

MEDICAL CANNABIS SOCIAL EQUITY APPLICANT INFO SESSION

April 25, 2023



PRESENTER FOR ABCA



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Community Resource Officer

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AGENDA

- Agency and Program Overview
- Medical Cannabis Amendment Act of 2022
- Medical Cannabis Licensing Opportunities
- ABCA'S Social Equity Opportunities
- Public Comment and Protests
- Emergency Rulemaking
- DSLBD's Social Equity Fund
- Q&A

AGENCY AND PROGRAM OVERVIEW



AGENCY, PROGRAM OVERVIEW

- The **Alcoholic Beverage and Cannabis Administration (ABCA)** is an independent agency within DC Government charged with supporting the public's health, safety, and welfare through the control and regulation of the sale and distribution of alcohol and medical cannabis. ABCA operates under the authority of the **Alcoholic Beverage and Cannabis (ABC) Board**.
- DC's medical cannabis program permits persons with a valid medical cannabis patient registration issued by ABCA or a US state or territory extended reciprocity to purchase cannabis from a licensed Retailer for medical purposes. Patients may purchase up to 8-ounces within a 30-day rolling period.
- ABCA is responsible for issuing patient and caregiver registrations and medical cannabis business licenses, tracking medical cannabis products from seed to sale, and enforcing DC alcohol and medical cannabis laws and regulations.

ACT KEY PROVISIONS



KEY PROVISIONS

The ***Medical Cannabis Amendment Act (Act) of 2022*** signed by Mayor Muriel Bowser, took effect on March 22, 2023. Key provisions include:

- Name change for the agency, Board
- Introduction of new medical cannabis license, endorsement types
- Elimination of medical cannabis facility caps, competitive scoring
- Increased ANC public comment period for medical cannabis facility applications
- Allows ANCs to file protests, reach Settlement Agreements with medical cannabis business applicants
- Inclusion of social equity initiatives, pathway for unlicensed operators to become licensed
- Increased enforcement authority, introduction of civil penalties
- Introduction of annual medical cannabis sales tax holiday

BUSINESS LICENSE, ENDORSEMENT TYPES



LICENSE TYPES

Six (6) permanent medical cannabis license types are available. Licenses are valid for up to three (3) years. Licenses of the same type expire on the same date. Available license types include:

1. **Courier**—Permits the third-party delivery of medical cannabis, medical cannabis products, and paraphernalia on behalf of licensed Retailers and Internet Retailers to eligible patients and their caregivers. *(NEW)*
2. **Cultivation Center**—Permits the growing of cannabis for sale to licensed Retailers in DC for resale to eligible patients and their caregivers.
3. **Internet Retailer**—Permits businesses that do not have physical location open to the public to sell cannabis and paraphernalia online and by mobile application for delivery to eligible patients. *(NEW)*
4. **Retailer**—Permits the dispensing of medical cannabis and medical cannabis products to eligible patients and caregivers. *(RENAMED, PREVIOUSLY DISPENSARY)*
5. **Testing Laboratory**—Permits the testing of medical cannabis and medical cannabis products and provides testing results to licensed cultivation centers and manufacturers.
6. **Manufacturer**—Permits the manufacturing of medical cannabis products for resale to retailers and internet retailers. *(NEW)*

LICENSE TYPES

- A Conditional License Application may be filed by both standard and social equity applicants for all medical cannabis business license types, except a Testing Laboratory, that do not currently have a proposed location during open application periods.
- If approved, restrictions apply including being unable to distribute, purchase, possess, cultivate, manufacture, or sell medical cannabis or medical cannabis products.
- Conditional license holders have one (1) year from the date of issuance to provide ABCA the required documentation including but not limited to a lease, Certificate of Occupancy, security plan, and a permanent license application.

