



Commonwealth of Massachusetts
EXECUTIVE OFFICE OF ECONOMIC DEVELOPMENT
One Ashburton Place, Room 2102, Boston, MA 02108

Cannabis Social Equity Trust Fund Social Equity Grant Program

Notice of Funding Availability (NOFA) FY2025

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REVISED: October 7, 2024

NOFA Publication Date: **Tuesday, September 24, 2024**

Virtual Information Session: **Tuesday, October 1, 2024**

Application Deadline: **Thursday, October 17, 2024 @ 11:59PM**

Email for Questions: **CannabisEquityFund@mass.gov**

SUMMARY OF REVISIONS

This Notice of Funding Availability (NOFA) is hereby reissued on October 7, 2024, with the updates or revisions outlined below. EOED has determined that it is necessary to offer clarifications on some elements of the NOFA, as well as to make some revisions based on feedback received during the informational webinar.

NOTE: No change has been made to the applicant eligibility, grant maximums, or the application timeline. Applications must still be submitted by October 17, at 11:59 PM to be considered in this round.

Additional Information:

- EOED expects to notify all applicants about grant decisions by the end of this calendar year and start contracting shortly after to have grants under contract by January 2025. The contract term will commence on the contract execution date and conclude December 31, 2025, giving grantees approximately twelve months to work on their project and draw down the grant funds.

Clarifications:

- Current pending license applications cannot be considered for eligibility purposes at this time. For instance, a cannabis business that has not attained licensure from the CCC may only apply for assistance through Tier 1.
- The match requirement for Tier 4 does not require the applicant to have cash on hand at the time of application. No documentation or evidence of the match is necessary for the application; however, the applicant will need to indicate in Section 5.6 of their application what line items they will contribute towards the relevant expenses. If awarded a grant in Tier 4, the grantee will be expected to participate in a cost share arrangement (on a 50/50 basis) for any expenses requested beyond the initial \$250K.

Corrections/Revisions:

- When referencing that funds may be used for past expenses, it is the intention of EOED to accept receipts for any expenses that were incurred on or after July 1, 2024. This “past expenses” allowance is now available to all four tiers.
- Insurance Fees has been added as a stand-alone budget category in both Tiers 3 and 4.
- An “Immediate Needs” budget category has been added to both Tiers 3 and 4. Applicants in these tiers will be able to request up to \$50,000 of the grant for the Allowable Use of Funds categories available for Tier 2, such as payroll, lease or mortgage costs, utility costs, debt service, etc.

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INTRODUCTION

The Healey-Driscoll Administration is pleased to announce the availability of additional financial assistance from the Cannabis Social Equity Trust Fund (Trust Fund) with the launch of the new **Social Equity Grant Program**, which will offer grants to current and pre-licensed cannabis industry entrepreneurs.

The Trust Fund was established by Section 14A of Chapter 94G of the General Laws to provide financial assistance to eligible applicants for the purpose of encouraging the full participation in the Commonwealth's regulated marijuana industry of entrepreneurs from communities that have been disproportionately harmed by marijuana prohibition and enforcement.

The legislation also established the Cannabis Social Equity Advisory Board (Advisory Board), to work with and advise EOED on the promulgation of regulations to govern and administer the Trust Fund. The Advisory Board is comprised of individuals who are experienced as advocates on behalf of communities that have been disproportionately harmed by marijuana prohibition and enforcement and have backgrounds in business development.

The Trust Fund and corresponding programs are administered by the Executive Office of Economic Development (EOED). This new program will continue to ensure the equitable distribution of financial resources available for this important objective.

The Social Equity Grant Program (Grant Program) seeks to address the financial needs of Massachusetts cannabis social equity businesses by providing grants to eligible Marijuana Establishments, Medical Marijuana Treatment Centers, as well as Pre-Licensed Cannabis Business (see Appendix for definitions). The Grant Program will distribute grants to promote and support the increased participation of social equity businesses in the cannabis industry.

This Notice of Funding Availability is issued as public notice to all prospective applicants interested in requesting financial assistance from the Trust Fund. This document outlines the eligibility rules, program requirements, evaluation criteria, and other relevant information required to apply. Each applicant will be able to request funding from one of four tiers, described herein, based on their license status with the Massachusetts Cannabis Control Commission (CCC).

