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BUSINESS AND PROFESSIONS CODE - BPC

DIVISION 10. Cannabis [26000 - 26325] (*Heading of Division 10 amended by Stats. 2017, Ch. 27, Sec. 3.)*

CHAPTER 23. The California Cannabis Equity Act [26240 - 26250] (*Chapter 23 added by Stats. 2018, Ch. 794, Sec. 3.)*

26240. For purposes of this chapter, the following definitions apply:

- (a) "Eligible local jurisdiction" means a local jurisdiction that demonstrates an intent to develop a local program or that has adopted or operates a local equity program.
- (b) "Equity assessment" means an assessment conducted by the local jurisdiction that was used to inform the creation of a local equity program, and that assessment may include the following:
- (1) Reference to local historical rates of arrests or convictions for cannabis law violations.
 - (2) Identification of the impacts that cannabis-related policies have had historically on communities and populations within that local jurisdiction.
 - (3) Other information that demonstrates how individuals and communities within the local jurisdiction have been disproportionately or negatively impacted by the War on Drugs.
- (c) "Local equity applicant" means an applicant who has submitted, or will submit, an application to a local jurisdiction to engage in commercial cannabis activity within the jurisdictional boundaries of that jurisdiction and who meets the requirements of that jurisdiction's local equity program.
- (d) "Local equity licensee" means a person who has obtained a license from a local jurisdiction to engage in commercial cannabis activity within the jurisdictional boundaries of that jurisdiction and who meets the requirements of that jurisdiction's local equity program.
- (e) "Local equity program" means a program adopted or operated by a local jurisdiction that focuses on inclusion and support of individuals and communities in California's cannabis industry who are linked to populations or neighborhoods that were negatively or disproportionately impacted by cannabis criminalization as evidenced by the local jurisdiction's equity assessment. Local equity programs may include, but are not limited to, the following types of services:
- (1) Small business support services offering technical assistance or professional and mentorship services to those persons from economically disadvantaged communities that experience high rates of poverty or communities most harmed by cannabis prohibition, determined by historically high rates of arrests or convictions for cannabis law violations.
 - (2) Tiered fees or fee waivers for cannabis-related permits and licenses.
 - (3) Assistance in paying state regulatory and licensing fees.
 - (4) Assistance securing business locations prior to or during the application process.
 - (5) Assistance securing capital investments or direct access to capital.
 - (6) Assistance with regulatory compliance.
 - (7) Assistance in recruitment, training, and retention of a qualified and diverse workforce, including transitional workers.
 - (8) Other services deemed by the Governor's Office of Business and Economic Development to be consistent with the intent of this chapter.

(f) "Transitional worker" means a person who, at the time of starting employment at the business premises, resides in a ZIP Code or census tract area with higher than average unemployment, crime, or child death rates, and faces at least one of the following barriers to employment: (1) is homeless; (2) is a custodial single parent; (3) is receiving public assistance; (4) lacks a GED or high school diploma; (5) has a criminal record or other involvement with the criminal justice system; (6) suffers from chronic unemployment; (7) is emancipated from the foster care system; (8) is a veteran; or (9) is over 65 years of age and is financially compromised.

(Amended by Stats. 2021, Ch. 70, Sec. 91. (AB 141) Effective July 12, 2021.)

26242. (a) The department may provide technical assistance to a local equity program that helps local equity applicants or local equity licensees. When determining whether to provide technical assistance, the department shall make individual determinations based on the reasonableness of the request and available resources.

(b) "Technical assistance" includes providing training and educational sessions regarding state cannabis licensing and regulatory processes and requirements to equity applicants or equity licensees that are coordinated with the local equity program.

(Amended by Stats. 2021, Ch. 70, Sec. 92. (AB 141) Effective July 12, 2021.)

26244. (a) (1) An eligible local jurisdiction may, in the form and manner prescribed by the Governor's Office of Business and Economic Development, submit an application to the Governor's Office of Business and Economic Development for a grant to assist with the development of an equity program or to assist local equity applicants and local equity licensees through that local jurisdiction's equity program.

(2) An eligible local jurisdiction that has a local equity program shall include in its application submitted pursuant to paragraph (1) the equity assessment that was used to inform the creation of the local equity program.

(3) The Governor's Office of Business and Economic Development shall consider the following factors when reviewing an application:

(A) Whether the local jurisdiction is an eligible local jurisdiction.

(B) Whether the local jurisdiction has identified communities and populations within that local jurisdiction that have been disproportionately or negatively impacted by arrests and convictions for cannabis law violations and has demonstrated a nexus between the individuals served through the local equity program and the communities and populations identified by the local jurisdiction.