ENDORSEMENT TYPES

Endorsements extend additional operating privileges to licensees for the duration of the license period. Endorsements can be requested in the initial application or any time after issuance. Four (4) medical cannabis license endorsements are available to Retailers only. They include:

- 1. Delivery**—Permits medical cannabis and medical cannabis products to be delivered to eligible patients and their caregivers at residential and commercial properties in DC and picked up curbside at the licensed premises. Delivery privileges are automatically extended to Courier and Internet Retailer licensees.
- 2. Education Tasting**—Permits the offering of cooking and how-to classes and demonstrations, and tastings for educational purposes.
- 3. Safe-Use Treatment Facility**—Permits the on-premises consumption of medical cannabis and medical cannabis products purchased on-site at the retailer within designated areas.
- 4. Summer Garden**—Permits the sale, service, and on-premises consumption of medical cannabis and medical cannabis products within a private outdoor space. A Safe-Use Treatment Facility endorsement is required for a Summer Garden endorsement.

MEDICAL CANNABIS
SOCIAL EQUITY FUND,
MEDICAL CANNABIS CERTIFIED
BUSINESS ENTERPRISE



SOCIAL EQUITY

- The goal of the social equity provisions in the MCAA are to ensure that persons disproportionately harmed by cannabis criminalization are included in the medical cannabis industry at all levels.
- Social equity applicants are issued at least 50% of all new licenses and 75% of their application and licensing fees are waived for the first three years.
- A license approved by the ABC Board for a social equity applicant or an unlicensed establishment shall not be permitted to be transferred to a new owner until three years after the issuance of a permanent license. After three years, should the license transfer to a non-social equity applicant, the new owner must repay any grants or loans provided by the District to the social equity applicant and pay ABCA any waived licensing and application fees.

SOCIAL EQUITY APPLICANTS

- For an applicant to qualify for social equity permissions, they must submit an affidavit with the application for a cultivation center, manufacturer, retailer, internet retailer, courier, or testing laboratory license attesting to:
 - The number of owners who meet the criteria for social equity;
 - The ownership interest, incomes, and net worth of any owners;
 - The location of all managerial employees in the principal office;
 - The residency of owners, employees, and contractors; and
 - The locations of the assets and percentages of the assets in each location.
- There are no limits on how many social equity applications that can be received by ABCA during an open application period.

STRAW OWNERSHIP PROHIBITED

- Straw ownership for the purposes of meeting the ownership requirements of social equity applicants and medical cannabis certified business enterprises is prohibited for both District residents and out-of-state residents.
 - A person or business who is found to have willfully asserted straw ownership shall have the person's or business's license or registration revoked and be subject to a civil penalty of not more than \$30,000.

DEFINITIONS

- **Social Equity Applicant**—Applicants who meet at least two (2) of the below:
 - Has at least one owner who is a District resident, individually or collectively owns at least 50% of the business, and is a returning citizen
 - Has at least one owner who is a District resident, individually or collectively owns at least 50% of the business, and is married to or in a civil union, has a child, or is the child of a person or has a non-parent legal guardian who is or has been incarcerated in the District or in any other jurisdiction for a cannabis or drug-related offense
 - Has at least one owner who is a District resident, individually or collectively owns at least 50% of the business and has an income that does not exceed 150% of the median family income as set forth by the United States Department of Housing and Urban Development, adjusted for household size, at the time the applicant submits the application.

DEFINITIONS

- **Returning Citizen**—A District resident who was arrested, convicted, or incarcerated for a cannabis or drug-related offense.

SOCIAL EQUITY FUND, MCCBE

- The Department of Small and Local Business Development (DSLBD) administers the Medical Cannabis Social Equity Fund (Fund) and determines the designation of applicants as Medical Cannabis Certified Business Enterprises (MCCBE).
- Money in the Fund is to be used to provide equity, grants, and loans to assist social equity applicants and MCCBEs in gaining entry to, and successfully operating in, the program.
- ABCA does NOT disburse funds from the Fund but does require license applicants to submit MCCBE and Social Equity Declaration Forms indicating if they are or are not seeking to qualify as either an MCCBE or Social Equity applicant with their application.

SOCIAL EQUITY FUND, MCCBE

- There is no requirement to be a social equity applicant to be eligible for a license. However, only a social equity applicant or a medical cannabis certified business enterprise are eligible to receive equity, grants, and loans from the medical cannabis social equity fund.

