
Commerce & Gaming Committee

HB 2870

Brief Description: Allowing additional marijuana retail licenses for social equity purposes.

Sponsors: Representatives Pettigrew and Ryu; by request of Liquor and Cannabis Board.

Brief Summary of Bill

- Establishes a Social Equity Program that authorizes the Liquor and Cannabis Board (LCB) to issue additional marijuana retail licenses, with priority given to applicants who represent communities of color.
- Requires the LCB to reconsider and increase the maximum number of marijuana retail licenses for the purpose of meeting the social equity goals.
- Provides that cities, towns, or counties may submit a request to the LCB to issue additional marijuana retail licenses within its jurisdiction.
- Authorizes the LCB to issue or reissue marijuana retail licenses that have been forfeited, revoked, cancelled or were never issued, subject to restrictions.
- Establishes a Technical Assistance Competitive Grant Program under the Department of Commerce to assist marijuana retail license applicants who are submitting Social Equity Plans.

Hearing Date: 2/3/20

Staff: Kyle Raymond (786-7190).

Background:

Marijuana Retail Licenses.

The Liquor and Cannabis Board (LCB) is authorized to issue licenses to marijuana retailers to sell marijuana products and paraphernalia at retail to persons at least twenty-one years of age.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The LCB must consult with the Office of Financial Management (OFM) to determine the maximum number of marijuana retail outlets that may be licensed in each county. When setting the maximum number of licenses, the LCB and OFM must consider:

- population distribution;
- security and safety issues;
- the provision of adequate access to licensed sources of marijuana and marijuana products to discourage purchases from the illegal market;
- the number of retail outlets holding medical marijuana endorsements necessary to meet the medical needs of qualifying patients; and
- information contained in the medical marijuana authorization database.

Department of Commerce.

The Department of Commerce (Department) is responsible for growing and improving jobs as well as facilitating innovation in the state. The Department provides business assistance and economic development services primarily through sector-based and cluster-based regional organizations in order to:

- generate greater local capacity to respond to economic growth and environmental challenges;
- promote partnerships and the use of intermediaries to achieve the Department's goals; and
- leverage state resources.

The Department is responsible for promoting community and economic development statewide by assisting communities to increase economic vitality and the quality of citizens' lives, and assisting the state's businesses to maintain and increase economic competitiveness while maintaining a healthy environment. The Department's community and economic development efforts include, but are not limited to: increasing economic opportunity, engaging in business and trade development, and fostering the development of minority and women-owned businesses.

Dedicated Marijuana Account.

The Dedicated Marijuana Account is an appropriated account. All moneys received by the Liquor and Cannabis Board (LCB) from marijuana-related activities must be deposited in this account. These moneys include marijuana excise taxes collected from sales of marijuana and marijuana products, license fees, penalties, and forfeitures from marijuana producers, processors, researchers, and retailers. Moneys from the account are distributed to agencies, local governments, and to the Basic Health Plan Trust Account. At the end of each fiscal year, unappropriated amounts in the Dedicated Marijuana Account are transferred to the State General Fund.

Summary of Bill:

Issuance of Additional Marijuana Retail Licenses.

The Liquor and Cannabis Board (LCB) must, on a schedule determined by the LCB, reconsider and increase the maximum number of retail outlets that may be licensed in each county.

In determining additional licenses, the LCB must take into consideration the number of retail outlets requested by local governments under the Social Equity Plan. The LCB must also consider whether an increase in the maximum number of retail licenses is necessary to meet social equity goals.

Social Equity Plan and Goals.

Social Equity Plan. A Social Equity Plan is a plan put forth by a marijuana retailer applicant who is a person of color that includes the following:

- a statement that the applicant is from one or more communities of color and intends to own at least 51 percent of the proposed marijuana retail business or applicants representing at least 51 percent of the ownership of the proposed business belong to one or more communities of color;
- how issuing a marijuana retail license to the applicant will meet social equity goals;
- the applicant's personal history with the criminal justice system including any offenses involving marijuana;
- the composition of the workforce the applicant intends to hire, especially persons of color;
- neighborhood characteristics of the location where the applicant intends to operate, focusing on the disproportionate historical impacts of marijuana prohibition; and
- business plans involving partnerships or assistance to organizations or residents with connection to populations with a history of disproportionate impact and harm related to enforcement of marijuana prohibition.

