



NANDC

North Area Neighborhood Development Council



Mission

SOCIAL EQUITY OWNERS' WORKERS ASSOCIATION

The Social Equity Owners and Workers Association (SEOWA) is a collective voice advocating for the advancement of social equity. Our mission is a commitment to fairness, justice, and equality in the formulation of public policy, distribution of education services, implementation of community reinvestment, and oversight of institutions serving disadvantaged communities.



LOS ANGELES SOCIAL EQUITY PROGRAM

CANNABIS CRIMINALIZATION AND ITS ENFORCEMENT HAS HAD LONG TERM, ADVERSE IMPACTS TO THE CITY OF LOS ANGELES, PARTICULARLY FOR LOW INCOME AND MINORITY COMMUNITY MEMBERS.

THE SOCIAL EQUITY PROGRAM (SEP) IS ONE TOOL THE CITY OF LOS ANGELES IS USING TO BEGIN TO ACKNOWLEDGE AND REPAIR THE HARM CAUSED BY THE WAR ON DRUGS, AND THE DISPARATE ENFORCEMENT OF CANNABIS PROHIBITION.

THIS PROGRAM AIMS TO SUPPORT PEOPLE IMPACTED BY THE WAR ON DRUGS AND SEEKS TO REDUCE ENTRANCE BARRIERS TO THE LEGAL CANNABIS INDUSTRY BY PROVIDING A NUMBER OF PROGRAMS TO SUPPORT BUSINESS OWNERSHIP AND EMPLOYMENT OPPORTUNITIES.

COMMUNITY EQUITY



ENTREPRENEURSHIP

THOSE SEEKING LICENSURE AND OWNERSHIP OF A CANNABIS BUSINESS WITHIN THEIR COMMUNITY.



MANAGEMENT OPPORTUNITIES

THOSE INTERESTED IN GROWTH INTO BUSINESS MANAGEMENT POSITIONS AND CANNABIS BUSINESS MANAGEMENT SPECIFICALLY.



ENTRY LEVEL

THOSE WITH ENTRY LEVEL EXPERIENCE, OR THOSE RE-ENTERING SOCIETY, WHO ARE INTERESTED IN THE POSSIBILITY OF CANNABIS CAREERS. THE SOCIAL EQUITY PROGRAM REQUIRES THAT A MAJORITY OF THE WORKFORCE COMES FROM NEIGHBORING COMMUNITIES.



“THE REGULATED U.S. CANNABIS INDUSTRY CURRENTLY EMPLOYS 321,000 AMERICANS AND IS PROJECTED TO GENERATE \$24 BILLION IN RETAIL SALES IN 2021, REPRESENTING THE FASTEST GROWING INDUSTRY IN THE U.S. IN AN ECONOMIC CLIMATE WHERE JOB GROWTH IS PARAMOUNT FOR ECONOMIC RECOVERY. THE U.S. CANNABIS INDUSTRY IS POISED TO CREATE MEANINGFUL WELL-PAYING JOBS THAT PROMOTE NEW ECONOMIC AND SOCIAL OPPORTUNITIES FOR PEOPLE FROM ALL WALKS OF LIFE”