OPEN APPLICATION, FEE SCHEDULE



OPEN APPLICATION, FEE SCHEDULE

Medical cannabis business applications and request forms are only accepted during open periods, except for Testing Laboratory (all parties) and Endorsement (Licensed Retailers) Applications which are accepted on an ongoing basis.

At least 50% of all new cultivation center, manufacturer, internet retailer, retailer, and courier licenses are required to be set aside for social equity applicants. This 50% requirement also applies to the 90-day open application period for unlicensed establishments.

Filing and annual license fees apply for all available license and endorsement applications/licenses. Social equity applicants are entitled to a 75% fee reduction on application and licensing fees for the first three (3) years. The fee reduction does not apply to endorsement application and license fees.

Open application and fee schedules are available at abca.dc.gov.

OPEN APPLICATION, FEE SCHEDULE

START/END DATES	LICENSE TYPES	ELIGIBILITY
April 13, 2023- May 1, 2024	Manufacturer	Licensed Cultivation Centers
May 1, 2023- May 1, 2024	Cultivation Center, Manufacturer, Retailer	Licensed Operators—All
May 1, 2023- June 30, 2023	Courier, Cultivation Center, Manufacturer	Social Equity Applicants
August 29, 2023- October 30, 2023	Courier, Cultivation Centers, Manufacturers	Non-Social Equity Applicants
November 1, 2023- January 29, 2024	Cultivation Center, Internet Retailer, and Retailer	Unlicensed Operators
March 1, 2024- April 30, 2024	Internet Retailer, Retailer	Social Equity Applicants
July 1, 2024- August 29, 2024	Internet Retailer, Retailer	Non-Social Equity Applicants

QUALIFICATIONS FOR LICENSURE, DISTANCE REQUIREMENTS



QUALIFICATIONS FOR LICENSURE

- Applicants may not have had any felony conviction for a crime of violence, a gun offense, tax evasion, fraud, or credit card fraud within the three (3) years preceding the date the application is filed with ABCA unless the Applicant demonstrates rehabilitation and fitness for licensure in accordance with D.C. Official Code § 7-1671.06.

DISTANCE REQUIREMENTS

- A medical cannabis business, except for a courier license, shall not locate within three hundred feet (300 ft.) of a preschool, primary or secondary school, or recreation center unless the main entrance to the preschool, primary or secondary school, or recreation center, or the nearest property line of the school or recreation center, is actually on or occupies ground zoned commercial or industrial according to the official atlases of the Zoning Commission of the District of Columbia.
- No new retailer license shall be issued if located within four hundred feet (400 ft.) of another retailer.

PUBLIC COMMENT, PROTESTS



PUBLIC COMMENT, PROTESTS

- Applications are subject to a 45-day public comment period.
- Protests may only be submitted by an ANC located in the Ward the establishment is in or is requesting to operate in.
- Applicants and ANCs may enter into Settlement Agreements but they must be approved by the ABC Board to be enforceable.

EMERGENCY, PROPOSED RULEMAKING



EMERGENCY, PROPOSED RULEMAKING

- The ABC Board adopted the Emergency and Proposed Rulemaking on April 12, 2023, and the rules became effective immediately on that date.
- The emergency rules will expire one hundred twenty (120) days from the date of adoption, or on August 10, 2023, unless superseded.
- A public hearing on the emergency and proposed rulemaking has been scheduled for Wednesday, June 7, 2023, at 10:30 a.m. All persons desiring to comment on the proposed rulemaking must submit their written comments no later than 30 days after the rulemaking is published in the *D.C. Register* to Martha Jenkins, General Counsel, Alcoholic Beverage and Cannabis Administration, at 2000 14th Street, N.W., 4th Floor, Washington, D.C. 20009 or martha.jenkins@dc.gov.

Presentation with the Alcoholic Beverage and Cannabis Administration

JUST CANNABUSINESS

Building programming to support a more equitable regulated, medical cannabis market in Washington, DC.

