

LOCAL EQUITY GRANT PROGRAM

GUIDELINES



JULY 2019

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The Bureau of Cannabis Control (Bureau) is pleased to announce the availability of funding authorized by the California Cannabis Equity Act of 2018 established by Senate Bill 1294 (Bradford 2018) and the Budget Act of 2019, Item 1111-490 – Reappropriation (Equity Grant Funding). The Equity Grant Funding allows for direct assistance to local jurisdictions' commercial cannabis equity programs that provide assistance to local equity applicants or local equity licensees.

Available Funding

The Bureau has been appropriated ten million dollars (\$10,000,000) for these grants to be distributed no later than June 30, 2020. All qualifying jurisdictions that meet the criteria and requirements for grant funding will receive a minimum grant of one-hundred thousand dollars (\$100,000), unless a lesser amount is requested.

After the minimum grant funds are subtracted from the total amount of appropriated funds, the remaining funds will be disbursed using a point-based scoring system and the following formula:

$$\frac{\text{(Total Points for Local Jurisdiction)}}{\text{(Total Points for All Local Jurisdictions Qualifying for Grant Funding)}} \times 100$$

Points shall be allocated to all eligible local jurisdictions qualifying for Grant Funding based on the following:

(a) The population of the applicant jurisdiction, according to data published as of January 1, 2019, on the Department of Finance's Internet Web site as follows:

- (1) 12 points to local jurisdictions with 3 million or more residents;
- (2) 10 points to local jurisdictions with 2,000,000-2,999,999 residents;
- (3) 8 points to local jurisdictions with 1,000,000-1,999,999 residents;
- (4) 6 points to local jurisdictions with 400,000-999,999 residents;
- (5) 4 points to local jurisdictions with 100,000-399,999 residents;
- (6) 2 points to local jurisdictions with less than 100,000 residents.

(b) The length of time that the applicant jurisdiction's equity program has existed (beginning with the date the applicant jurisdiction's equity program was adopted, to the date indicated for Deadline Application Submission) as follows:

- (1) 5 points for more than one year in existence;
- (2) 3 points for 6 months to one year in existence;
- (3) 0 points for fewer than 6 months.

(c) Two additional point shall be allocated if the applicant jurisdiction has published a study identifying communities and groups most impacted by arrests and convictions for cannabis law violations, and the study identifies a need for equity in the local cannabis industry to repair the harms of arrests and convictions for cannabis law violations.

(d) The applicant jurisdiction's current annual investment in its equity program as follows:

- (1) 5 points for an investment greater than \$1 million;
- (2) 3 points for an investment between \$250,000-\$999,999.99;
- (3) 1 point for an investment between \$1-\$249,999.99;
- (4) 0 points for no investment.

(e) One additional point shall be allocated for each of the following program elements that are part of an applicant jurisdiction's equity program at the time of application:

- (1) Small business support (technical assistance);
- (2) Tiered fees or fee waivers for cannabis-related permits/licenses;
- (3) Assistance in paying state regulatory and licensing fees;
- (4) Assistance securing business locations prior to or during application process;
- (5) Assistance securing capital investments (excluding loans and grants from city);
- (6) Assistance with regulatory compliance;
- (7) Assistance in recruiting, training, and retention of a qualified/diverse workforce;
- (8) Business loans and/or grants to equity applicants.

(f) The total number of verified local equity applicants (this includes individuals currently in the application process and individuals who have completed and submitted an application for a local license, permit, or other authorization but have not been licensed) as follows:

- (1) 4 points for more than 300 applicants;
- (2) 3 points for 201-300 applicants;
- (3) 2 points for 101-200 applicants;
- (4) 1 point for 20-100 applicants;
- (5) 0 points for less than 20 applicants.

(g) The applicant jurisdiction's total number of equity license holders (this only refers to individuals who have been issued a local license, permit, or other authorization by the local jurisdiction) as follows:

- (1) 16 points for more than 80 equity license holders;
- (2) 14 points for 61-80 equity license holders;
- (3) 12 points for 41-60 equity license holders
- (4) 10 points for 21-40 equity license holders;
- (5) 8 points 5-20 equity license holders;
- (6) 4 points for 1-4 equity license holders;
- (7) 0 points for 0 equity license holders.

Definitions

(a) "Eligible local jurisdiction" means a local jurisdiction that has adopted or operates a local equity program.