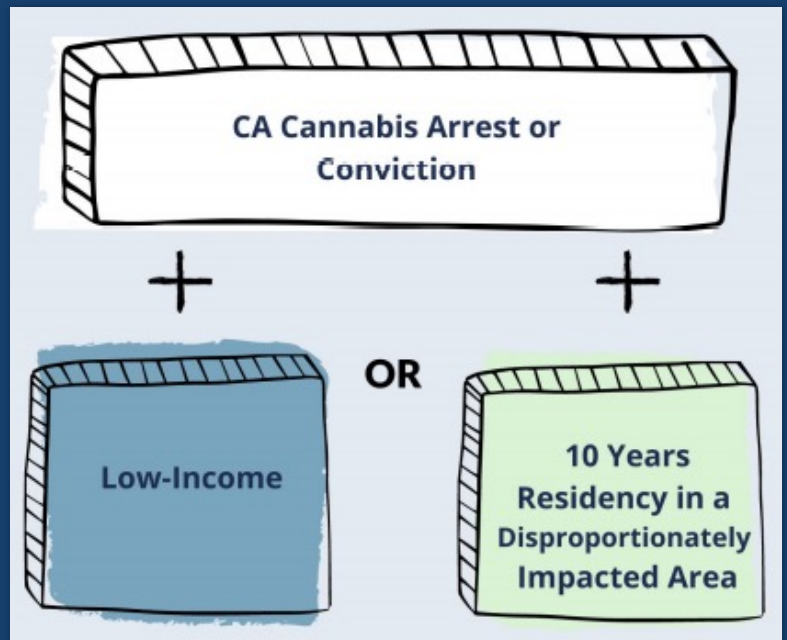


LOS ANGELES SOCIAL EQUITY PROGRAM

Lottery – Eligibility Criteria

- ✓ Must have a CA Cannabis Arrest or Conviction
- ✓ PLUS, One of the following:
- ✓ Low- Income
- ✓ 10 Year Residency in a Disproportionately Impacted Area

PHASE 3 RETAIL ROUND 2



2018 - 2021

**CANNABIS TAX REVENUE
\$330 MILLION**

**AMOUNT DEDICATED TO
COMMUNITY FUNDING
\$0**

**WHERE IS THE
COMMUNITY
REINVESTMENT?**





MARQUEECE HARRIS-DAWSON
Councilmember, Eighth District

MOTION

The War on Drugs has exacted a punishing burden on communities of color, both within the City of Los Angeles and across the country. With the legalization of recreational marijuana in California in November 2016, we celebrate the opportunity to move the target of enforcing drug laws to more appropriate and beneficial ends. The support of Proposition M on March 7, 2017 grants the City authority to regulate and tax all aspects of commercial cannabis activity.

While we expect the majority of the 7% Cannabis Systems Development Surcharge revenue to be directed toward the administration of cannabis regulation—including in the Finance, ITA, City Attorney, Police and Fire Departments, City Administrator, Building and Safety offices—it is equally important to improve the health outcomes of our minority communities as they recover from pernicious drug laws.

Through the new cannabis tax revenue, the City should create a **Neighborhood Health Fund** that offers small grants to programs that (1) improve resident life outcomes and (2) address the roots of prevention and healthy communities in Tier 1 and Tier 2 zones. These programs can include youth leadership and civic engagement, after-school, and educational opportunities, as well as improved local health services. The Neighborhood Health Fund should incentivize the participation of Community Benefit Organizations (CBO) in outreach programs, and give partners matching grants that can be used toward broader Neighborhood Health efforts, such as youth leadership and development. This program should explicitly target Tier 1 and 2 zones as a strategy to revitalize communities damaged by the war on drugs.

I THEREFORE MOVE that the City Administrative Officer, with the assistance of the Chief Legislative Analyst, the City Attorney and other appropriate departments be directed to report on the financial feasibility of establishing a Neighborhood Health Fund and other Community Benefit type programming to combat the effects of the War on Drugs and improve the health outcomes for our communities of color.

PRESENTED BY: 
MARQUEECE HARRIS-DAWSON
Councilmember, 8th District

SECONDED BY: 

ORIGINAL

AUG 18 2017


September 1, 2017

Dear Colleagues,

As public servants of the City of Los Angeles, we are committed to building a just, equitable, and thriving city. Together, with the residents we serve, we embark on a historic process to construct the framework of a new industry. Facilitating the nation’s most lucrative commercial cannabis market which may dramatically reshape the landscape of our city.

Even as we stand on this precipice, we must recognize that we stand squarely in the shadow of the unjust War on Drugs. This atrocity targeted Angelinos of color, decimated neighborhoods, ripped families apart, and criminalized the illness of addiction. Today, we have an opportunity to build new systems and shape an industry in ways that recognizes wrongs, respect all residents, and intentionally builds a more equitable society.