We will walk through current and future access to capital and network supports for DC-based businesses & entrepreneurs seeking to enter the medical cannabis licensed industries.



Agenda for Today

WHO IS SPEAKING?

MEET INNO.ED & DSLBD

ACTIVITIES TO DATE

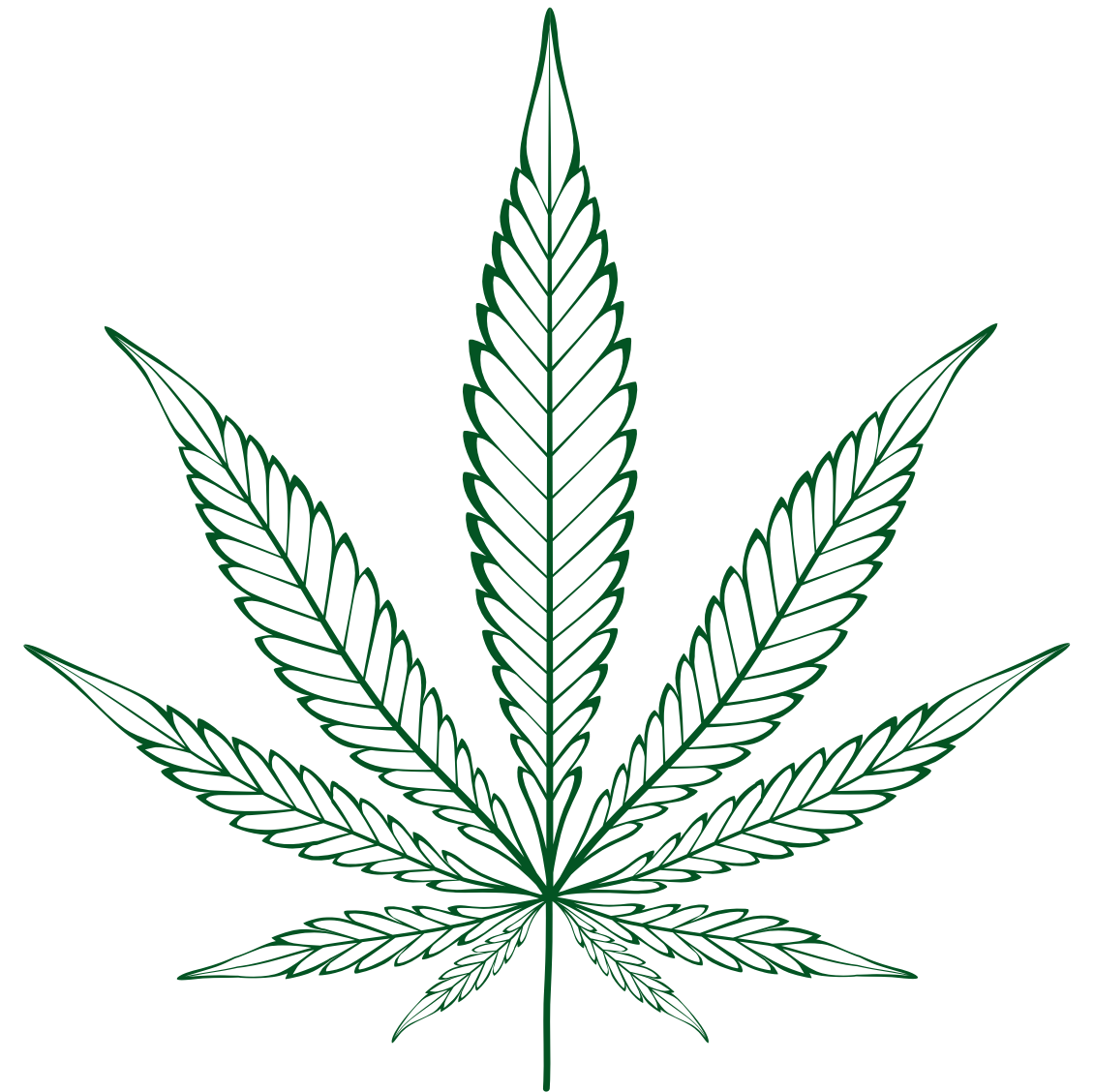
**THE JUST CANNABUSINESS
INITIATIVE**

NEAR TERM SUPPORT

CAPITAL & NETWORKING PROGRAMS

ON THE HORIZON

**MEDICAL CANNABIS SOCIAL
EQUITY FUND**



DSLBD & INNO.ED MISSIONS



DSLBD

The Department of Small and Local Business Development (DSLBD) supports the development, economic growth, and retention of District-based businesses, and promotes economic development throughout the District's commercial corridors.

Inno.ED

The Innovation & Equitable Development (Inno.ED) division of DSLBD is tasked with helping build the entrepreneurial ecosystem in DC. Inno.ED has several statutory programs as well as agency initiatives under its wing, each designed with the goal of removing barriers to entrepreneurship.

Meet the Innovation & Equitable Development Team



Shannon Taylor

Project Manager, Made in DC



Camille Nixon

Project & Capital Access Manager



Kate Mereand

Program Manager



Caroline Howe

Project Manager, Aspire



Cynthia Golson

Program Assistant

WE★ASPIRE

DISTRICT CAPITALIZED

DCBusinessToolkit.com

DC kiva HUB

DREAM PITCH

@ DSLBD



FOOD WASTE INNOVATION

JUST  CANNABUSINESS

Build a Dream

DSLBD 

DEPT. OF SMALL & LOCAL BUSINESS DEVELOPMENT

A FEW INNO.ED PROGRAMS

You can connect with the Inno.ED team at **Inno.ED@dc.gov** for additional support on any topic related to your DC business.



<https://linktr.ee/Inno.ED>

Our role here

DSLBD is not a legislative, regulatory, health, or tax agency, instead we work with local entrepreneurs to think through and overcome challenges, learn, network, and connect with resources (like the regulatory agencies!) to build sustainable businesses.

All so that those entrepreneurs can **build wealth** for themselves, their families, and their communities. Small business owners are **community leaders**.

Small Biz Assist

Schedule a one-on-one with DSLBD

Several divisions of DSLBD and partners like the Small Business Resource Center from the Department of Licensing and Consumer Protection (DLCP) offer one-on-one appointments at the MLK Library on various Wednesdays.





