

Item

1111-490—Reappropriation, Bureau of Cannabis Control, Department of Consumer Affairs. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2020:

0001—General Fund

(1) Item 1111-101-0001, Budget Act of 2018 (Chs. 29 and 30, Stats. 2018)

Provisions:

1. Notwithstanding any other law, the funds reappropriated in this item shall be used for grants in accordance with Provision 3 of this item.
2. For purposes of the grant program included in Provision 3, the following definitions apply:
 - (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) “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.
3. (a) With the funds reappropriated with this item, an eligible local jurisdiction may, in the form and manner prescribed by the bureau, submit an application to the bureau for a grant to assist local equity applicants and local equity licensees through that local jurisdiction’s equity program.
 - (b) The bureau shall review an application based on the following factors:
 - (1) Whether the local jurisdiction is an eligible local jurisdiction.
 - (2) Whether the local jurisdiction has adopted or operates a local equity program.

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- (3) Whether the local jurisdiction has identified a local equity applicant or a local equity licensee that the local jurisdiction could assist, as defined in Provision 4, through use of the grant funding.
- (4) Whether the local jurisdiction has demonstrated the ability to provide, or created a plan to provide, the services identified in Provision 4.
- (5) The number of existing and potential local equity applicants and local equity licensees in the local jurisdiction.
- (6) Any additional relevant and reasonable criteria the bureau deems necessary.
- (c) The bureau shall use the following point-based scoring system to allocate funding to all eligible applicants:
 - (1) Points shall be allocated based on the population of the applicant jurisdiction, according to data published as of January 1, 2019, on the Department of Finance’s internet website. Points shall be allocated to the local jurisdiction applicant as follows:
 - (A) Twelve points to local jurisdictions with 3,000,000 or more residents.
 - (B) Ten points to local jurisdictions with 2,000,000-2,999,999 residents.
 - (C) Eight points to local jurisdictions with 1,000,000-1,999,999 residents.
 - (D) Six points to local jurisdictions with 400,000-999,999 residents.
 - (E) Four points to local jurisdictions with 100,000-399,999 residents.
 - (F) Two points to local jurisdictions with less than 100,000 residents.
 - (2) Points shall be allocated based on the length of time that the applicant’s equity program has existed, beginning with the date the applicant’s equity program was adopted, as follows:
 - (A) Five points for more than one year in existence.
 - (B) Three points for 6 months to one year in existence.
 - (C) Zero points for fewer than 6 months.

- (3) Two additional points shall be allocated if the applicant has published a study identifying communities and groups most impacted by arrests and convictions for cannabis law violations, and the study identifies a need for equity in the local cannabis industry to repair the harms of arrests and convictions for cannabis law violations.
- (4) Points shall be allocated based on the applicant's current annual investment in its equity program, as follows:
 - (A) Five points for an investment greater than \$1,000,000.
 - (B) Three points for an investment between \$250,000-\$999,999.99.
 - (C) One point for an investment between \$1-\$249,999.99.
 - (D) Zero points for no investment.
- (5) One additional point shall be allocated for each of the following program elements that are part of an applicant's equity program at the time of application:
 - (A) Small business support (technical assistance).
 - (B) Tiered fees or fee waivers for cannabis-related permits/licenses.
 - (C) Assistance in paying state regulatory and licensing fees.
 - (D) Assistance securing business locations prior to or during application process.
 - (E) Assistance securing capital investments, excluding loans and grants from a city.
 - (F) Assistance with regulatory compliance.
 - (G) Assistance in recruiting, training, and retention of a qualified/diverse workforce.
 - (H) Business loans or grants to equity applicants.
- (6) Points shall be allocated based on the total number of verified equity applicants, including individuals currently in the application process and individuals who have completed and submitted an application but who have not been licensed, as follows:

