

LOCAL EQUITY GRANT PROGRAM

PROGRAM GUIDELINES



March 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 (Equity Act) established by Senate Bill 1294 (Bradford 2018). The Equity Act 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, 2019. All applicants that meet the eligibility 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 dispersed as described below.

The percentage of state commercial cannabis licensees for each local jurisdiction applicant will be calculated by determining the total number of valid state commercial cannabis licenses issued within the local jurisdiction, and the local jurisdiction's percentage of the total state commercial cannabis licensees on March 1, 2019, for all local jurisdictions applying for grant funds. Each local equity program will receive the percentage of remaining funds equivalent to the percentage of state commercial cannabis licenses within the local jurisdiction up to the amount of grant funds requested. If additional funds remain, the Bureau may disperse these funds to local equity programs that received less than the amount of grant funds that the local equity program requested.

An example of the calculation follows:

$$\frac{1,500 \text{ state licensees issued in the local jurisdiction}}{5,000 \text{ total number of state issued licenses in all jurisdictions applying for grant funding}} = 30\%$$

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 tract 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 Act grant funding application process will be conducted through an online portal. The portal is accessible from March 1, 2019, through April 1, 2019.

Event	Date
NOFA Release	March 1, 2019
On-line Portal Open for Application Submission	March 1, 2019
Deadline for Application Submission	April 1, 2019
Grant Award Notification Period	April 1 – May 1, 2019
Distribution of Grant Funds Period	April 1 – June 30, 2019

Application Submission Process

All applications must be completed and submitted electronically through an online portal which can be found at https://www.dca.ca.gov/webapps/bcc/equity_grant_app.php. The application does not have a save feature to allow partial completion and submission at a later time. Once the application is successfully submitted, the applicant will receive a confirmation email that includes a copy of the data submitted with the application, a tracking number, and a list of required documents that must be submitted to the Bureau. The applicant must reply to the email and attach all of the required documents on the list for the application to be deemed complete.

Eligible Applicants

Local jurisdictions must meet the definition of eligible local jurisdiction and the following criteria to receive grant funds:

(a) Whether the local jurisdiction has adopted or operates a local equity program;

(b) Whether the local jurisdiction has identified a local equity applicant or a local equity licensee that the local jurisdiction could assist through use of grant funding;

(c) Whether the local jurisdiction has demonstrated the ability to provide, or created a plan to provide, services; and

(d) The number of existing and potential local equity applicants and local equity licensees in the local jurisdiction.
(Business and Professions Code section 26244.)

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 and services that grant funds may be used for including, but are not limited to:

- (1) Providing a loan or a grant to a local equity applicant or local equity licensee to assist the applicant or licensee with startup and ongoing costs. For purposes of this paragraph, "startup and ongoing costs" include, but are 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.
- (2) Supporting local equity program efforts to provide sources of capital to local equity applicants and local equity licensees.
- (3) Providing direct technical assistance to local equity applicants and local equity licensees.
- (4) Assisting in the administration of local equity programs.
- (5) Providing 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.
- (3) Tiered fees or fee waivers for cannabis-related permits and licenses.
- (4) Assistance in paying state regulatory and licensing fees.
- (5) Assistance securing business locations prior to or during the application process.
- (6) Assistance securing capital investments.
- (7) Assistance with regulatory compliance.
- (8) Assistance in recruitment, training, and retention of a qualified and diverse workforce, including transitional workers.

No more than 10 percent of the grant funds may be used for administration, including employing staff or hiring consultants to administer 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 applicant directed to the person 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 applicant to enter into the standard agreement with the Bureau and designating by title the person who is authorized to sign the agreement on behalf of the local jurisdiction. Once notified of selection, it is important that the applicant place a resolution request on the local board or council agenda immediately to avoid funding delays. A sample resolution is provided with this guidance. 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 an applicant 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.

Applicants 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 of 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 requirements contained in the standard agreement.

As required by Business and Professions Code section 26244, 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:

- (1) How the local jurisdiction disbursed grant funds;
- (2) 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;
- (3) The number of local equity applicants and local equity licensees that were served by the grant funds;
- (4) 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;
- (5) The number of local equity applicants applying for and receiving licenses from the local jurisdiction; and
- (6) The number of non-equity applicants applying for and receiving licenses from the local jurisdiction.

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 FUNDS

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 California Cannabis Equity Act of 2018;

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: _____