**Just
Cannabusiness**

Recap of Last Year

In the FY2022 Budget Support Act we were assigned an initiative to support equitable access to the **legal cannabis market in DC, with a particular focus on returning citizens and veterans.** That included:

Salon Discussions

Equity Survey

Stakeholder Feedback Meetings

Cannabis Social Equity Program Research

We learned a lot, and most centrally we learned about needs and barriers related to access to capital for cannabis businesses.

Capital Barriers

- **Limited Banking Services**
- **High Cost Banking**
- **Restricted from Federally
funded programs**
- **IRS Rule 280e**

- **Start Up**
- **Compliance**
- **Professional Services**
- **Security**
- **Insurance**
- **Working Capital**
- **Investment**

**Capital
Needs**

All small businesses need capital

But not all capital is supportive of businesses, and predatory practices hurt small businesses every day.

That is why a central function of all business development support is focused on access to capital many ways.

The image features several cannabis leaves with serrated edges, arranged around the central text. The leaves are a vibrant green color and are set against a dark, textured wooden background. The text is centered and reads "Capital & Networking Now" in a large, white, sans-serif font.

Capital & Networking Now

First Capital Solutions

DSLBD has worked to create and locate capital solutions for DC-based entrepreneurs in and seeking to enter the medical cannabis industry, which relies on partners who are willing to be barrier-breakers with our support.

And we are seeking more partners and more solutions,
but first things first—what we know right now.

Innov Loan Fund

- *Coming very soon*
- **Local lending program**
- **Can support cannabis businesses facing banking barriers with lending**
- **Established via DSLBD Support**

- **Regulation Crowdfunding**
- **Revenue-Share Bonds**
- **Supports Brick & Mortar**
- **Actively Supporting Regulated
Cultivation & Dispensaries**

Main
Vest

AND...we are seeking to connect with and network

STAKEHOLDERS

Defined: a person with an interest or concern in something, especially a business

An entrepreneur is an individual.

