside or vacate conviction
- Conviction reduction

## Industry Equity



### Priority, Grants, Loans & TA

- Prioritizing SE applications
- Minimum number of SE licenses set aside
- Low interest loans for SE applicants
- Grants for SE applicants
- Technical Assistance for SE applicants
- Reduced license fees
- Accelerator and endorser programs
- Incubator programs

## Community Reinvestment



### Tax Revenue Allocation

- Reentry programs
- CJ housing and employment programs
- Civil aid
- Economic development for DIC

# Cannabis Social Equity Programs: State Comparison

- ✓ - Required in cannabis legalization statute
- X - Not addressed in act
- 0 - Mentioned but not required
- † - Addressed in separate statute

	EQUITY PROGRAM	EXPUNGEMENT PROVISIONS	COMMUNITY REPAIR
Massachusetts	✓		
California	✓	†	
Michigan	0	†	X
Illinois	✓	✓	✓
Washington	†	†	X
Colorado	†	X	†
New York	✓	✓	✓
New Jersey	✓	✓	X
Virginia	✓		
Arizona	†		✓
New Mexico	0	†	X
Nevada	†	✓	
Connecticut	✓	✓	

# Social Equity Profile

## California

Core Social Equity Components  Restorative Justice   Industry Equity   Community Reinvestment 

### Social Equity Applicant Definition

- › California allows localities to create their own programs, which provides freedom and flexibility in the determination of qualifications.
- › Each municipality has very different standards in social equity programs.
- › Differences between programs are mostly seen in the process of applications and licensing.

### State Program Overview

- › State provides funding to local jurisdictions to develop and operate local programs, most of which funds technical assistance.
- › All qualifying local jurisdiction applicants receive a minimum grant of \$100,000.
- › Fund awards are determined based on the program guidelines.
- › Local programs must collect and report program data to California Bureau of Cannabis Control.

### How Is This Program Unique?

- › Localities are able to set standards of what license types are associated with social equity.
- › Having no license caps at the state level has aided in providing more social equity applications than other states, although, only by a modest amount.
- › Providing funding to local governments has incentivized the establishment of local programs, however, in many cases funding has been absorbed by managing these programs, as opposed to going to equity applicants directly.

### Key Takeaways from California

- › Majority of local level programs have experienced legal hurdles.
- › Despite having more opportunities for social equity applicants, California has experienced cases of local officials using political influence to inappropriately favor certain applicants.

# Social Equity Profile

## Illinois

Core Social Equity Components  Restorative Justice   Industry Equity   Community Reinvestment 

### Social Equity Applicant Definition

- › Requires at least 51% ownership and control for those who have:
  - › Lived in designated impact area for 5 of the past 10 years
  - › Themselves or have a parent or child who have been arrested, convicted or adjudicated delinquent for cannabis related offenses
- › Have at least 10 full time employees with at least 50% of employees:
  - › Currently reside in a designated impact area
  - › Have themselves or a parent or child been arrested, convicted or adjudicated delinquent for cannabis related offenses

### State Program Overview

- › Qualifying applicants receive technical assistance.
- › Qualifying applicants receive 50 points (out of a possible total of 250) on dispensary license application or receive 200 points (out of possible total 1000) on craft grower, infuser, or transporter license application score.
- › Qualifying applicants pay reduced fees.
- › Qualifying applicants have access to low-interest loans provided through the Illinois Department of Commerce and Economic Opportunity.

### Disproportionately Impacted Area Determination

- › Uses Geographic Information System Mapping (GIS) for determination.

### How Is This Program Unique?

- › Program applicable to dispensary, craft grower, infuser and transporter license types.
- › 25% of tax revenue dedicated to community reinvestment through the R3 program.
- › State set aside only 75 licenses for social equity applicants, making the process highly competitive.

### Key Takeaways from Illinois

- › Injunctions resulting from litigations have prevented ability to effectively launch the program, hurting social equity applicants
- › Tax revenue dedicated to community reinvestment is a hopeful way to promote equity outside of the industry.

