



Cannabis Advisory Board Market Participation Subcommittee

Recommendations of the Cannabis Advisory Board Market Participation Subcommittee to the Cannabis Control Commission

Chairman Shanel Lindsay
December 5th, 2017



Cannabis Advisory Board

Market Participation Subcommittee

G.L. c.10 §77(c) authorizes the chair of the Cannabis Advisory Board to appoint a subcommittee on the cannabis market participation to develop recommendations on **women, minority and veteran-owned businesses, local agriculture and growing cooperatives.**



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Market Participation Subcommittee

Members of the Subcommittee:

- Shanel Lindsay (Chair)
- Ray Berry
- John Lebeaux
- Kim Napoli
- Horace Small
- Lydia Sisson
- Tessa Murphy-Romboletti
- Nichole Snow
- Henry Thomas III
- Matt Allen



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The subcommittee met on the following dates:

- October 26
- November 9 (Roxbury listening session)
- November 13 (Springfield listening session)
- November 21
- November 28
- November 30



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Statutory Mandates



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Redress for the Harms of Prohibition

Procedures and policies to promote and encourage full participation in the regulated marijuana industry by people from communities that have previously been disproportionately harmed by marijuana prohibition and enforcement and to positively impact those communities



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Tax revenue from marijuana will go toward, among other things, **programming for restorative justice, jail diversion, workforce development, industry specific technical assistance, and mentoring services for economically disadvantaged persons in communities disproportionately impacted by high rates of arrest and incarceration for marijuana offenses**



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There is also a requirement to **prioritize review and licensing decisions for applicants for marijuana business licenses who demonstrate experience in or business practices that promote economic empowerment in communities disproportionately impacted by high rates of arrest and incarceration for offenses**



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Women, Minorities, and Veterans

Where the commission determines that there is evidence of discrimination or barriers to entry in the regulated marijuana industry, the commission shall adopt **diversity licensing goals that provide meaningful participation of communities disproportionately affected by cannabis prohibition and enforcement, including minority business enterprises, women business enterprises and veteran business enterprises.** The commission shall, in consultation with the supplier diversity office under the executive office of administration and finance, **develop training programs designed and implemented to achieve meaningful participation by minority persons, women, and veterans.**



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Farmers, Small Business & Craft Cooperatives

Procedures and policies, in cooperation with the department of agricultural resources, to promote and encourage **full participation in the regulated marijuana industry by farmers and businesses of all sizes, which shall include creating a schedule of cultivator license fees commensurate with cultivation size and regulations to create a craft marijuana cultivator cooperative system.**



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Small Businesses

Establish and provide for issuance of additional types or classes of licenses to operate marijuana related businesses, including licenses that authorize only limited cultivation, processing, manufacture, possession or storage of marijuana or marijuana products, limited delivery of marijuana or marijuana products to consumers licenses that authorize the consumption of marijuana or marijuana products on the premises where sold, licenses that authorize the consumption of marijuana at special events in limited areas and for a limited time and licenses intended to facilitate scientific research or education.



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Recommendations



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Harms of Prohibition



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Issue: *How does the CCC achieve the statutory mandate of mitigating and correcting the disparate harms of prohibition?*

Recommendation 1: Consider and weave the requirement to promote and encourage full participation in the regulated marijuana industry by people from communities that have previously been disproportionately harmed and to positively impact those communities into every aspect of the licensing and employment process.



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Recommendation 2: Do not employ standards for licensure or employment that have been shown to exclude people from communities that have been harmed by prohibition, i.e. automatic exclusions for arrests or convictions.

Recommendation 3: CCC should push for the legislature to, pursuant to the statute, appropriate tax money programming for restorative justice, jail diversion, workforce development, industry specific technical assistance, and mentoring services for economically disadvantaged persons in communities disproportionately impacted by high rates of arrest and incarceration for marijuana offenses. Identifying the source of the funding is key. It can be a percentage of fees or sales, or some combination of both.



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Recommendation 4: Creation of a loan fund to assist affected individuals in starting and maintaining local cannabis businesses.

Recommendation 5: Tax exempt bonds to promote business growth and development.

Recommendation 6: Priority for community residents for licenses located in areas that have been disproportionately harmed.



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Recommendation 7: Formation or support of a technical assistance authority to assist aspiring applicants with business support, i.e. application writing, business plans, etc.

Recommendation 8: Incentives provided to licensees for hiring from communities that have been subject of disparate impact.

Recommendation 9: Creation of a Community Board to ensure the mandate of improving impacted communities is met and that the community voice is heard. Neighborhood associations, elected officials, and others should participate. Designed to reach areas that the CCC cannot reach.



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Recommendation 10: CCC, with supplier diversity office and other relevant agencies, should develop training programs including (i) recruitment of affected individuals to become licensed in marijuana related businesses; (ii) development of workforce training for affected individuals to enter into marijuana related businesses; (iii) creation of employer training to attract affected individuals into the workforce; and (iv) outreach to groups focused on empowering affected individuals, including consultations with state agencies and providing education and training opportunities.



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Issue: *How should the CCC prioritize review and licensing decisions for applicants for marijuana business licenses who demonstrate experience in or business practices that promote economic empowerment in communities disproportionately impacted by prohibition?*

Recommendation 1: EE licenses should be granted on a 1:1 basis with other licenses.