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- (A) Four points for more than 300 applicants.
- (B) Three points for 201-300 applicants.
- (C) Two points for 101-200 applicants.
- (D) One point for 20-100 applicants.
- (E) Zero points for less than 20 applicants.
- (7) Points shall be allocated based on the applicant’s total number of equity licenseholders, as follows:
 - (A) Sixteen points for more than 80 equity licenseholders.
 - (B) Fourteen points for 61-80 equity licenseholders.
 - (C) Twelve points for 41-60 equity licenseholders.
 - (D) Ten points for 21-40 equity licenseholders.
 - (E) Eight points for 5-20 equity licenseholders.
 - (F) Four points for 1-4 equity licenseholders.
 - (G) Zero points for 0 equity licenseholders.
- (d) A minimum of one hundred thousand dollars (\$100,000), or less if requested, shall be allocated to each qualifying jurisdiction that meets the requirements of subdivision (b). The remainder of the funding shall be allocated based on the following formula:
[(Total Points for Local Jurisdiction) divided by (Total Points for All Local Jurisdictions Qualifying for Grant Funding)] multiplied by 100.
- 4. An eligible local jurisdiction that receives a grant pursuant to Provision 3 shall use grant funds to assist 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. For purposes of this provision, “assist” includes, but is not limited to, the following methods:
 - (a) To provide 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” includes, but is not limited to, rent, leases, local and state application and licensing fees, regula-

- tory adherence, testing of cannabis, equipment, capital improvements, and training and retention of a qualified and diverse workforce.
- (b) To support local equity program efforts to provide sources of capital to local equity applicants and local equity licensees.
 - (c) To provide direct technical assistance to local equity applicants and local equity licensees.
 - (d) To assist in the administration of local equity programs.
5. An eligible local jurisdiction that receives a grant pursuant to Provision 3 shall, on or before January 1 of the year following receipt of the grant and annually thereafter for each year that grant funds are expended, submit an annual report to the bureau that includes all of the following information:
 - (a) How the local jurisdiction disbursed grant funds.
 - (b) How the local jurisdiction identified local equity applicants or local equity licensees, including how the local jurisdiction determined who qualified as a local equity applicant or local equity licensee.
 - (c) The number of local equity applicants and local equity licensees that were served by the grant funds.
 - (d) 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.
 6. An eligible local jurisdiction that receives a grant pursuant to this item shall use no more than 10 percent of the state grant for administration, including employing staff or hiring consultants to administer grants and the program.
 7. The bureau may review, adopt, amend, and repeal guidelines to implement uniform standards, criteria, requirements or forms that supplement or clarify the terms, references, or standards set forth in this item. In administering the grant

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program in this item, the bureau shall not be subject to the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

- 8. (a) On or before July 1, 2020, the bureau shall submit a report to the Legislature regarding the progress of local equity programs that have received funding pursuant to this item. The report shall include, but not be limited to, the following information:
 - (1) The cities, counties, and cities and counties that have enacted local equity programs.
 - (2) The number of local equity applicants and general applicants applying for and receiving licenses in the jurisdictions that received grants.
 - (3) Information collected pursuant to Provision 5.
- (b) The bureau shall post the report required by this section on its internet website.
- (c) The report required by this section shall be submitted in compliance with Section 9795 of the Government Code, and shall apply notwithstanding Section 10231.5 of the Government Code.

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| 1690-001-0217—For support of Alfred E. Alquist Seismic Safety Commission, payable from the Insurance Fund..... | 1,260,000 |
| Schedule: | |
| (1) 1470-Alfred E. Alquist Seismic Safety Commission..... | 1,275,000 |
| (2) Reimbursements to 1470-Alfred E. Alquist Seismic Safety Commission..... | -15,000 |
| 1700-001-0001—For support of Department of Fair Employment and Housing..... | 26,367,000 |
| Schedule: | |
| (1) 1490-Administration of Civil Rights Law..... | 26,011,000 |
| (2) 1495-Fair Employment and Housing Council..... | 10,000 |
| (3) 1500-Department of Justice Legal Services..... | 346,000 |