

**Department of Cannabis Control**  
**Emergency Readopt Rulemaking**  
**California Code of Regulations Title 4**  
**Division 19. Department of Cannabis Control**

**Chapter 1. All Licensees**

**Article 3. Licensing**

**§ 15014.1. Fee Waivers.**

(a) For the purposes of this section, the following definitions apply:

(1) “Qualified equity applicant or licensee” means a person who is an owner in a commercial cannabis business pursuant to section 15003(a) and is either:

(A) A locally verified equity applicant or licensee in a jurisdiction with a local equity program as defined in subsection (a)(2); or

(B) An applicant or licensee who qualifies for the fee waiver program under the provisions of subsection (d).

(2) “Locally verified equity applicant or licensee” means an applicant or licensee that satisfies the following conditions:

(A) The applicant or licensee has submitted an application to a local jurisdiction to engage in commercial cannabis activity;

(B) The applicant or licensee’s commercial cannabis operation is located within the boundaries of that jurisdiction;

(C) The applicant or licensee meets the requirements of that jurisdiction’s local equity program; and

(D) The applicant or licensee has attested that they meet one of the criteria set in subsection (d).

(b) Commercial cannabis businesses with at least one qualified equity applicant or licensee shall be eligible for one license fee waiver from the Department per 12-month licensure period if they satisfy all of the following:

(1) They have submitted a complete application for licensure, in accordance with section 15002, or have satisfied the licensure renewal requirements of section 15020.

(2) They are an applicant that expects a gross revenue less than or equal to \$5,000,000, or a licensee with a gross revenue less than or equal to \$5,000,000. Documentation demonstrating gross revenue may include, but is not limited to, a copy of the licensee’s state tax return filed with the California Department of Tax and Fee Administration.

(3) The qualified equity applicant or licensee, either individually or in combination with other qualified equity applicants or licensees, own no less than 50 percent of the commercial cannabis business that is applying for licensure or is licensed.

(4) They have timely submitted a fee waiver request with the information enumerated in subsections (c) and (d).

(A) To be eligible for a license fee waiver in the initial 12-month licensure period, the qualified equity applicant must indicate on the application for commercial cannabis license that they are also applying for a license fee waiver from the Department.

(B) To be eligible for a license fee waiver at the time of renewal, the qualified equity licensee must submit a fee waiver request at least 60 calendar days before the expiration of the license. The Department will accept fee waiver requests from qualified equity licensees who on the effective date of this section are less than 60 days from the date of license expiration. The Department will provide a refund if the Department determines the qualified equity licensee is eligible for a fee waiver after the licensee has paid all annual licensing fees, subject to available funding.

(c) To submit a fee waiver request, the qualified equity applicant or licensee shall submit all of the following to the Department:

(1) A complete list of every qualified equity applicant or licensee which includes the percentage of the aggregate ownership interest held by the qualified equity applicant or licensee in the commercial cannabis business.

(2) Contact information for each qualified equity applicant or licensee of the commercial cannabis business, including the name, title, phone number, and email address.

(3) Only for fee waiver applicants that are locally verified equity applicants or licensees in a jurisdiction with a local equity program, an attestation to the following statement: Under penalty of perjury, I hereby declare that I am a locally verified equity applicant or licensee. I further declare that I satisfy at least one of the criteria set forth in California Code of Regulations, title 4, section 15014.1(d). I understand that the Department may investigate the accuracy of these declarations, and that a misrepresentation of fact is cause for rejection of this fee waiver request.

(4) An attestation that the qualified equity applicant or licensee, either individually or in combination with other qualified equity applicants or licensees, own no less than 50 percent of the commercial cannabis business that is applying for licensure or is licensed.

(d) All applicants or licensees must satisfy at least one of the following criteria to be granted a fee waiver. Qualified equity applicants or licensees that are locally verified equity applicants may establish that they satisfy at least one of these criteria by attestation, as set forth in subsection (c)(3). Qualified equity applicants or licensees that are not locally verified in a jurisdiction with a local equity program must submit evidence of at least one of the following for each equity applicant or licensee:

(1) The qualified equity applicant or licensee was convicted of an offense related to the sale, possession, use, manufacture, or cultivation of cannabis, prior to November 8, 2016. Proof of conviction shall be demonstrated by copies of federal or state court records indicating the disposition of the criminal matter; records reflecting the post-conviction dismissal or expungement of a conviction, including records reflecting relief under Health and Safety Code section 11361.5; or any other court or law enforcement record that shows proof of conviction.