# Social Equity Profile

## Michigan

### Core Social Equity Components

Restorative Justice 

Industry Equity 

Community Reinvestment 

### Social Equity Applicant Definition

- › At least 51% ownership, who have resided at least 5 years of the preceding 10 years in a disproportionately impacted community
  - › These applicants qualify for a 25% fee reduction
- › At least 51% ownership, who has been convicted of a cannabis misdemeanor
  - › These applicants qualify for a 25% fee reduction
- › At least 51% ownership, who has been convicted of a cannabis related felony
  - › These applicants qualify for a 40% fee reduction
- › Has been a registered Caregiver for at least 2 years
  - › These applicants qualify for a 10% fee reduction

### Disproportionately Impacted Area Determination

- › Social equity study resulted in zip code-based determination of disproportionately impacted area definition

### State Program Overview

- › Grants allow for reduced application and licensing fees for qualifying applicants.
- › Fee reductions for qualifying applicants last indefinitely.
- › No license caps at the state level.
- › MI has struggled greatly with social equity due to localities opting out of cannabis establishments.
- › To reinforce equity, MI increased a fee reduction and increased the poverty level for disproportionately impacted area to 20%, expanding from 41 to 181 eligible areas.

### How Is This Program Unique?

- › Applies to all license types
- › Other Qualifying Conditions:
  - › Operating within a disproportionality impacted area - fee reduction for all adult use license fees
  - › Operating outside of a disproportionality impacted area - extended fee reduction for only 2 years following adult use license
- › Statute does not explicitly grant localities authority to establish their own programs, but local programs have not yet been challenged.

### Key Takeaways from Michigan

- › The local opt-out model has been a barrier to capturing equity applicants, reducing areas of where applicants may apply.
- › Encouraging establishments in disproportionately impacted communities is not a best practice from a health equity and stakeholder view.

# Social Equity Profile

## Massachusetts

### Core Social Equity Components

Restorative Justice 

Industry Equity 

Community Reinvestment 

### Social Equity Applicant Definition

- › Income does not exceed 400% of Area Median Income and residency in a disproportionately impacted area for at least five of the preceding 10 years
- › Residency in MA for at least the preceding 12 months and a conviction or continuance without a finding for cannabis offense
- › Residency in MA for at least the preceding 12 months and proof that the individual was either married to or the child of an individual convicted or continuance without a finding for cannabis offense or an equivalent conviction

### Disproportionately Impacted Area Determination

- › Based on state arrest data
- › 29 communities qualify

### State Program Overview

- › Free technical assistance for qualifying applicants.
- › Expedited application review.
- › Waived application fees.
- › Waived METRC monthly fees.
- › Includes a pre-certification application that provides applicants with a preliminary application process for the priority two license types.
- › 50% reduction of the Annual License Fees.

### How Is This Program Unique?

- › New delivery license and social consumption license prioritized to equity applicants for two years.
- › Equity program benefits apply to all license types and applicants.
- › Statute requires a community host agreement between applicants and cities to proceed through the licensing process, which is very costly in locally set fees and has been cited as a primary reason why there is not more diversity in licensing.

### Key Takeaway from Massachusetts

- › Establishing local agreements can be a hold up in licensing.

# Social Equity Profile

## Washington

### Core Social Equity Components



Restorative Justice 



Industry Equity 



Community Reinvestment 

### Social Equity Applicant Definition

- › At least 51% ownership and control, by individual having resided at least 5 years of the preceding 10 years in a disproportionately impacted area.
- › At least 51% ownership and control, by individual who has been convicted of a cannabis offense.
- › At least 51% ownership and control, by an individual who has a family member(s) who has been convicted of a cannabis offense.

### State Program Overview

- › Establishes a legislative task force of equity (set to expire in 2022)
- › Social equity applicants for cannabis businesses can apply exclusively for several forfeited, canceled, revoked, or otherwise unissued cannabis business licenses.
- › Includes a special fund to provide technical assistance to applicants.
- › This grant program is competitive based on scoring of applicant social equity plan.

### Disproportionately Impacted Area Determination

- › High unemployment rate
- › High rate of participation in income-based programs
- › High poverty area
- › High rate of arrest, conviction, or incarceration related to cannabis

### How Is This Program Unique?

- › For retail licenses only.
- › Requires the submission of a Social Equity Plan in application process.
- › Does not appear to include ability for localities to enforce their own social equity programs, or at least none have been established yet.

### Key Takeaway from Washington

- › Backing equity into an existing market is only feasible if making a unique license type available.

# Social Equity Profile

## CO/NY/NJ

### Core Social Equity Components



Restorative Justice 



Industry Equity 



Community Reinvestment 

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# Social Equity Profile

## New Mexico

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Industry Equity



Community Reinvestment



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