PROGRAM HIGHLIGHTS

Grant Award Size	Grants will range from \$25,000 to \$500,000.
Anticipated Number of Grant Awards	Grants will be awarded to applicants that meet the program's criteria, until the available funds are exhausted.
Eligible Applicants	<ul style="list-style-type: none"> • Pre-Licensed Cannabis Businesses (see Appendix for definition); and • Massachusetts Marijuana Establishments or Medical Marijuana Treatment Centers with a provisional or final license issued by the CCC with a majority ownership consisting of individuals that are Economic Empowerment Priority Applicants or Social Equity Program Participants.
Allowable Use of Funds	<p>Depending on the funding tier, grant funds may be used to support entry into the regulated cannabis industry, imminent or outstanding expenses essential to the operation of the business, support for the acquisition of final licensure and commencement of business operations, or funds to improve and expand the business.</p> <p>Each applicant may only apply for funding from one tier.</p>
Evaluation Criteria	Applicant business eligibility, social equity status and ownership, clear project description and realistic timeline, demonstrated need and readiness to deploy financial assistance.
Anticipated Application Timeline	<p>NOFA Published / Application Opened: September 24, 2024</p> <p>Application Deadline: October 17, 2024 @ 11:59PM</p>
Informational Webinar	<p>October 1, 2024, 12:00 NOON (Virtual)</p> <p>Zoom registration will be posted on website</p> <p><i>Webinar recording and FAQ documents will be made available on the program website after the event.</i></p>
Notification of Award Decisions	All applicants will be notified in writing about the decision made on their application no later than December 31, 2024.
Acquisition Method and Contract Payment Terms	All grant funds will be disbursed on a cost-reimbursement basis, based on the conditions and schedule outlined in the Contract.
Reporting Requirements	Grantees will be required to submit a final report with documentation of expenditures demonstrating use of all funds to close out the contract, and must successfully close out any current contract, to be eligible to apply in any future round(s).

NOFA SCOPE AND DETAILS

Eligible Applicants

To be eligible to apply for funds from the Social Equity Grant Program, the applicant must be a duly organized business entity in good standing and located in Massachusetts that qualifies as a:

1. Pre-Licensed Cannabis Business (defined as a duly organized business entity in good standing and located in Massachusetts with a majority ownership comprised of individuals that are Economic Empowerment Priority Applicants or Social Equity Program Participants, without a provisional or final license from the CCC, that intends to apply to the CCC for licensure); or
2. Marijuana Establishment or Medical Marijuana Treatment Centers with a Provisional or Final License issued by the CCC, that is owned by a business entity that:
 - a. is designated as an Economic Empowerment Priority Applicant by the CCC; or
 - b. has a majority of ownership designated by the CCC as Economic Empowerment Priority Applicants; or
 - c. has a majority of ownership designated by the CCC as Social Equity Program Participants.

Additionally, applicants must meet the following requirements:

- All such individuals or entities shall continue to meet the criteria allowing them to receive initial designation as an Economic Empowerment Priority Applicant or Social Equity Program Participant at the time of application for financial assistance from the Social Equity Grant Program; and
- The applicant's CCC license (if applicable) is valid and not currently suspended or revoked; and
- The entity applying for financial assistance, or any person or entity with an ownership interest in the entity applying for financial assistance, does not currently have a determination of adverse suitability from the CCC.

Program Tiers – Eligible Applicants, Grant Amounts and Use of Funds

Grants will be distributed through four tiers based on the applicant's license status. Depending on the tier, applicants may request funds to support entry into the regulated cannabis industry, imminent or outstanding expenses essential to the operation of the business, support for the acquisition of final licensure and commencement of business operations, or funds to improve and expand the business. Applicants will be required to demonstrate in their application that the requested funds will be used in furtherance of the applicable Description of Support according to the respective tier, as outlined below.

EACH APPLICANT MAY ONLY APPLY FOR FUNDING FROM ONE TIER

Tier 1 – Industry Entry Support

Eligible Applicants: Pre-Licensed Cannabis Businesses (defined as a duly organized business entity in good standing and located in Massachusetts with a majority ownership comprised of individuals that are Economic Empowerment Priority Applicants or Social Equity Program Participants, without a provisional or final license from the CCC, that intends to apply to the CCC for licensure).

Description of Support: Applicants may request funds for expenses incurred on or after July 1, 2024, that support entry into the regulated cannabis industry

Maximum Grant Size: **\$25,000.**

Allowable Use of Funds:

- Professional Services – Consultant, financial, or legal fees for document and application preparation, feasibility and market studies, etc.;
- Regulatory and Compliance Fees - Permitting and site assessment; licensing or regulatory fees that support license application preparation; or
- Other expenses that support entry into the regulated cannabis industry.