If the application proposes ownership by more than one person, then at least 51 percent of the proposed ownership structure must reflect membership in communities of color.

Social Equity Goals. Social equity goals include: (1) increasing the number of marijuana retailer licenses held by people of color, especially those from underrepresented communities in the marijuana industry; and (2) reducing disproportionate impact from marijuana prohibition enforcement.

Marijuana Social Equity Program.

Social Equity Program. Until July 1, 2026, a city, town, or county may submit a request to the LCB to issue additional marijuana retailer licenses within its jurisdiction.

To be considered for a retail license, applicants must submit a Social Equity Plan along with other board marijuana retailer license requirements to the city, town, or county. The retailer must meet any other criteria which may, in the discretion of the local government, be established by the city, town, or county to meet social equity goals. Applicants may not hold any interest in any marijuana license at the time of application, with the exception of those holding a license or title certificate in an area subject to a local ban or moratorium on marijuana retail businesses.

The city, town, or county must forward the marijuana retailer application and the Social Equity Plan to the LCB for licensure determination.

The LCB must give priority to those applicants who represent communities of color. It may also prioritize applicants based on the extent to which the application addresses the items required by the Social Equity Plan.

The LCB may deny applications that do not meet social equity goals or Social Equity Plan requirements, or applicants that do not otherwise meet licensing requirements. The LCB may

also deny applications if additional marijuana retailer licenses are not needed to meet social equity goals in that city, town, or county.

Issuance of Licenses Previously Forfeited, Relocated, Cancelled, or Not Issued. Until July 1, 2026, the LCB may issue or reissue marijuana retailer licenses that have been forfeited, revoked, cancelled or were never issued but could have been without exceeding the limit established in rule to applicants who meet the Social Equity Program requirements.

Licenses may only be issued to applicants who hold no interest in another marijuana license at the time of application, with the exception of applicants holding a marijuana retailer license or title certificate in a local jurisdiction subject to a ban or moratorium on marijuana retail businesses.

Independent Program Review. The LCB must arrange for the completion of an independent review of the Social Equity Program and its impacts. The independent review must be completed and provided to the LCB, the Governor, and the Legislature by December 1, 2025.

Rulemaking Authority. The LCB may adopt rules related to the issuance or reissuance of marijuana retail licenses under the Social Equity Program. The rules may include strategies for receiving advice on the Social Equity Program from communities the program is intended to benefit. The rules may also require licenses awarded be transferred or sold only to individuals or groups of individuals who comply with the requirements for initial licensure in the Social Equity Program.

Technical Assistance Program.

A Technical Assistance Competitive Grant Program (Competitive Grant Program) is established under the Department of Commerce (Department).

The Competitive Grant Program must award grants on a competitive basis to marijuana retail license applicants who are submitting Social Equity Plans. The Department must award grants primarily based on the strength of the Social Equity Plans submitted by applicants, but they may also consider additional criteria deemed necessary or appropriate. Technical assistance activities eligible for funding under the Competitive Grant Program include:

- assistance navigating the marijuana retailer licensure process;
- marijuana-business specific education and business plan development;
- regulatory compliance training;
- financial management training and assistance in seeking microloans;
- the purchase of equipment, software, or facilities; and
- connecting applicants with established industry members and tribal marijuana enterprises and programs for mentoring and other forms of support approved by the LCB and city, town, and county authorities.

The Competitive Grant must be denied if the marijuana retail license applicant intends to locate in a city, town, or county that requested additional marijuana retail licenses and does not provide a matching grant equal to or greater than the total amount of funds to be awarded by the Competitive Grant Program.

The Competitive Grant is funded with a \$100,000 appropriation from the Dedicated Marijuana Account.

Appropriation: None.

Fiscal Note: Preliminary fiscal note available.

Effective Date: Section 3 of the act takes July 1, 2024; the remainder of the act takes effect 90 days after adjournment of the session in which the bill is passed.