(b) "Local equity applicant" means an applicant who has submitted, or will submit, an application to a local jurisdiction to engage in commercial cannabis activity within the jurisdictional boundaries of that jurisdiction and who meets the requirements of that jurisdiction's local equity program.

(c) "Local equity licensee" means a person who has obtained a license from a local jurisdiction to engage in commercial cannabis activity within the jurisdictional boundaries of that jurisdiction and who meets the requirements of that jurisdiction's local equity program.

(d) "Local equity program" means a program adopted or operated by a local jurisdiction that focuses on inclusion and support of individuals and communities in California's cannabis industry who are linked to populations or neighborhoods that were negatively or disproportionately impacted by cannabis criminalization. Local equity programs may include, but are not limited to, the following types of services:

(1) Small business support services offering technical assistance to those persons from economically disadvantaged communities that experience high rates of poverty or communities most harmed by cannabis prohibition, determined by historically high rates of arrests or convictions for cannabis law violations.

(2) Tiered fees or fee waivers for cannabis-related permits and licenses.

(3) Assistance in paying state regulatory and licensing fees.

(4) Assistance securing business locations prior to or during the application process.

(5) Assistance securing capital investments.

(6) Assistance with regulatory compliance.

(7) Assistance in recruitment, training, and retention of a qualified and diverse workforce, including transitional workers.

(e) “Local jurisdiction” means a city, county, or city and county.

(f) “State commercial cannabis license” means a license issued pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act by the Bureau, the California Department of Public Health, or the California Department of Food and Agriculture.

(g) “Transitional worker” means a person who, at the time of starting employment at the business premises, resides in a ZIP Code or census track area with higher than average unemployment, crime, or child death rates, and faces at least one of the following barriers to employment: (1) is homeless; (2) is a custodial single parent; (3) is receiving public assistance; (4) lacks a GED or high school diploma; (5) has a criminal record or other involvement with the criminal justice system; (6) suffers from chronic unemployment; (7) is emancipated from the foster care system; (8) is a veteran; or (9) is over 65 years of age and is financially compromised.

Application Timeline

The Equity Grant Funding application process will be conducted through an online portal. The portal is accessible from July 31, 2019, through August 30, 2019.

Event	Date
NOFA Release	July 31, 2019
On-line Portal Open for Application Submission	July 31, 2019
Deadline for Application Submission	August 30, 2019
Grant Award Notification Period	August 30 – September 30, 2019
Distribution of Grant Funds Period	September 30, 2019 – June 30, 2020

Application Submission Process

All applications must be completed and submitted electronically through an online portal which can be found at https://bcc.ca.gov/about_us/equity_grant.html. The application does not have a save feature to allow partial completion and submission at a later time. Once the application is submitted through the online portal and received by the Bureau, the applicant will receive a confirmation email that includes a copy of the data submitted with the application and a tracking number.

Eligible Applicants

In order to qualify for Equity Grant Funding, local jurisdictions must meet the following criteria:

- (a) Allows commercial cannabis businesses to operate within its jurisdictional boundaries;
- (b) Has adopted or operates a local equity program;
- (c) Has identified a local equity applicant or a local equity licensee that the local jurisdiction could assist through use of grant funding; and
- (d) Has demonstrated the ability to provide, or created a plan to provide, services as identified in Provision 4 of the Budget Act of 2019, Item 1111-490 – Reappropriation.

The Bureau shall also consider the number of existing and potential local equity applicants and local equity licensees in the local jurisdiction.

(Budget Act of 2019, Item 1111-490 – Reappropriation)

Eligible Uses

Grant funds are for the purpose of assisting local equity applicants and local equity licensees in that local jurisdiction to gain entry to, and to successfully operate in, the state's regulated cannabis marketplace.

Assistance that grant funds may be used for include, but are not limited to, any of the following:

- (a) To provide a loan or grant to a local equity applicant or local equity licensee to assist with startup and ongoing costs, including but not limited to, rent, leases, local and state application and licensing fees, regulatory adherence, testing of cannabis, equipment, capital improvements, and training and retention of a qualified and diverse workforce.
- (b) To support local equity program efforts to provide sources of capital to local equity applicants and local equity licensees.
- (c) To provide direct technical assistance to local equity applicants and local equity licensees.
- (d) To assist in the administration of local equity programs.

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.