Tier 2 – Immediate Needs

Eligible Applicants: Provisional and Final Licensees

Description of Support: Applicants may request funds to support expenses incurred on or after July 1, 2024, that are essential to the operation of the business or needed to maintain licensure and remain in good standing.

Maximum Grant Size: **\$50,000**.

Allowable Use of Funds:

- Personnel Costs - Business payroll expenses;
- Facility Fees - Lease or mortgage payments, utilities, etc.;
- Debt service - Loans repayments or business debt service, both principal and interest, to help bring loans current (not for any prepayment of principal or interest); or
- Other expenses that support stabilizing the business.

Tier 3 – Support for License Acquisition and Commencement of Business Operations

Eligible Applicants: Provisional Licensees and Final Licensees without a notice to commence operations from the CCC.

Description of Support: Applicants may request funds for expenses incurred on or after July 1, 2024 that support the acquisition of final licensure and commencement of business operations.

Maximum Grant Size: **\$250,000** (of which up to \$50,000 may be used for “Tier 2 - Immediate Needs” Allowable Use of Funds categories).

Allowable Use of Funds:

- Immediate Needs Categories (up to \$50,000)
- Business Expenses - Equipment or supplies;
- Facility Capital Expenses - Construction, renovation or build-out of facility; security system installation; building system installation (HVAC, electrical, plumbing, etc.);
- Professional Services - Legal, financial, consulting, architectural, marketing/advertising, or facility services (HVAC, Electrician, Plumbing, etc.);
- Business Related Insurance Fees
- Regulatory Fees - Application, permitting, licensing (certain exclusions apply – see limitations of funds) and other regulatory fees needed for Final Licensure; or
- Vehicle lease or purchase used to distribute, transport or deliver marijuana or marijuana products (limited to businesses with a delivery or transporter license from the CCC).

Tier 4 – Existing Business Growth and Expansion

Eligible Applicants: Final Licensees that have received notice to commence operations from the CCC.

Description of Support: Applicants may use funds for expenses incurred on or after July 1, 2024 that improve or expand the business.

Maximum Grant Size: **\$500,000** (of which up to \$50,000 may be used for “Tier 2 - Immediate Needs” Allowable Use of Funds categories).

Matching Requirement: Tier 4 requires a 1 to 1 cash match for funds requested above \$250,000.

Allowable Use of Funds:

- Immediate Needs Categories (up to \$50,000)
- Business Expenses - Equipment or supplies;
- Facility Capital Improvements or Expansions - Construction, renovation or build-out of existing facility; security system upgrades; building system upgrades (HVAC, electrical, plumbing, etc.);
- Professional Services - Legal, financial, consulting, architectural. advertising/marketing or facility services (HVAC, Electrician, Plumbing, etc.) for the improvement or expansion of the business; or
- Business Related Insurance Fees
- Vehicle lease or purchase used to distribute, transport or deliver marijuana or marijuana products (limited to businesses with a delivery or transporter license from the CCC).

Limitation of Funds

Awardees are prohibited from using grant funds for the following purposes:

- Purchase of marijuana products, paraphernalia, or any related inventory.
- Food, entertainment, travel.
- Any fees eligible to be waived by the Cannabis Control Commission.
- Fines or penalties.
- Lobbying; allocations to reserve funds; or for the satisfaction of any obligation arising under or pursuant to a settlement agreement, judgement, consent decree, or judicially confirmed debt restructuring plan in a judicial, administrative, or regulatory proceeding.
- Grantees must prevent the duplication of benefits, which means grant funds may not be used to pay expenses if another source of financial aid has paid that same expense.

Awardees may have additional restrictions imposed on the use of grant funds, including, but not limited to:

- Prohibited from selling, conveying, transferring or pledging any Restricted Asset or interest in a Restricted Asset. [Restricted Assets (400 CMR 8.02) shall mean: Any real estate interest, equipment, capital asset or other asset with a market value in excess of five thousand dollars (\$5,000) acquired in whole or in part using the grant funds.]

APPLICATION AND EVALUATION INFORMATION

Application Process and Guidelines

1. Program materials, including a copy of the NOFA and the application template are available online at www.mass.gov/eoed

2. The formal application must be completed, and submitted by the deadline, through the online portal (Submittable) link on the website. Email or fax submissions of applications or supporting documents will not be accepted.
3. EOED staff will be unable to answer any individual questions while the application period is open. However, questions may be submitted by email and responses may be posted on the website.
4. EOED may post a Frequently Asked Questions (FAQ) document and other information on its website to assist prospective applicants.
5. **Applications are due by 11:59 PM on October 17, 2024.**
6. It is the responsibility of the applicant to ensure that their application is received on time by EOED. All applications will be logged as to date and time received and kept on file as a public record. Late submissions will not be considered.

