



November 23, 2020

The Honorable Gavin Newsom
 Governor, State of California
 State Capitol
 Sacramento, CA 95814

RE: SB 595 (Bradford) Funding & Cannabis Social Equity Reforms

The California Cannabis Industry Association's (CCIA) Diversity, Inclusion, and Social Equity Committee, in partnership with the undersigned social equity applicants, operators, advisors, and supporters, urge your administration to fully fund and implement provisions included in [SB 595 \(Ch. 852, Stats. Of 2019\)](#) by Senator Steven Bradford.

This bill requires state licensing authorities to establish a program to allow licensing and application fee waivers and deferrals for needs-based applicants and licensees by January 1, 2021. Implementation of this bill, however, is contingent upon an appropriation of funds in the annual Budget Act. Unfortunately, it has come to our attention that such an appropriation was not made in the 2020-21 Budget Act. Considering the breadth of issues and barriers to entry already facing equity applicants and licensees, the lack of appropriate funding for this critical fee relief is extremely disappointing. It is imperative that state programs as required under SB 595 are established as quickly as possible. As such, CCIA and our coalition partners request the following:

(1) Expediently Fund SB 595 (Bradford). One of the first, and most daunting, barriers to entry for equity operators is financing. Bank loans are not available for cannabis operators and many equity operators lack large amounts of investment capital, forcing them to operate on small budgets. Licensing and application fees are an upfront expense and the cumulative amount can be substantial for operators, many of whom need licensing from separate agencies requiring multiple separate fees. Fee waivers and deferrals will not only help equity operators obtain licensure, it will help create successful and profitable equity businesses, allowing the operator to allocate their funds for other imperative operational needs. It is therefore critical that your Administration make every effort to fund SB 595 to implement this program by January 1, 2021.

(2) Issue Guidance for Jurisdictions Implementing Social Equity Programs Locally. As permitted by [SB 1294 \(Ch. 794, Stats. Of 2018\)](#), local jurisdictions receiving state equity grants may use a portion of these funds for local fee waivers or deferrals. However, the implementation of such local programs has varied dramatically across jurisdictions, creating issues for individuals without large amounts of capital already on-hand. As such, the state should consider issuing program guidelines or best practices for local jurisdictions receiving equity grant funding.

(3) Preserve and Expand Social Equity Funding in the 2021-22 Budget Act. As outlined, social equity operators in California face unique challenges when applying for, and maintaining, cannabis licensure. Consequently, the state must not only ensure that current funding levels for social equity programs are maintained, but also augment funds to expand current and future social equity programs at the local level.

Providing adequate resources to address social equity within the cannabis industry is a cornerstone of Proposition 64. The history of regulated cannabis is rooted in advocates fighting against the inherent discrimination and injustice of the decades-long War on Drugs. Without an equitable industry, the State of California fails to keep the promise made to voters in 2016 to not only lower barriers to entry for regulated cannabis businesses, but to correct these past wrongs. CCIA and our social equity partners are committed to keeping this promise, and look forward to working closely with your Administration and the Legislature to create a more equitable cannabis industry in California.

Sincerely,

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