THE WAR ON DRUGS

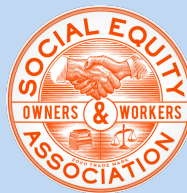
Beginning in 1971, President Nixon declared drugs as one the biggest existential threats to the United States. This declaration set us on a failed path to spend over one trillion dollars, arrest over 40 million people, and destroy countless families and neighborhoods, particularly in communities of color.¹ Experts agree, this War disproportionately targeted black and Latino families. Today, 80 percent of people federally incarcerated for drug offenses are black or Latino.²

Angelinos are not exempt from these racially-biased practices. Despite the reality that black young people use cannabis and lower rates than and white young people, black Angelinos are

¹ American Civil Liberties Union (2013). *The War on Marijuana in Black and White*. Retrieved from: https://www.aclu.org/sites/default/files/field_document/1114413-amj-report-rfsc-rd1.pdf

² Drug Policy Alliance (2016) *The Drug War, Mass Incarceration and Race*. Retrieved from: http://www.drugpolicy.org/sites/default/files/DPA%20Fact%20Sheet_Drug%20War%20Mass%20Incarceration%20and%20Race_%28Feb.%2016%29_0.pdf

Community Reinvestment



THE CANNABIS REINVESTMENT ACT (CRA), A MOTION INTRODUCED BY COUNCILMAN MARQUEECE HARRIS-DAWSON, WOULD SET ASIDE A CERTAIN AMOUNT OF TAX MONEY COLLECTED FROM CANNABIS SALES FOR THE NEIGHBORHOOD HEALTH FUND, WITH THE GOAL OF REVITALIZING COMMUNITIES IMPACTED MOST BY THE WAR ON DRUGS.

THE FUND WOULD BE USED TO SUPPORT:

- **YOUTH LEADERSHIP AND CIVIC ENGAGEMENT**
- **AFTER-SCHOOL PROGRAMS**
- **EDUCATIONAL OPPORTUNITIES**
- **IMPROVED LOCAL HEALTH SERVICES IN MINORITY COMMUNITIES**



“EVEN AS WE STAND ON THE PRECIPICE, WE MUST RECOGNIZE THAT WE STAND SQUARELY IN THE SHADOW OF THE UNJUST WAR ON DRUGS. THIS ATROCITY TARGETED ANGELENOS OF COLOR, DECIMATED NEIGHBORHOODS, RIPPED FAMILIES APART AND CRIMINALIZED THE ILLNESS OF ADDICTION. TODAY, WE HAVE AN OPPORTUNITY TO BUILD NEW SYSTEMS AND SHAPE AN INDUSTRY IN WAYS THAT RECOGNIZES WRONGS, RESPECTS ALL RESIDENTS, AND INTENTIONALLY BUILDS A MORE EQUITABLE SOCIETY.”



SPECIAL PURPOSE FUND SCHEDULES

SCHEDULE 33

CANNABIS REGULATION SPECIAL REVENUE TRUST FUND

Section 5.586 of the Los Angeles Administrative Code (LAAC) establishes the Department of Cannabis Regulation Cannabis Regulation Trust Fund. This fund receives monies from fees paid for the licensing and permitting of new and existing cannabis retailers, cultivators, distributors, and manufacturers in the City of Los Angeles pursuant to Chapter 10, Articles 4 and 5 of the Los Angeles Municipal Code (LAMC). The Fund is administered by the Department of Cannabis Regulation to pay salaries, expenses, equipment, materials, and services in support of the Department's functions relating to those services for which fees are paid into the Fund.

Actual 2018-19	Estimated 2019-20		Total Budget 2020-21
REVENUE			
-	6,626,974	Cash Balance, July 1	906,974
-	6,626,974	Balance Available, July 1	906,974
1,750,000	3,000,000	General Fund	-
11,406,655	8,050,000	Permit Fees	17,040,000
86,149	125,000	Interest	125,000
13,242,804	17,801,974	Total Revenue	18,071,974
 EXPENDITURES			
2,343,345	3,775,000	APPROPRIATIONS	
135,736	590,000	Cannabis Regulation	4,508,693
-	50,000	City Attorney	560,832
20,421	200,000	City Clerk	57,117
-	877,000	City Planning	-
45,246	104,000	Finance	898,951
6,056	8,000	General Services	103,873
-	140,000	Information Technology Agency	-
20,982	-	Personnel	176,491
93,176	195,000	Police	-
		Capital Finance Administration	182,372
		Special Purpose Fund Appropriations:	
-	4,750,000	Social Equity Program	\$3M over 3 years, zeroed out in year 2 => -
3,950,868	6,206,000	Reimbursement Of General Fund Costs	11,583,645
2019 6,615,830	2020 16,895,000	Total Appropriations	2021 18,071,974
6,626,974	906,974		-