Award Process

Once applications have been reviewed and a funding determination has been made by the Bureau, an award letter and standard agreement will be sent to the local jurisdiction, directed to the individual who submitted the application on behalf of the local jurisdiction.

To receive grant funding, a resolution is required from the local jurisdiction's governing body authorizing the local jurisdiction to enter into the standard agreement with the Bureau and designating by title the individual who is authorized to sign the agreement on behalf of the local jurisdiction. Once notified of selection, it is important that the local jurisdiction place a resolution request on the local board or council agenda immediately to avoid funding delays. A sample resolution is provided with these guidelines. The resolution must contain all of the components found in the sample resolution.

After the resolution has been adopted and the standard agreement has been signed, the applicant must submit the resolution and standard agreement to the Bureau. The Bureau will then distribute the funds which will be issued directly to the local jurisdiction in one disbursement. If a local jurisdiction selected for funding fails to provide the executed standard agreement provided by the Bureau and the required resolution by the date indicated by the Bureau, the Bureau in its sole discretion may determine that the applicant is no longer eligible for the grant funds.

The Bureau's determination as to eligibility for grant funding, or the amount of grant funding awarded, is not subject to appeal.

A local jurisdiction selected for funding will be required to be in compliance with the Drug-Free Workplace Certification and Nondiscrimination Compliance Statement as required by the Bureau.

All grant funds must be used within one year of the date the funds are disbursed. The Bureau may require that any funds not expended within the one-year period be returned to the Bureau.

Documentation and Reporting Requirements

Recipients of grant funding must be able to demonstrate that the grant funds were expended for eligible uses and consistent with the activities identified in their application. The Bureau may require the grant fund recipient to return to the Bureau any funds not expended as required. In addition to the annual reporting requirements below, reporting requirements include contract expenditures and other requirements contained in the standard agreement.

As required by **the Budget Act of 2019, Item 1111-490 – Reappropriation**, a local jurisdiction awarded grant funds in 2019 shall submit an annual report to the Bureau on or before January 1, 2020, and annually thereafter for each year that grant funds are expended. At a minimum, the annual report to the Bureau shall include all of the following information:

- (a) How the local jurisdiction disbursed grant funds;
- (b) How the local jurisdiction identified local equity applicants or local equity licensees, including how the local jurisdiction determines who qualifies as a local equity applicant or local equity licensee;
- (c) The number of local equity applicants and local equity licensees that were served by the grant funds;
- (d) Demographic data on equity applicants, equity licensees, and other applicants and licensees in the jurisdiction, including, but not limited to, race, ethnicity, gender, sexual orientation, income level, prior convictions, and veteran status. This information will be consolidated and reported without the individual's identifying information.

All applicants awarded a grant must maintain records detailing the expenditure of all grant funds for a period of seven years and shall provide this information to the Bureau upon request.

SAMPLE RESOLUTION

RESOLUTION OF [INSERT NAME OF LOCAL GOVERNING BODY] STATE OF CALIFORNIA, EQUITY ACT GRANT FUNDING

The [insert name of local governing body] finds:

WHEREAS, the members of the California Legislature have recognized the need for equity grant funding;

WHEREAS, funding has been provided to the Bureau of Cannabis Control to provide grant funds to local governments pursuant to the Budget Act of 2019, Item 1111-490 – Reappropriation;

WHEREAS, [insert name of local government body] has adopted or operates a local equity program for commercial cannabis activity;

WHEREAS, [insert name of local government body] has determined that it will use grant funds from the Bureau of Cannabis Control to assist local equity applicants and licensees through its local equity program for commercial cannabis activity as described in its application for grant funds;

NOW, THEREFORE, BE IT RESOLVED that the [insert designated official by title only] of the [insert city or county name] is authorized to execute on behalf of [insert name of local government body] the attached standard agreement, including any extensions or amendments thereof and any subsequent contract with the State in relation thereto.

IT IS AGREED that any liability arising out of the performance of this contract, including civil court actions for damages, shall be the responsibility of the grant recipient and the authorizing agency. The State of California, Department of Consumer Affairs, Bureau of Cannabis Control disclaims responsibility for any such liability.

I hereby certify that the foregoing is a true copy of the resolution adopted by the [insert name of governing body] in a meeting thereof held on [insert date] by the following:

Vote:

Ayes:

Nays:

Absent:

Signature: _____

Date: _____

Typed Name and Title: _____

ATTEST

Signature: _____

Date: _____

Typed Name and Title: _____