



GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT  
STATE OF CALIFORNIA • OFFICE OF GOVERNOR GAVIN NEWSOM

Date: May 12, 2023

From: William Koch  
Deputy Director, Community and Local Equity Grants Unit  
California Governor's Office of Business and Economic Development  
1325 J Street, 18th Floor  
Sacramento, CA 95814

To: Celina Jimenez, Grants Manager  
City of Coachella  
59930 Enterprise Way  
Coachella, CA 92235

**RE: Cannabis Equity Grants Program for Local Jurisdictions – Local Jurisdiction Program Criteria Review**

Dear Celina Jimenez:

The Governor's Office of Business and Economic Development (GO-Biz) administers the Cannabis Equity Grants Program for Local Jurisdictions (CEG Program), which was created by the California Cannabis Equity Act (Stats. 2018, Ch. 794; Bus. & Prof. Code § 26240 et seq.). As an increasing number of local jurisdictions have created cannabis equity programs each year and seek funding through the CEG Program, GO-Biz has identified an increasing need to ensure local equity program criteria are aligned with the California Cannabis Equity Act and not overly inclusive. Beginning with CEG Program applications submitted in the fall of this year, 2023, GO-Biz will place additional emphasis on the screening of local equity program criteria.

The California Cannabis Equity Act includes the following summarized declarations and findings:

- Cannabis prohibition had a devastating impact on communities across California and the United States. **Persons convicted of a cannabis offense and their families suffer the long-term consequences of prohibition.** These individuals have a more difficult time entering the newly created adult-use cannabis industry due, in part, to a lack of access to capital, business space, technical support, and regulatory compliance assistance.
- **The collateral consequences associated with cannabis law violations,** coupled with generational poverty and a lack of access to resources, make it extraordinarily difficult for persons with convictions to enter the newly regulated industry.
- It is the intent of the Legislature in enacting this act to ensure persons **most harmed by cannabis criminalization and poverty** be offered assistance to enter the multibillion-dollar cannabis industry.

GO-Biz has conducted a review of the City of Coachella’s cannabis equity program and has identified the following eligibility criteria that appear to be overly inclusive/inconsistent with the California Cannabis Equity Act:

Classification 2

- A current or former resident of the City of Coachella who has lived in a low-income household for at least five (5) years, between the years of 1908 and 2018. Annual family income must be at or below 80 percent of the Area Median Income (AMI) and net worth below \$250,000.

Classification 3

- A cannabis business with not less than 51% ownership by individuals meeting Classification 1 or 2 criteria that their business resides within the City of Coachella. If no such individual exists, individuals meeting Classification 1 or 2 criteria from other applicable areas may be utilized.

As indicated previously in this memo, beginning with CEG Program applications submitted in the fall of this year, GO-Biz will be placing additional emphasis and screening of local equity program criteria. Jurisdictions with cannabis equity program criteria deemed by GO-Biz as overly inclusive/inconsistent with the California Cannabis Equity Act may be ineligible for funding through the CEG Program or have contractual restrictions and limitations placed on how CEG Program funding provided by GO-Biz may be utilized.

If you would like technical assistance with respect to revising your jurisdiction’s cannabis equity program criteria, please do not hesitate to contact your CEG Program Grant Supervisor Katie Raley, at [Katie.Raley@gobiz.ca.gov](mailto:Katie.Raley@gobiz.ca.gov)

Respectfully,

*William Koch*

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