



STAFF REPORT
12/13/2023

TO: Honorable Mayor and City Council Members

FROM: Celina Jimenez, Director of Economic Development

SUBJECT: Adopt Resolution No. 2023-75 Authorizing State of California Cannabis Equity Act Grant Funding

STAFF RECOMMENDATION:

Staff recommends that the City Council consider adopting Resolution No. 2023-75 authorizing the City Manager to execute any and all necessary documentation, including a standard agreement to accept the Office of the Governor’s Business and Economic Development’s (Go-Biz) Equity Grant for Local Jurisdictions in the amount of \$500,000.

BACKGROUND:

On November 8, 2016, California voters approved Proposition 64, the Control, Regulate, and Tax Adult Use of Marijuana Act (AUMA). In its statement of purpose and intent, AUMA calls for regulating cannabis in a way that “reduces barriers to entry into the legal, regulated market.”

Cannabis prohibition and criminalization had a devastating impact on populations and communities across California. Individuals convicted of a cannabis offense and their families suffer the long-term consequences of prohibition and criminalization. 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.

During the era of cannabis prohibition in California, the burdens of arrest, convictions, and long-term collateral consequences arising from a conviction fell disproportionately on African American/Black and Latinx/Hispanic people, even though people of all races used and sold cannabis at nearly identical rates. The California Department of Justice data shows that from 2006 – 2015, inclusive, African American/Black Californians were two times more likely to be arrested for cannabis misdemeanors and five times more likely to be arrested for cannabis felonies than Caucasian/White Californians. During the same period, Latinx/Hispanic Californians were 35 percent more likely to be arrested for cannabis crimes than Caucasian/White Californians. The collateral consequences associated with cannabis law violations, coupled with generational poverty and lack of access to resources, make it extraordinarily difficult for persons with convictions to enter the newly regulated industry.

GO-Biz administers the Cannabis Equity Grants Program for Local Jurisdictions to aid local equity

program efforts to support equity applicants and equity licensees. Offering technical support, regulatory compliance assistance, and assistance with securing the capital necessary to begin a business will further the stated intent of the AUMA by reducing barriers to licensure and employment in the regulated industry. Offering these types of support will also aid the state in its goal of eliminating or reducing the illicit cannabis market by bringing more people into the legal marketplace.

DISCUSSION/ANALYSIS:

The purpose of the Cannabis Equity Grants Program for Local Jurisdictions is to advance economic justice for populations and communities harmed by cannabis prohibition and the War on Drugs (WoD) by providing support to local jurisdictions as they promote equity and eliminate barriers to enter the newly regulated cannabis industry for equity program applicants and licensees. By issuing these grants to local jurisdictions, GO-Biz aims to advance the well-being of populations and communities that have been negatively or disproportionately impacted by cannabis prohibition and the WoD.

The term “equity” recognizes that because different individuals or groups have different histories and circumstances, they have different needs and unequal starting points. Using an equity approach, individuals and groups receive different resources, opportunities, support, or treatment based on their specific needs. By providing what each individual or group needs, they can have equitable or fair outcomes. Therefore, cannabis equity programs should be distinct from other types of assistance programs by their focus and intentionality in understanding the specific systemic barriers and injustices different individuals or groups face when trying to access opportunity in the cannabis marketplace.

The City of Coachella is furthering the purpose and intent of the AUMA by fostering equitable access to licensure and business ownership in the regulated cannabis industry, ensuring that persons most harmed and economically disadvantaged by cannabis criminalization are offered assistance, and priority licensing when possible, to enter the multibillion-dollar cannabis industry as entrepreneurs. The City’s application will request \$500,000 (no match requirement) to assist the jurisdiction’s equity applicants and equity licensees to gain entry to, and to successfully operate in, the state’s regulated cannabis marketplace and also assist with startup and ongoing costs.

ALTERNATIVES:

1. Adopt Resolution No. 2023-75 Authorizing State of California Cannabis Equity Act Grant Funding
2. Not Adopt Resolution No. 2023-75 Authorizing State of California Cannabis Equity Act Grant Funding

FISCAL IMPACT:

According to Go-Biz grant guidelines, up to 10% of the grant funds may be allocated to cover the cost of setting up and managing the grant program and direct technical assistance. For that reason, the cost to the City to implement the grant program will be negligible.

ATTACHMENT:

Resolution No. 2023-75