

Meeting Materials: September 8, 2022

Discussion Topic: Local Jurisdiction Retail Access Grant

Overview

The Cannabis Advisory Committee (CAC) will discuss how the Cannabis Local Jurisdiction Retail Access Grant Program can support local jurisdictions in the development and implementation of a local cannabis retail licensing program. This document is intended to help CAC members prepare for the discussion.

Background

As of August 2022, 330 cities and counties (61%) in California do not allow establishment of cannabis retailers, whether storefront or delivery. To assist local governments in establishing cannabis retail licensing programs, the State allocated \$20 million for a local jurisdiction retail access grant program.

The Cannabis Local Jurisdiction Retail Access Grant Program aims to provide consumers with better access to regulated, tested cannabis product by supporting the expansion of California's legal cannabis marketplace, thereby reducing the need for consumers to turn to the illicit market. By reducing local barriers to access, this grant program also seeks to reduce the size of the illicit market and stabilize the legal cannabis supply chain, in which higher wholesale prices depends, in part, on establishing sufficient retail stores statewide to meet existing consumer demand. DCC will be responsible for administering the grant program, including developing specific guidelines for the program.

Statutory Requirements

The 2022-2023 Budget Act, through provisions enacted by Assembly Bill (AB) 178, outlines minimum requirements for the Cannabis Local Jurisdiction Retail Access Grant Program that DCC must utilize in establishing the program. Key aspects of these statutory requirements are summarized below.

Note: This summary is for informational purposes not intended to interpret or make specific requirements outlined in AB 178, nor is it intended to be a complete list of statutory requirements.

Eligibility: Jurisdictions that do not have a local cannabis retailer licensing program and that have a plan to develop and implement such a program.

Funding Rounds:

1. Phase 1: Funding to develop and implement a local jurisdiction retailer licensing program (up to \$10 million, awarded by June 30, 2023).
 - a. The amount awarded must be proportional to the population served.
 - b. Priority is given to local jurisdictions that include provisions to assist equity applicants and where consumption of cannabis is highest.
2. Phase 2 – Funding based on the number of permits issued (up to \$10 million total, maximum of \$2 million per jurisdiction, awarded on or after June 30, 2023).
 - a. Additional funding will be given to those jurisdictions that have issued retail licenses to equity businesses.

Application Requirements: A local jurisdiction’s grant application must include a plan describing how it will use funds.

Eligible and Ineligible Spending:

- Allowable uses include staff salaries and benefits, support for equity applicants and licensees, environmental reviews, and permitting expenses.
- Funding cannot be used for costs and fees related to litigation or payment of fines or other penalties incurred for violations related to unlicensed commercial cannabis activity.

Fund Recapture: DCC may recapture funds in any of the following circumstances:

- Funds are not expended by deadlines or are used for an ineligible purpose.
- Funds are not used as described in the application plan.
- The local jurisdiction has failed to demonstrate progress toward permitting cannabis retail businesses.

Additional Resources

[AB 178 Budget Bill Language](#) – See SEC. 51 and SEC. 52

[Summary of Local Jurisdiction Retail Access Grant Program](#) – Submitted to the Legislature during the budget process

[Where cannabis businesses are allowed](#) – Resource on the DCC website showing which jurisdictions allow or do not allow cannabis retail. Jurisdictions that prohibit both storefront and non-storefront delivery may be eligible for the grant program, subject to final program requirements.

Discussion Questions

DCC is seeking the input of the CAC to inform development of the Grant Guidelines. The questions below are intended to guide discussion about program requirements, eligibility, application evaluation, and measures for success.

- 1. What should local jurisdictions be required to include in the plan for permitting cannabis retail that is submitted with the grant application?**
- 2. How can the additional equity program funding be constructed to incentive inclusion of meaningful support and opportunities in local retail permitting programs for individuals affected by the War on Drugs?**
- 3. Should local jurisdictions be eligible for funding if they will permit only medicinal cannabis retail and will not permit adult-use retail?**
- 4. Should any specific requirements be imposed on the local permitting program that will be developed using grant funding?**
- 5. What criteria should be used to evaluate whether a local jurisdiction has failed to demonstrate progress toward permitting retail businesses for purposes of recapturing grant funds?**

