



March 29, 2021

The Honorable Richard Roth  
Chair, Senate Committee on Business, Professions and Economic Development  
State Capitol, Room 2053  
Sacramento, CA 95814

**RE: SB 603 (Bradford) Cannabis license deferral and waiver fee program: tax credit.  
NOTICE OF SUPPORT**

The California Cannabis Industry Association (CCIA) strongly supports Senate Bill 603 by Senator Steven Bradford. This bill seeks to strengthen social equity in the cannabis industry by requiring state licensing agencies to develop and implement a fee waiver and deferral program for needs-based cannabis licensees and applicants. Moreover, this bill addresses past delays in implementing such programs by establishing a tax credit specific to social equity applicants and licensees equal to the amount paid in state and local fees.

Local equity programs seek to right the wrongs done by the War on Drugs by guaranteeing a certain portion of cannabis business licenses are given to low-income individuals and individuals with prior cannabis convictions. In 2018, Senator Bradford's [SB 1294 \(Ch. 794, Stats. of 2018\)](#), otherwise known as the California Cannabis Equity Act, established a grant program whereby the Bureau of Cannabis Control can assist local jurisdictions with their local equity activities. Subsequent legislation by Senator Bradford, [SB 595 \(Ch. 852, Stats. of 2019\)](#), required state agencies to implement a program to defer or waive state licensing fees for needs-based cannabis applicants and licensees by January 1, 2021. Implementation of this bill was contingent upon an appropriation in the Budget Act and funding was never provided. As a result, California has yet to implement a state-level fee waiver or deferral program for needs-based cannabis operators, and the previous statutory implementation date has now passed. This has put social equity applicants and operators throughout California at a significant disadvantage.

Licensing and application fees are often the first major barrier to entry for aspiring social equity entrepreneurs. According to statistics provided by the Social Equity Owners and Workers Association (SEOWA), application fees can amount to over \$40,000 for a single individual. Considering the breadth of issues and barriers to entry already facing equity applicants and licensees, it is imperative that the State immediately address the promise made to the cannabis equity community two years ago.

SB 603 directly addresses the issue of state-level fee waiver and deferral programming by removing the previous January 1, 2021 implementation date and the appropriation conditions, thus requiring state agencies to develop fee waiver and deferral programs as soon as possible. SB 603 also establishes a tax credit exclusive to social equity applicants and licensees equal to the amount they pay in local and state cannabis licensing fees, for each taxable year beginning January 1, 2021.

Providing adequate resources to address social equity within the cannabis industry is a cornerstone of Proposition 64, and there are many steps we still must take as a state to uphold this promise. SB 603 is one of those crucial steps, lowering one of the earliest and most significant barriers to entry for aspiring cannabis social equity entrepreneurs. For these reasons, CCIA proudly supports SB 603 and requests your AYE vote when it is heard in the Senate Business, Professions, and Economic Development Committee.

Sincerely,

A handwritten signature in cursive script that reads "Lindsay Robinson".

Lindsay Robinson,  
Executive Director

Cc: Senator Steven Bradford, 35th District  
Members, Senate Business, Professions, and Economic Development Committee  
Sarah Mason, Staff Director, Senate Business, Professions, and Economic Development  
Committee  
Kayla Williams, Consultant, Senate Republican Caucus