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Recommendation 2: EE licenses should have the same structure as other licenses, i.e. they should not be required to be non-profits. No “separate but equal” approach.

Recommendation 3: The CCC should consider the standards for equity permits in Oakland, San Francisco and Los Angeles when crafting the standards for MA EE licenses. These systems require general applicants to provide resources/support to equity applicants. The CCC should pull best practices from these systems while also maintaining the independence of EE licenses.



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Women, Minorities, and Veterans



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Recommendation 1: CCC should, with supplier diversity office, create standards for accreditation/registration to identify minority (POC, women, veteran) owned businesses. Accreditation/Registration of this type should be optional, and will be helpful for collecting data.

Recommendation 2: The CCC should develop a mentoring program through which experienced entrepreneurs are paired with vetted entrants into the industry to gain valuable business insight and hands on training and should with local mentoring and business support services.

Recommendation 3: The CCC should engage the legislature to develop a fund out of which qualifying businesses, who but for finances would qualify for licensing, may receive funds for legally required businesses necessities (security, training, testing, etc.).



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Recommendation 4: The CCC should develop a multilingual website (and hard copy) that serves as a primary resource for minority owned businesses. On this site, would-be or current minority-owned businesses can find information about access to capital (i.e. grants, loans, and alternative financing information).

Recommendation 5: Marijuana Establishments that operate in a city or town should assign a liaison to the local community Veteran's Agent as well as groups that assist other minority business owners, to assist in linking them to employment opportunities within the industry.



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Recommendation 6: Work with veteran's support agencies and minority owned business focused groups to post and alert employment opportunities.

Recommendation 7: Work with radio stations and other media outlets to recruit minorities for job opportunities.



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Recommendation 8: Formation or support of technical assistance authorities to assist aspiring applicants with business support i.e. application writing, business plans, etc.

Recommendation 9: Incentives provided to licensees for hiring from minority groups.

Recommendation 10: The term “minority” includes POC, indigenous people, women, veterans, and any other individual with a qualifying characteristic covered under Chapter 55. “Minority owner” means at least 51% or more of ownership is minority.



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Farmers and Craft Cooperatives



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Issue: *How does the CCC meet the mandate to promote and encourage full participation in the regulated marijuana industry by farmers and businesses of all sizes?*

Recommendation 1: License craft cooperatives in order to create greater economic participation and benefit to growers/farmers in the cannabis industry.

Recommendation 2: Develop small business licenses for manufacturing, production, and on-site consumption that are accessible to small business proprietors.



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Recommendation 3: Develop a fee structure for cooperative licenses that is accessible to farmers and cooperative producers.

Recommendation 4: Based on Square Feet of Plant Cultivation Space. Indoor/Outdoor/Greenhouse/Hoop House/are combined as one. Tiers are as follows:

- (A) Tier I: Up to 1,000 square feet of plant cultivation space
- (B) Tier II: 1,001 to 5,000 square feet of plant cultivation space
- (C) Tier III: 5,001 to 10,000 square feet of cultivation space
- (D) Tier IV: 10,001 + square feet (proportionate fee associated with each additional 5,000 square feet)

Fee structure should be based on a \$1 per square foot. The CCC should also consider the tier of cultivation when determining fee structure.



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Recommendation 5: Cooperatives should be allowed to participate in any producer tier. Additional licensing fees should be evaluated based on number of cooperative members.

Recommendation 6: Do not create additional barriers for full participation from farmers and small businesses. (i.e. delivery requirements of two people for small home deliveries).

Recommendation 7: Systems for seed-to-sale tracking should be accessible to all growers and cultivators that require tracking from seed-to-sale. Access to seed-to-sale tracking systems should not be prohibitively expensive for all tiers of producers. Requirements should mimic the current medical regulations for all producers.



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Recommendation 8: Cooperatives should include multiple growers on multiple sites or multiple growers in one location.

Recommendation 9: Each cooperative should be allowed to create its own unique brand and structure, i.e. producer owned, democratic voting of all members, ability to offer ancillary services to producers such as financing, employee referral and recruitment services, product processing and packaging, etc.



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Small Businesses



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Issue: *How does the CCC meet the statutory mandate of ensuring that businesses of all sizes have opportunity within the industry?*



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Recommendation 1: The CCC should issue on-site consumption and limited use licenses.

These licenses should cater to small businesses, including but not limited to:

- Yoga Studios
- Massage Therapists
- On-Site Consumption Bars
- Wellness Centers
- Coffee Shops and Bistros
- Art Galleries

And should include any small business where cannabis products or services that include cannabis comprise at least 51% of their sales.



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Recommendation 2: The CCC should develop a minimum thresholds for a business to apply to become an onsite consumption licensee.

Recommendation 3: The CCC should provide framework for special exceptions for clubs, hotels, restaurants and any other applicant the CCC feels is appropriate.

Recommendation 4: The CCC should create social consumption “BYOC” licenses with low barriers to entry.



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Recommendation 5: The CCC should not create additional barriers for full participation from small businesses.

Recommendation 6: The CCC should create as many pathways for small business licensing that do not trigger the 20% restriction enacted by some municipalities.