THE 2020-2021 ADOPTED BUDGET PROVIDES THE DATA FOR THE 3 FISCAL YEARS UNDER REVIEW

Cannabis Revenue Pursuant to Taxing Authority Granted in Proposition M

	FY 2018 - 2019	FY 2019 - 2020	FY 2020 - 2021	Total	%
Cannabis Income (Controller's Office)	70,000,000.00	128,000,000.00	132,953,600.00	330,953,600.00	100.0%
Dept. Cannabis Reg. (Adopted Budgets)	(6,615,830)	(16,895,000.00)	(18,071,974.00)	(41,582,804.00)	-12.56%
Income Not Programed to Cannabis Related Activites	\$ 63,384,170.00	\$ 111,105,000.00	\$ 114,881,626.00	\$ 289,370,796.00	87.44%



Proposition M Tax Regime Income – Half Billion Lost to General Fund

	2019	2020	2021	2022		
Business Tax		78,300,000.00	139,000,000.00	155,305,000.00	372,605,000.00	
Permit Fees		7,765,053.00	25,056,000.00	22,125,000.00	54,946,053.00	
Sales Tax		30,000,000.00	30,000,000.00	30,000,000.00	90,000,000.00	
Cannabis Income	\$ 70,000,000.00	\$ 116,065,053.00	\$ 194,056,000.00	\$ 207,430,000.00	\$ 587,551,053.00	
Dept. Cann. Reg.	(6,615,830.00)	(16,895,000.00)	(18,071,974.00)	(25,300,763.60)	(66,883,567.60)	11.38% Cannabis
General Fund	\$ 63,384,170.00	\$ 99,170,053.00	\$ 175,984,026.00	\$ 182,129,236.40	\$ 520,667,485.40	88.62% Non-cannabis

2021 - 2022: Everyone complains DCR is understaffed so let's give them a 40% increase to hire more staff.

2020 - 2021 Surplus (\$52,000,000.00): Budget adopted with Business Tax set at \$87M but now projected to be \$139 M.

Proposition M Language:

WHEREAS, the tax regime proposed would assist the City in raising revenue, improve access, measure the commercial growth of the cannabis industry and assess the need for further rules or regulations to prevent access by minors, improve access to those who are medically in need, and protect public safety, public health and the environment;

WHEREAS, the tax regime proposed would assist the City in

- raising revenue,
- improve access,
- measure the commercial growth of the cannabis industry and assess the need for further rules or regulations to prevent access by minors,
- improve access to those who are medically in need, and
- protect public safety,
- [protect] public health and
- [protect] the environment





WE MUST DEMAND EQUITY

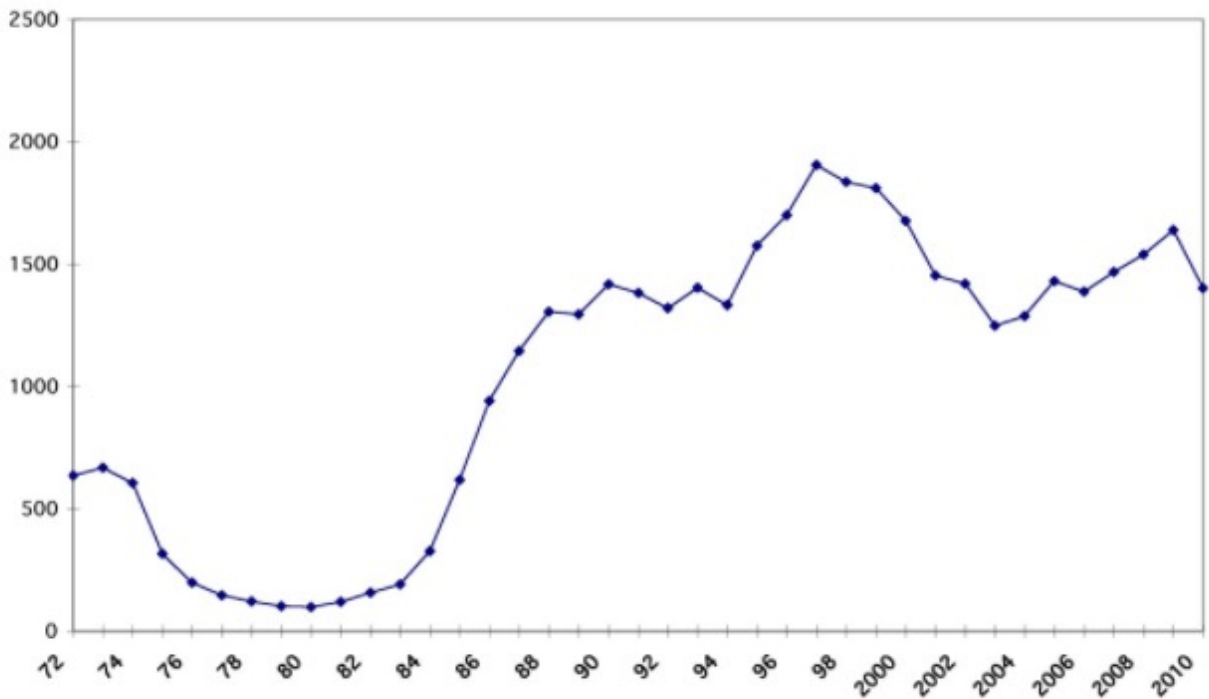
**BY HOLDING THE CITY OF LOS ANGELES
ACCOUNTABLE TO REINVEST INTO THE SOCIAL EQUITY
PROGRAM AND FOLLOW THROUGH WITH THE
IMPLEMENTATION OF THE CANNABIS REINVESTMENT
ACT (CRA).**

