Margro Advisors

December 9, 2022

To: Cannabis Advisory Committee – Equity Subcommittee
CAC@cannabis.ca.gov

From: Margro Advisors
117 Wildwood Ave
Rio Dell, CA 95562
info@margroadvisors.com

RE: Equity Fee Waiver Program

Dear Sub-Committee Members:

Margro Advisors is a cannabis compliance firm supporting small rural farmers throughout Humboldt County. We have been working closely with locally verified social equity recipients, many of whom are small, craft growers. As survivors of the war on drugs, many legacy farmers have been working diligently and at great expense to navigate the legalization process.

The recent wholesale market collapse in price has significantly impacted small craft cannabis businesses. Back in January, we were relieved to work with farms participating in the State's fee waiver program, which provided essential relief for those who resided in a prohibition impacted county. In doing so, we saw first hand how it was providing necessary assistance to a number of financially-strapped small operators.

However, in June 2022, we were disheartened when the State dramatically changed the criteria to disenfranchise Humboldt County equity applicants while helping larger businesses instead. At that time the State significantly narrowed residency criteria by requiring that a fee waiver applicant both reside in a prohibition impacted county *and* either live in a census tract with a high rate of poverty or have a family member who was convicted of a cannabis-related crime. This disqualified so many of those who had lived through the Campaign Against Marijuana Planting (CAMP) raids, who were in fact victims of the "War on Drugs", and who would have qualified with the criteria defined when the program was released.

In addition, it was incredibly unfair to provide waivers to some and not others based on when their license renewal date occurred. Those before the regulation changes were able to receive waivers by living in an impacted county, those after the change could not; even if they applied for the waiver before the regulation change.

We were especially frustrated by the fact that at the same time the revenue qualification was increased from $1.5M to $5M. Essentially, the new mid-year regulations cut out entire impacted homestead farmer communities while opening the program to larger businesses.

Lastly, the DCC has discriminated against rural residents who live on their farms but do not receive postal service. The agency was not allowing those whose documents have post office boxes to be accepted as proof of residency. Yet these farmers do not have postal addresses in rural areas. The post office box address is used on everything from their property tax bill to their driver's license. It should be allowable documentation for this program. To prohibit its use is an unfair bias against craft farmers in rural communities.

We ask that the sub-committee consider restoring the program's original criteria, or at least recommend that it be modified to provide eligibility for any locally qualified equity business and allow PO boxes as proof of residency for rural residents.

Respectfully,

Kelly Flores

Kelly Flores
Margro Advisors