

Office of Cannabis (OOC) – Equity Fund Spending Proposal

Senate Bill 1294 authorized the Bureau of Cannabis Control, upon request by a local jurisdiction, to provide technical assistance, as defined, to a local equity program that helps local equity applicants or local equity licensees. The bill authorizes an eligible local jurisdiction to submit an application to the bureau for a grant to assist local equity applicants and local equity licensees through that local jurisdiction’s equity program. The bill requires the bureau to review an application, and to grant funding to an eligible local jurisdiction, based on specified factors. SB 1294 requires an eligible local jurisdiction that receives grant funds pursuant to these provisions to use the grant funds to assist local equity licensees in that local jurisdiction to gain entry to, and to successfully operate in, the state’s regulated cannabis marketplace. The bill also requires an eligible local jurisdiction that receives grant funds pursuant to these provisions to, on or before a specified date, submit an annual report to the bureau that contains specified information on the use of the grant funds and specified demographic data.

On October 9, 2019, the State Bureau of Cannabis Control awarded the City and County of San Francisco \$1,338,683.13 for its local equity program. Allowable expenditures include any expenses included in the appropriation, budget, or items included in the grant application. The following items were listed in the original grant application from the Office of Cannabis.

Expenditure	
1) Administration of Local Equity Program	\$133,868
2) Direct Technical Assistance to Local Equity Applicants and Licensees	\$237,000
3) Assistance in Regulatory Compliance	\$907,632
4) SF Equity Marketing Program	\$60,000
Total:	\$1,338,500

(1) Administration of Local Equity Program - \$133,868

The equity program is designed to lower barriers to the cannabis industry for those hardest hit by the War on Drugs. Additional support would fund staffing resources to help equity applicants by processing permits. There are approximately 200 equity applications in the pipeline, and applications submitted by equity applicants are currently the only applications eligible for processing. There are about 40 equity applications in the queue that are submitted but not yet processing.

No more than 10 percent of the grant funds may be used for administration, including employing staff or hiring consultants to administer grants and the local equity program. All of these applicants will need to navigate a complex and challenging bureaucratic process. This support will accelerate the pace by which equity applicants’ move through the permitting process.

(2) Direct Technical Assistance to Local Equity Applicants and Licensees – \$237,000

Access to legal services, technical assistance, account management, and education. Will supplement funding provided by the Office of Economic and Workforce Development and pro-bono assistance provided by the SF Bar Association. This support will match interested verified equity applicants with qualified experts in the areas of licensing and permitting, ownership agreements, compliance audits, zoning, tax compliance, accounting, and bookkeeping. It will also provide one-on-one consultation and

develop educational materials to clarify the laws and regulations applicable to participation in San Francisco's Equity Program. Presumably, this funding will be split between two or more technical assistance providers.

(3) Assistance in Regulatory Compliance - \$907,632

This support will include assistance in building out physical space for applicants that have been verified by the city to ensure that operators remain in compliance with state and local law. Support will allow Equity Applicants to receive additional support, particularly in an industry in which institutional capital has been limited. This support will allow applicants to comply with existing regulations instituted by various departments, including, but not limited to the Office of Cannabis, Department of Building Inspection, Planning Department, Fire Department, and Department of Public Health (for cultivation, manufacturing, and retailers interested in consumption. Applicant access to these funds would be prioritized by ownership percentage. We anticipate the cap for grants will be approximately \$25,000.

(4) SF Equity Marketing program - \$60,000

Public campaign to promote local-made Equity Cannabis businesses and to educate consumers on the need to purchase regulated product. This campaign will emphasize the products manufactured by equity applicants with an easily identified and recognizable symbol for San Franciscans.