

Department of Cannabis Control
Equity Fee Waivers and Deferrals for Commercial Cannabis Licensing Fees
California Code of Regulations Title 4
Division 19. Department of Cannabis Control

Chapter 1. All Licensees

Article 3. Licensing

§ 15014.1. Equity Fee Relief.

(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 equity fee relief in the form of one license fee waiver during each calendar year and one fee deferral for each additional license during each calendar year ~~from the Department per 12-month licensure period~~ if they satisfy all of the following:

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

(2) Only for fee waiver requests, the ~~They are an~~ applicant or licensee 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 and the applicant has submitted documentation demonstrating gross revenue. 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, owns no less than 50 percent of the commercial cannabis business that is applying for licensure or is licensed.

(4) The applicant or licensee has ~~They have~~ timely submitted a request for equity fee relief ~~fee waiver request~~ with the information enumerated in subsections (c) and (d).

(A) To be eligible for a license fee waiver or deferral 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 equity a license fee relief waiver from the Department.

(B) To be eligible for a license fee waiver or deferral at the time of renewal, the qualified equity licensee must submit a request for equity fee relief waiver ~~request~~ at least 60 calendar days before the expiration of the license. The Department will accept requests for equity fee relief 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 or deferral after the licensee has paid all annual licensing fees, subject to available funding.

(c) To submit a request for equity fee relief 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 equity fee relief requestors ~~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 request for equity fee relief 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 or deferral. 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 the destruction of records 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.

(A) Proof of income shall be demonstrated by the qualified equity applicant or licensee for each earner in their household using copies of at least one of the following records with a residential address in the local jurisdiction, which is not a post office box, dated within the last two years from the date of the request for equity fee relief waiver request:

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

(ii.B) At least two consecutive paystubs;

(iii.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.

(B) For the purposes of this subsection, "income" means the money income received in the preceding calendar year using the income measurement defined by the U.S. Census Bureau in their most recent United States decennial or special census.

(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~~ resided 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~~ a residential address in the local jurisdiction, which is not a post office box:

(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; or

(x) Vehicle titles or proof of vehicle registration.

(E) 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 the destruction of records under Health and Safety Code section 11361.5; or any other court or law enforcement record that shows proof of conviction or arrest.

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

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

(f) The Department will process complete requests for equity fee relief ~~waiver requests~~ in the order in which the application or renewal for commercial cannabis licensure has been approved by the Department. If a commercial cannabis business has submitted multiple requests for fee waivers, the Department will grant only one fee waiver to the applicant or licensee based on the first application or renewal for commercial cannabis licensure that 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. In the event that insufficient funding is available to issue a fee waiver, the Department will grant a fee deferral to qualified equity applicants and licensees.

(h) Fee deferrals granted by the Department shall be subject to the following conditions:

(1) All license fees must be paid in full no later than six months after the issuance or renewal of the license.

(2) The licensee's failure to pay the appropriate licensing fee as required by section 15014, will result in further action being taken by the Department, including, but not limited to, denial of licensure renewal, suspension, or revocation of a license.

(3) No fee deferrals will be granted by the Department prior to January 1, 2023.

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