An industry is *a lot* more people.

We are seeking to meet & help network the industry, and to help further build connections, entry points, and interesting ideas.

A heavily restricted industry can feel harder to network, but easier once we collectively see the larger picture.

We are inviting the service providers to join also!



A Few Examples

Accountants

Lawyers

Accessories

Consultants

Arts & culture

Marketing

Growing supplies & facilities

Packaging & labeling

Workforce training

There are more, and the more creative you get while minding the regulations(!), the more opportunities there will be.

Starting May 17, 2023

First Focus Topic:
Cannabis & Justice

JUST CANNABUSINESS KNOWLEDGE CAFE

Many thanks to DC Public Libraries!

**Sign up for the
first
Knowledge
Cafe May 17th,
2023, 6-8 pm**

In person!



**We are also
launching a
first Just
Cannabusiness
Capital Needs
Survey**



**We are just getting started...
so let's preview some of
what is come.**



**Medical
Cannabis
Social Equity
Fund**

Per Current Law

DC's Medical Cannabis Laws have been updated, and in the last year a new fund was created at DSLBD from tax revenue generated by medical cannabis sales. After, that is, a large portion is first goes towards a healthy equity fund.

Anticipating first funding may be available
in the fourth quarter of Fiscal Year 2023
(July-September)

To be eligible businesses must be:

Medical Cannabis Social Equity Applicants

OR

DSLBD certified Equity Impact Enterprises with more than fifty percent of business assets in the District and District-residents as employees

**Introducing Melissa Resil
CBE Certification Manager
DSLBD**

cbe.info@dc.gov

Medical Cannabis CBE

To be considered for the Medical Cannabis CBE designation, your business must meet the local requirements of the CBE program, the Equity Impact Enterprise (EIE) certification sub-category and demonstrate that more than 50% of the business' assets, excluding bank accounts, are located in the District, and that more than 50% of its employees are District residents.



Certification Categories

Local Business Enterprise (LBE)

Small Business Enterprise (SBE)

Disadvantaged Business Enterprise (DBE)

Resident Owned Business (ROB)

Development Zone Enterprise (DZE)

Longtime Resident Business (LRB)

Veteran Owned Business (VOB)

Local Manufacturing Business Enterprise (LME)

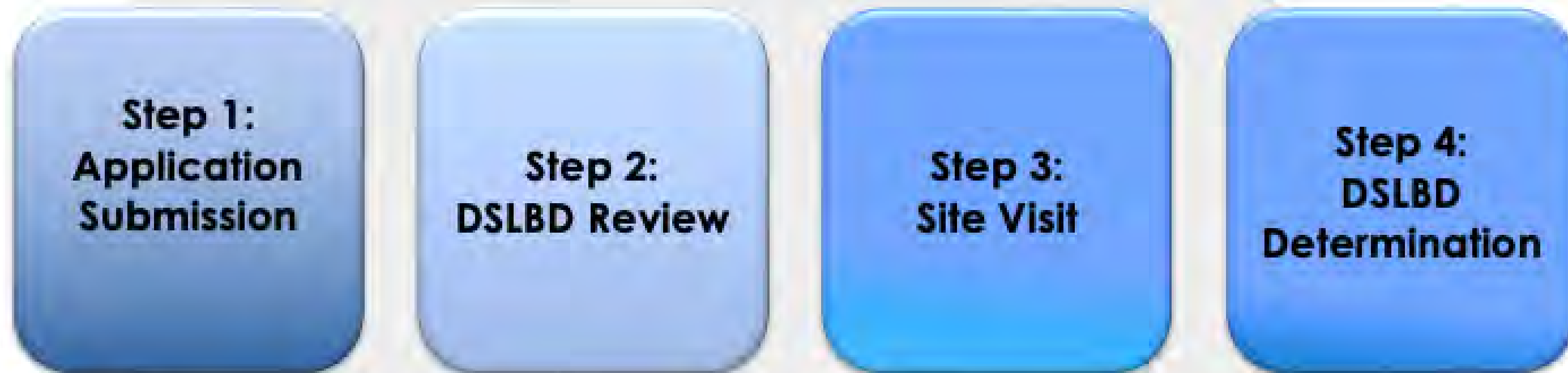
Equity Impact Enterprise (EIE)

