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CREATION OF A CANNABIS EQUITY PROGRAM

Districts 3 and 4
September 26, 2019

CANNABIS EQUITY

PURPOSE:

- Invest an appropriate portion of San Diego's Cannabis Business Tax revenues to contribute to the direct repair of communities and individuals who have disproportionately suffered from racially charged criminalization of cannabis.
- Contribute to the health and revitalization of families and communities most negatively affected by the War on Drugs through targeted investments in a variety of grassroots community programs.

CANNABIS EQUITY

BACKGROUND:

2016

- **State:** California voters approved Proposition 64, the Control, Regulate and Tax Adult Use of Marijuana Act (AUMA), that made it legal to sell and tax non-medical marijuana in the State of California.
- **Local:** City of San Diego voters approved Measure N in anticipation of Proposition 64 to establish a non-medical cannabis business tax to raise revenue for general governmental purposes in the City.

CANNABIS EQUITY

BACKGROUND:

2018

- **State:** AB 1294 signed into law enacting the California Cannabis Equity Act of 2018.
- Authorized the Bureau of Cannabis Control to provide technical assistance to a local equity program to help eliminate or reduce illicit cannabis market by bringing more people into the legal marketplace.
- Eligibility requirements to receive assistance include adopting or operating a local cannabis equity program.

CANNABIS EQUITY

BACKGROUND:

AB 1294

- The focus of the Cannabis Equity program based on data showing the burdens of arrests, convictions, and long-term collateral consequences arising from a conviction fell disproportionately on Black and Latinx people, even though people of all races used and sold cannabis at nearly identical rates.
- From 2006 to 2015:
 - Black Californians were two times more likely to be arrested for cannabis misdemeanors
 - Black Californians were five times more likely to be arrested for cannabis felonies
 - Latinx Californians were 35% more likely to be arrested for cannabis crimes than White Californians.

CANNABIS EQUITY

PROGRAMMING:

- Revenues from the Cannabis Business Tax should be appropriated to the new Program annually by the City Council during the Budget Process.
- These revenues are projected to be \$12 million in Fiscal Year 2020.
- Funds can support grassroots community programs to include:
 - Substance abuse prevention for youth
 - Youth workforce development
 - Increased access to capital for small businesses
 - Community violence reduction programs
 - Expungement relief

CANNABIS EQUITY

Cannabis equity programs are currently active in other cities:

- Los Angeles
- Sacramento
- San Francisco
- Oakland

CANNABIS EQUITY

STRUCTURE:

- Similar to the City's Penny for the Arts
 - Dedicates one cent of the 10.5 percent Transit Occupancy Tax (TOT) to ensure appropriate growth in arts funding.
 - Implemented by City Council Policy 100-03 and Resolution R-2013-244 and codified in the Municipal Code.
- Allocations to be combined with annual distribution of Community Development Block Grant funds

CANNABIS EQUITY

ACTION:

Direct the City Attorney's Office to draft a Council Policy and Resolution creating a Cannabis Equity program in the City of San Diego that would:

- Appropriate annual allocations to the Cannabis Equity Program during the Budget Process
- Combine allocations with Community Development Block Grant (CDBG) Program funds
- Require an Annual Report

QUESTIONS?

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