**TO REVITALIZE COMMUNITIES IMPACTED MOST BY THE
WAR ON DRUGS.**



DISPROPORTIONATELY IMPACTED

Marijuana Prisoners in California: 1972-2010



**BY 2010 THERE WERE OVER
14 TIMES AS MANY
MARIJUANA PRISONERS IN
CALIFORNIA AS IN 1980.**



Community Impact Statement



Date: May 11, 2021
From: Park Mesa Heights Community Council
RE: Reform Cannabis Social Equity Regulatory Framework
CF#: 14-0366-55

RE: Reform Cannabis Social Equity Regulatory Framework

Honorable Members of the Los Angeles City Council,

On September 1, 2017, in a letter addressed to his City Council colleagues, Los Angeles City Councilmember Marqueece Harris-Dawson, called on his fellow councilmembers to act on behalf of their constituents,

"As public servants of the City of Los Angeles, we are committed to building a just, equitable, and thriving city," . . . "Even as we stand on this precipice, we must recognize that we stand squarely in the shadow of the unjust War on Drugs. This atrocity targeted Angelenos of color, decimated neighborhoods, ripped families apart, and criminalized the illness of addiction. Today, we have an opportunity to build new systems and shape an industry in ways that recognize wrongs, respects all residents, and intentionally builds a more equitable society."

More than three years later, Los Angeles, the largest medicinal/recreational cannabis market in the world, continues to be plagued with problems, especially its social equity (SE) program. The perception is that the social equity program is causing more harm than good to the community, the opposite of its intended goal.

It is imperative that we work together to change this perception by restoring the original stated purpose of the Social Equity Program: Reparations, Rebuilding, and Equity for the communities most affected by the War on Drugs. Let us bring the right spirit back to the program and accomplish its original goal.

Below are our proposed improvements and suggestions for amendments to the current legislation regarding cannabis licensing and social equity. We are prepared to offer more comprehensive language that can be adopted as well as statistical evidence that serves as a basis for our suggestions.

Proposed Objectives

- Immediately establish a Community Stakeholders working group to contribute to the ongoing development of standards and best practices for social equity owners, workers, investors, and community reinvestment. This group should be comprised of Neighborhood Council representatives.

PMHCC CIS CF# 14-0366-S5

Page 1 of 2

May 11, 2021



April 19, 2021

Los Angeles City Council
City Hall
200 N. Spring St.
Los Angeles, CA 90012

RE: Reform Cannabis Social Equity Regulatory Framework- Council File No. 14-0366-55

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3701 Stocker St., Suite 208, Los Angeles, CA 90008



Thank you

About

We are a grass-roots organization that started in January of 2019. With the prepose of being a collective voice of social equity applicants, operated entirely by social equity applicants. We saw a void for the voice of Social Equity entrepreneur that did not have special interest attached. We are passionate about the success of this program and reinvestments into communities hit hardest from the war on drug. We have a track record of fighting for the needs of SEA and arming individuals with tools, education and resources to advance our community.



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