(C) Whether the local jurisdiction has adopted or operates a local equity program, and, if so, the Governor's Office of Business and Economic Development shall consider the following:

(i) How long the local jurisdiction has operated the program.

(ii) The outcomes of the program.

(D) Whether the local jurisdiction has demonstrated the ability to provide, or created a plan to provide, the services identified in subdivision (b).

(E) Whether the local jurisdiction has demonstrated a financial commitment to the implementation and administration of the program.

(F) Whether the local jurisdiction has demonstrated a commitment to remove, or has taken steps to remove, local barriers to entering the legal cannabis market for local equity applicants and local equity licensees, including, but not limited to, developing a local regulatory framework that facilitates an equitable and economically just industry.

(G) The number of existing and potential local equity applicants and local equity licensees in the local jurisdiction.

(H) Any additional relevant and reasonable criteria the Governor's Office of Business and Economic Development deems necessary.

(4) The Governor's Office of Business and Economic Development shall grant funding to an eligible local jurisdiction based on the eligible local jurisdiction's compliance with paragraph (2), if applicable, and its review of the factors in paragraph (3).

(b) (1) An eligible local jurisdiction that receives a grant pursuant to subdivision (a) shall use grant funds to do either of the following:

(A) Assist the local jurisdiction in the development of a local equity program.

(B) Assist local equity applicants or local equity licensees in that local jurisdiction to gain entry to, and to successfully operate in, the state's regulated cannabis marketplace.

(2) For purposes of this subdivision, "assist" includes, but is not limited to, any of the following methods:

(A) To provide a low-interest or no-interest loan or a grant to a local equity applicant or local equity licensee to assist the applicant or licensee with startup and ongoing costs. For purposes of this paragraph, "startup and ongoing costs" include, but are not limited to, the following:

(i) Rent.

(ii) Leases.

(iii) Local and state application, licensing, and regulatory fees.

(iv) Legal assistance.

(v) Regulatory compliance.

(vi) Testing of cannabis.

(vii) Furniture.

(viii) Fixtures and equipment.

(ix) Capital improvements.

(x) Training and retention of a qualified and diverse workforce.

(B) To support local equity program efforts to provide sources of capital to local equity applicants and local equity licensees.

(C) To provide or fund direct technical assistance to local equity applicants and local equity licensees.

(D) To assist in the development or administration of local equity programs.

(E) To fund the creation of an equity assessment to inform the development of a local equity program.

(c) An eligible local jurisdiction that receives a grant pursuant to subdivision (a) shall, on or before January 1 of the year following receipt of the grant and annually thereafter for each year that grant funds are expended, submit an annual report to the Governor's Office of Business and Economic Development that includes all of the following information:

(1) How the local jurisdiction disbursed grant funds.

(2) How the local jurisdiction identified local equity applicants or local equity licensees, including how the local jurisdiction determines who qualifies as a local equity applicant or local equity licensee.

(3) The number of local equity applicants and local equity licensees that were served by the grant funds.

(4) Aggregate demographic data on equity applicants, equity licensees, and all other applicants and licensees in the jurisdiction, including, but not limited to, race, ethnicity, gender, sexual orientation, income level, education level, prior convictions, and veteran status. This information will be consolidated and reported without the individual's identifying information.

(5) If the local jurisdiction requires equity applicants to become eligible through specific ownership percentages, a breakdown of equity applicants' and equity licensees' business ownership types and percentages of ownership.

(6) Other information that the Governor's Office of Business and Economic Development deems necessary to evaluate the outcomes of the program consistent with the intent of this chapter and that was specified in the grant agreement between the Governor's Office of Business and Economic Development and the local jurisdiction.

(d) An eligible local jurisdiction that receives a grant pursuant to this section shall use no more than 10 percent of the state grant for administration, including employing staff or hiring consultants to administer grants and the program.

(e) The Governor's Office of Business and Economic Development may review, adopt, amend, and repeal guidelines to implement uniform standards, criteria, requirements, or forms that supplement or clarify the terms, references, or standards set forth in this section and Section 26240. The adoption, amendment, or repeal of a guideline, term, or standard authorized by this subdivision is

hereby exempted from the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(Amended by Stats. 2021, Ch. 70, Sec. 93. (AB 141) Effective July 12, 2021.)

26246. (a) To facilitate greater equity in business ownership and employment in the cannabis market, the department shall serve as a point of contact for local equity programs.