Application Packet

A complete application packet includes the following components with required attachments:

- Eligibility confirmation
- Information about business entity applying for financial assistance
- Information about the Cannabis Business and its licensing status
- Project Narrative
- Project Funding Request

EOED reserves the right to request additional information from the applicant or external sources as may be necessary to complete the application review or reject any and all submitted proposals and any or all parts of a proposed application.

Evaluation Criteria

All applications submitted by an eligible business entity will be evaluated on their own merits and alignment with these guidelines. EOED will thoroughly evaluate and score each complete application to establish the extent to which the project meets the program criteria. The strongest projects will be recommended for funding.

Applications will first be required to demonstrate eligibility as a social equity cannabis business in good standing and located in Massachusetts. The application will require applicants to describe and demonstrate their proposed project and need for financial assistance. The application will be scored based on a 100-point scale, in the areas outlined below:

Tiers 1 and 2:

- Duly established business located in Massachusetts in good standing. (up to 20 points)
- Cannabis business with social equity ownership of at least 51%. (up to 20 points)
- Clear and detailed project description, with realistic timeline. (up to 30 points)
- Compelling statement of need and clearly outlined budget proposal. (up to 30 points)

Tiers 3 and 4:

- Duly established business located in Massachusetts in good standing. (up to 20 points)
- Cannabis business social equity ownership of at least 51%. (up to 20 points)
- Clear business description and leadership capacity. (up to 10 points)
- Detailed project description, with realistic timeline and outcomes. (up to 25 points)
- Compelling statement of need and clearly outlined budget proposal. (up to 25 points)

All tiers will be eligible to receive bonus points, as follows:

- Located in Area of Disproportionate Impact (5 points)
- Social Equity ownership of 75% or more (5 points)

Award Decisions

Submitted applications will be evaluated after the close of the application period and all applicants will be notified in writing once final decisions are made on their application. Applicants must meet all eligibility criteria to be considered for an award. EOED will evaluate and score all applications and reserves the right to make partial awards based on an evaluation of applicant need, proposed use of funding, or as appropriate to ensure equitable distribution funds. Awarded applicants will receive an award letter outlining the amount of the approved grant and any conditions on the award. The award of a grant will be contingent on the successful execution of a contract with EOED which may include terms and conditions not set forth in this NOFA.

CONTRACTING AND REPORTING REQUIREMENTS

Contract, Scope of Work, Budget, and Performance Period

All applicants awarded financial assistance are required to enter into a grant contract agreement with EOED prior to the disbursement of any grant funds. All documents ultimately negotiated and incorporated into the grant agreement will be added as attachments and references to the form prior to the execution of the Grant Agreement. The anticipated start date for contracts awarded in the current grant round will be upon the full execution of the contract. All grant funds must be expended by the date noted in the contract.

Payment Process

Once the contract is fully executed, EOED will authorize payments based on the schedule outlined in the contract. Funds will be distributed on a cost reimbursement basis. Grantee would be required to submit payment request at least monthly. Program staff will review and approve eligible requests, which will then be submitted to the State Comptroller's Office for payment. Once filed, all payments will be issued within 45 days.

Reporting Requirements

Grantees will be required to submit a **final** report on a form provided by EOED detailing the use of funds along with all supporting documentation at the conclusion of their project. The final report will be subject to review and acceptance by EOED. Grantee must successfully close out any current grants to be eligible to apply in any future funding rounds. EOED may require additional reporting upon request.

OTHER TERMS AND CONDITIONS

1. Each applicant to this program will be required to certify that they are duly authorized to submit the application on behalf of the named business entity and that the responses to the questions provided in the application, and the attached documentation, are true, accurate, and complete. The Massachusetts Executive Office of Economic Development will rely on the information provided in the application to make decisions about whether to award a grant from the respective funding source(s). The Commonwealth reserves the right to deem an application ineligible for consideration, or if awarded a grant, to take action against the applicant, the applicant organization, and/or any other beneficiary of a grant, if any of the information provided is determined to be false, inaccurate, or misleading.
2. The Massachusetts Executive Office Economic Development complies with all Commonwealth of Massachusetts' procurement laws and regulations set forth and overseen by the Commonwealth's Operational Services Division when awarding contracts as well as the state's award requirements as mandated and overseen by the Office of the State Comptroller when dispersing these funds.