Local Requirements

- Principal office physically located in the District;
- **Meets one of the following standards:**
 - ❑ Independently owned, operated, and controlled; or
 - ❑ More than 50% owned, operated, and controlled by a District-based enterprise or not-for-profit business; or
 - ❑ Owned by a non-District-based business enterprise or not-for-profit business that is more than 50% owned by District residents;
- Chief Executive Officer (**CEO**) and highest-level managerial employees perform their managerial functions in the principal office;
- Meets the following standards:
 - ❑ More than 50% of the employees of the business are residents of the District; and
 - ❑ More than 50% of the assets of the business, excluding bank accounts, are in the District.



CBE Application Process



DSLBD Presentation



Contact Information

Agency Website

<http://dslbd.dc.gov>

Register in the District Enterprise System (DES)

<https://des.dslbd.dc.gov/Registration>

CBE Questions

cbe.info@dc.gov

Application Technical Support

DES.Support@dc.gov

DSLBD Presentation



What is a CBE? What is an EIE?

Certified Business Enterprise



Equity Impact Enterprise



Where is the process now?

DSLBD is working through the process and working with council to finesse the process to be most effective and efficient for local, small, resident-owned disadvantaged businesses entering the licensed medical cannabis market.

If you have specific follow up on that and would like to engage with the agency as we do so, please reach out to DSLBD Chief of Staff, Bobby Dorsey at

Robert.Dorsey1@dc.gov

You can also reach out to Inno.ED or CBE.Info, and we will route your question appropriately as needed.

When the fund is activated, there are 14 types of costs that will be allowable uses of the fund for those awarded.

DSLBD can support grants, loans, and equity towards these types of expenses.

Let's walk through those types.

Grants and loans provided from the Social Equity Fund may be used to cover any of the 14 following:

1. **Application and licensing fees** related to starting up or maintaining a medical cannabis facility in the District of Columbia;
2. **Internships and apprenticeships** and **local hiring** at licensed medical cannabis facilities;
3. **Education expenses** of staff, managers, and owners related to training, certification, licensure, or participation in an accredited degree program related to the medical cannabis industry;
4. Individual **license or permit fees** required for individual staff, managers, or owners necessary to operate a medical cannabis facility;
5. Licensee **security upgrades**;
6. Licensee **waste reduction and disposal improvements**;

- Licensee **pollution**, carbon emission, energy, or water reduction;
- Employment of **specialized accounting, agriculture, architectural, child safety, legal, health and safety, marketing, manufacturing, security, or tax consulting services**;
- **Clean energy** generation or usage;
- Electric or fuel efficient delivery **vehicles**;
- The **purchase or renting of specialized equipment** related to the production of medical cannabis products, computer systems and programs, and point-of-sale systems;
- Medical cannabis **facility rent**;
- **Building purchase**, construction, renovations, and expansions; and
- **Startup capital** and funds to purchase existing businesses.

About Grants

- **Almost always more applications than funding**
- **Taxable**
- **Can't build a business solely on grants**
- **Regulatory compliance is a standard pre-requisite**
- **Must account for every \$**

- **DSLBD & Inno.ED continue to innovate grant AND funding programs**
- **It's better with strong engagement and feedback from entrepreneurs**
- **Innovation is continuous**

**About
Innovation**

Ideas we want to explore

Many other states are learning lessons, and many other industries have faced challenges that shaped them.

Cooperatives, hackathons, matchmaking, standard setting, collective local branding, cost-savings, sustainability...and more.

**Sign up for the
Just
Cannabusiness
Email List!**



Let's Connect

Kate Mereand

DSLBD

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