(2) The qualified equity applicant or licensee was arrested for an offense related to the sale, possession, use, manufacture, or cultivation of cannabis, prior to November 8, 2016. Proof of arrest shall be demonstrated by copies of federal or state court records indicating the disposition of the criminal matter, records of expungement documentation, or any other law enforcement record that shows proof of arrest.

(3) The qualified equity applicant or licensee resides in a household with a household income less than or equal to 60 percent of the area median income for the local jurisdiction they reside, as reported in the most recent United States decennial or special census. Proof of income shall be demonstrated using copies of at least one of the following records with an address in the local jurisdiction, dated within the last two years from the date of the fee waiver request:

(A) Individual federal tax returns, state tax returns, and W-2s;

(B) At least two consecutive paystubs;

(C) Proof of eligibility for a general assistance program that provides financial aid to adults without sufficient income or resources, including but not limited to CalFresh, MediCal/CalWORKS, supplemental security income, or social security disability.

(4) Proof that the qualified equity applicant or licensee has resided for at least five years between 1980 and 2016 in an area with a population that was disproportionately impacted by past criminal justice policies implementing cannabis prohibition during their period of residency and that they satisfy one of the following:

(A) The qualified equity applicant or licensee resides in a census tract that is among the top 25 percent for civilian unemployment and poverty in the state based on the United States Census Bureau's 2013-2017 American Community Survey; or

(B) The qualified equity applicant or licensee has an immediate family member who was convicted or arrested of an offense related to the sale, possession, use, manufacture, or cultivation of cannabis, prior to November 8, 2016.

(C) For the purposes of this subsection, the following definitions apply:

(i) "An area with a population that was disproportionately impacted by past criminal justice policies implementing cannabis prohibition for at least five years" means a county within California with a per capita drug related arrest rate higher than the state's per capita drug related arrest rate between 1980 and 2016; these counties are: Alameda, Alpine, Contra Costa, Del Norte, Fresno, Glenn, Humboldt, Imperial, Inyo,

Kern, Lake, Los Angeles, Mendocino, Merced, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Joaquin, Santa Cruz, Sierra, Solano, Stanislaus, Tehama, Trinity, Tulare, Yolo, and Yuba.

(ii) "Immediate family member" means child, stepchild, parent, stepparent, brother, sister, half-brother, half-sister, stepsibling, legal guardian, grandparent, or great grandparent.

(D) Proof of residence shall be demonstrated by providing copies of at least two of the following records with an address in the local jurisdiction:

(i) California Driver's License or State Identification Card;

(ii) Property tax billing or payment, or evidence that the qualified equity applicant or licensee is otherwise exempt from property tax payment by law;

(iii) Signed residential lease agreement, or deed or title to residential real property;

(iv) Copies of state or federal tax returns;

(v) School records;

(vi) Banking or credit card records;

(vii) Voter registration;

(viii) Credit reports; or

(ix) Utility, cable, or internet billing or payment.

(F) Proof of an immediate family member's conviction or arrest shall be demonstrated by copies of federal or state court records indicating the disposition of the criminal matter; records reflecting the post-conviction dismissal or expungement of a conviction, including records reflecting relief under Health and Safety Code section 11361.5; or any other court or law enforcement record that shows proof of conviction or arrest.

(G) Proof of immediate family member shall be demonstrated by copies of documentation that clearly indicates a familial relationship, including but not limited to, birth certificates or court records.

(e) Incomplete fee waiver requests will be denied. The Department will notify the applicant or licensee that the fee waiver request is denied and identify the deficiencies which caused the denial. An applicant or licensee may resubmit subsequent fee waiver requests after denial.

(f) The Department will process complete fee waiver requests in the order in which the application or renewal for commercial cannabis licensure has been approved by the Department.

(g) Issuance of fee waivers by the Department shall be subject to available funding; thus, all eligible applicants and licensees may not be granted a fee waiver.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26051.5, 26180, and 26249 Business and Professions Code.