3. All data, materials, documentation, responses, information submitted in response to this solicitation are subject to the Massachusetts Public Records Law, M.G.L. c. 66 § 1 and to c. 4, §7(26).
4. Successful applicants, upon notification of award, will be required to enroll in EFT as a contract requirement by completing and submitting the Authorization for Electronic Funds Payment Form for review, approval and forwarding to the Office of the Comptroller. If the applicant is already enrolled in the program, it may so indicate in its response. Because the Authorization for Electronic Funds Payment Form contains banking information, this form, and all information contained on this form, shall not be considered a public record and shall not be subject to public disclosure through a public records request.
5. Misappropriation or misuse of grant funds by a grantee will be reported to law enforcement authorities and the Cannabis Control Commission and may subject the grantee to criminal and civil liability. Violations of applicable legal requirements, including but not limited to this Notice of Funding Availability, M.G.L. c. 94G § 14A and 400 CMR 8.00, or any other terms and conditions in the grant contract, may subject the grantee to additional penalties including but not limited to revocation or recapture of the grant award, and disqualification from applying for future financial assistance from the Cannabis Social Equity Trust Fund, or disciplinary action by the Cannabis Control Commission.
6. During the term of a contract agreement and for a period up to seven years thereafter, if the Executive Office of Economic Development is audited, the grantee will be required to make all records relating to this grant available.

APPENDIX: Definitions

Area of Disproportionate Impact (935 CMR 500.002): means a geographic area identified by the Commission for the purposes identified in M.G.L. c. 94G, § 4(a½)(iv), and which has had historically high rates of arrest, conviction, and incarceration related to Marijuana crimes

Economic Empowerment Priority Applicant (935 CMR 500.002 and 935 CMR 501.002): means an applicant who, as an entity or through an individual certified by the Commission in 2018, meets and continues to meet three or more of the following six criteria, at least one of which shall be a majority-equity-ownership criterion:

1. Majority-equity-ownership Criteria:
 - a. A majority (more than 50%) of ownership belongs to people who have lived for five of the preceding ten years in an Area of Disproportionate Impact, as determined by Commission.
 - b. A majority (more than 50%) of ownership has held one or more previous positions where the primary population served were disproportionately impacted, or where primary responsibilities included economic education, resource provision or empowerment to disproportionately impacted individuals or communities.
 - c. A majority (more than 50%) of the ownership is made up of individuals from Black, African American, Hispanic or Latino descent.
2. Additional Criteria:
 - a. At least 51% of current employees or subcontractors reside in Areas of Disproportionate Impact and by the first day of business, the ratio will meet or exceed 75%.
 - b. At least 51% of employees or subcontractors have drug-related CORI and are otherwise legally employable in Cannabis enterprises.
 - c. Other significant articulable demonstration of past experience in or business practices that promote economic empowerment in Areas of Disproportionate Impact. This applicant has priority for the purposes of the review of its license application.

Marijuana Establishment (935 CMR 500.002) - means a Marijuana Cultivator (Indoor or Outdoor), Craft Marijuana Cooperative, Marijuana Product Manufacturer, Marijuana Microbusiness, Independent Testing Laboratory, Marijuana Retailer, Marijuana Transporter, Delivery Licensee, Research Facility Licensee (as defined in 935 CMR 500.002: Marijuana Research Facility Licensee) Social Consumption Establishment (as defined in 935 CMR 500.002: Social Consumption Establishment) or any other type of licensed Marijuana-related business, except Medical Marijuana Treatment Center (MTC).

Medical Marijuana Treatment Center (935 CMR 501.002) - formerly known as a Registered Marijuana Dispensary (RMD), means an entity licensed under 935 CMR 501.101 that acquires, cultivates, possesses, Processes (including development of related products such as Edibles, MIPs, Tinctures, aerosols, oils, or ointments), Repackages, transports, sells, distributes, delivers, dispenses, or administers Marijuana, products containing Marijuana, related supplies, or educational materials to Registered Qualifying Patients or their Personal Caregivers for medical use. Unless otherwise specified, MTC refers to the site(s) of dispensing, cultivation, and preparation of Marijuana for medical use.

Pre-Licensed Cannabis Business: A duly organized business entity in good standing and located in Massachusetts with a majority ownership comprised of individuals that are Economic Empowerment Priority Applicants or Social Equity Program Participants, without a provisional or final license from the Cannabis Control Commission, that intends to apply to the Cannabis Control Commission for licensure.

Social Equity Program Participant (935 CMR 500.002 & 501.002): An individual who qualified to participate in the Social Equity Program and is designated as a program participant by the Commission.