(b) On or before January 1, 2022, the Governor's Office of Business and Economic Development shall publish on its internet website local equity ordinances that have been enacted by the legislative body of the respective local jurisdiction, and model local equity ordinances created by advocacy groups and experts. Advocacy groups and experts may include, but are not limited to, minority business owners and entrepreneurs, organizations with expertise in addressing barriers to employment and licensure for low-income communities or persons with prior arrests or convictions, and unions representing cannabis workers.

(c) To the extent feasible, the department and the Governor's Office of Business and Economic Development shall coordinate with the relevant local jurisdictions to carry out the responsibilities described in this section.

(Amended by Stats. 2021, Ch. 70, Sec. 94. (AB 141) Effective July 12, 2021.)

26248. (a) On or before July 1, 2021, and annually thereafter, the Governor's Office of Business and Economic Development shall submit a report to the Legislature regarding the progress of local equity programs that have received funding pursuant to Section 26244.

(b) The report shall include, but is not limited to, the following information:

(1) The local jurisdictions that have enacted local equity programs.

(2) A copy of the equity assessment and equity program description of each local jurisdiction that applied for grant funding pursuant to Section 26244.

(3) The number of local equity applicants and general applicants applying for and receiving licenses in the jurisdictions that received grants pursuant to Section 26244.

(4) Information collected pursuant to subdivision (c) of Section 26244.

(c) The Governor's Office of Business and Economic Development shall post the report required by this section on its internet website.

(d) The report required by this section shall be submitted in compliance with Section 9795 of the Government Code, and shall apply notwithstanding Section 10231.5 of the Government Code.

(Amended by Stats. 2021, Ch. 70, Sec. 95. (AB 141) Effective July 12, 2021.)

26249. (a) Notwithstanding Sections 26012 and 26180:

(1) On or before January 1, 2022, the department shall develop and implement a program to provide waivers for application fees, licensing fees, and renewal fees required by this division.

(2) On or before January 1, 2023, the department shall develop and implement a program to provide deferrals for application fees, licensing fees, and renewal fees required by this division.

(b) (1) At least 60 percent of the total dollar amount of deferrals of fees pursuant to the program developed and implemented by the department pursuant to subdivision (a) shall be allocated to the deferral of fees for equity applicants and licensees.

(2) At least 60 percent of the total dollar amount of waivers of fees pursuant to the program developed and implemented by the department pursuant to subdivision (a) shall be allocated to the waiver of fees for equity applicants and licensees.

(c) For purposes of this section, "equity applicants and licensees" means applicants and licensees that demonstrate all of the following:

(1) (A) For applicants and licensees in local jurisdictions with local equity programs, that they are locally verified equity applicants and licensees; or

(B) For applicants and licensees in local jurisdictions without local equity programs, that they are local applicants and licensees.

(2) That they, either individually or in combination with other persons who qualify as equity applicants or licensees pursuant to this section, own no less than 50 percent of the business that is in the process of being licensed or is licensed.

(3) That they satisfy one of the following:

(A) They have previously been convicted of an offense related to the sale, possession, use, manufacture, or cultivation of cannabis, under past criminal justice policies implementing cannabis prohibition.

(B) They have previously been arrested for an offense related to the sale, possession, use, manufacture, or cultivation of cannabis, under past criminal justice policies implementing cannabis prohibition.

(C) Residence in a household with a household income less than or equal to 60 percent of the area median income for the applicable local jurisdiction.

(D) Residence in an area with a population disproportionately impacted by past criminal justice policies implementing cannabis prohibition.

(4) The eligibility for those that qualify pursuant to the criteria listed under subparagraphs (A) to (D), inclusive, of paragraph (3) may be further refined by the department through regulations, including, but not limited to, regulations regarding the following:

(A) Criteria regarding the license or licenses an applicant or licensee may seek or hold.

(B) Criteria regarding the time period or length of time in which an applicant or licensee resided in a low-income household for purposes of subparagraph (C) of paragraph (3), or in an area with a population disproportionately impacted by past criminal justice policies implementing cannabis prohibition for purposes of subparagraph (D) of paragraph (3).

(d) The department may adopt regulations, including emergency regulations to implement this section. The adoption, amendment, repeal, or readoption of a regulation authorized by this section is deemed to address an emergency, for purposes of Sections 11346.1 and 11349.6 of the Government Code, and the department is hereby exempted from the requirements of subdivision (b) of Section 11346.1 of the Government Code.

(e) The operation of this section is contingent upon an appropriation in the annual Budget Act or another statute for purposes of this section.

(Amended by Stats. 2021, Ch. 260, Sec. 2. (SB 166) Effective September 23, 2021.)

26250. The provisions of this chapter are severable. If any provision of this chapter or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

(Added by Stats. 2018, Ch. 794, Sec. 3. (SB 1294) Effective January 1, 2019.)