

CHAPTER 39. CANNABIS SOCIAL EQUITY PROGRAMS

§ 986. DEFINITIONS

As used in this chapter:

(1) “Agency” means the Agency of Commerce and Community Development.

(2) “Center” means the Vermont Crime Information Center.

(3) “Disproportionately impacted area” means a census tract or comparable geographic area that meets at least one of the following criteria:

(A) a designated Vermont Opportunity Zone;

(B) the area has a poverty rate of at least 20 percent according to the latest federal decennial census;

(C) 75 percent or more of the children in the area participate in the federal free lunch program according to reported statistics from the State Board of Education;

(D) at least 20 percent of the households in the area receive assistance under the Supplemental Nutrition Assistance Program; or

(E) the area has high rates of arrest, conviction, and incarceration related to the sale, possession, use, cultivation, manufacture, or transport of cannabis.

(4) “Member of an impacted family” means an individual who has a parent, legal guardian, child, spouse, or dependent, or was a dependent of an individual who, prior to July 1, 2021, was arrested for, convicted of, or adjudicated delinquent for any cannabis offense that is eligible for expungement.

(5) “Program Board” means the Community Social Equity Program Board.

(6) “Qualified Social Equity Applicant” means a Social Equity Applicant who has been awarded a conditional license pursuant to this chapter to operate a cannabis business establishment.

(7) “Resided” means an individual’s primary residence was located within the relevant geographic area as established by at least two of the following criteria:

(A) a signed lease agreement that includes the applicant’s name;

(B) a property deed that includes the applicant’s name;

(C) school records;

(D) a voter registration card;

(E) a Vermont driver’s license, Identification Card, or a Vermont Person with a Disability Identification Card;

(F) a paycheck stub;

(G) a utility bill; or

(H) any other proof of residency or other information necessary to establish residence as provided by rule.

(8) “Social equity applicant” means an applicant that meets at least one of the following criteria:

(A) at least 51 percent ownership and control by one or more individuals who have resided for at least five of the preceding 10 years in a disproportionately impacted area;

(B) at least 51 percent ownership and control by one or more individuals who:

(i) have been arrested for, convicted of, or adjudicated delinquent for any cannabis offense that is eligible for expungement; or

(ii) are a member of an impacted family;

(C) for applicants with a minimum of 10 full-time employees, an applicant with at least 51 percent of current employees who:

(i) currently reside in a disproportionately impacted area; or

(ii) have been arrested for, convicted of, or adjudicated delinquent for any cannabis offense that is eligible for expungement or are a member of an impacted family.

§ 987. CANNABIS BUSINESS DEVELOPMENT FUND

(a) There is established the Cannabis Business Development Fund, which shall be managed in accordance with 32 V.S.A. chapter 7, subchapter 5.

(b) The Fund shall comprise:

(1) fees collected from integrated licensees pursuant to section 990 of this chapter;

(2) \$200,000.00 transferred from the Cannabis Registration Fee Fund established in 18 V.S.A. § 4474a; and

(3) 10 percent of the revenues raised by the cannabis excise tax imposed by 32 V.S.A. § 7901, not to exceed \$2,000,000.00 per fiscal year.

(c) The Fund shall be exclusively used for the following purposes:

(1) to provide low-interest rate loans and grants to social equity applicants to pay for ordinary and necessary expenses to start and operate a licensed cannabis establishment;

(2) to compensate the Cannabis Control Board for any costs related to the provision of low-interest loans and grants to qualified social equity applicants;

(3) to pay for outreach that may be provided or targeted to attract and support social equity applicants;

(4) to conduct any study or research concerning the participation of minorities, women, veterans, or people with disabilities in the cannabis industry, including barriers to such individuals entering the industry as equity owners of licensed cannabis establishments; and

(5) to assist with job training and technical assistance for residents in disproportionately impacted areas.

§ 988. SOCIAL EQUITY LOANS AND GRANTS

(a) The Agency of Commerce and Community Development shall establish a program using funds from the Cannabis Business Development Fund for the purpose of providing financial assistance, loans, grants, and technical assistance to social equity applicants.

(b) The Agency shall:

(1) provide cannabis social equity loans and grants to social equity applicants to assist the applicants in gaining entry to, and successfully operating in, the State's regulated cannabis market;

(2) enter into agreements that set forth terms and conditions of the financial assistance, accept funds or grants, and engage in cooperation with private entities and agencies of State or local government to carry out the purposes of this section;

(3) charge and collect any premiums, fees, charges, costs and expenses, including application fees, commitment fees, program fees, financing charges, or publication fees in connection with its activities under this section;

(4) coordinate assistance under this program with activities of the Vermont Department of Financial Regulation, the Vermont Agency of Agriculture, Food and Markets and other agencies as needed to maximize the effectiveness and efficiency of this section;

(5) take whatever actions are necessary or appropriate to protect the State's interest in the event of bankruptcy, default, foreclosure, or noncompliance with the terms and conditions of financial assistance provided under this section, including the ability to recapture funds if the recipient is found to be noncompliant with the terms and conditions of the financial assistance agreement; and

(6) establish application, notification, contract, and other forms, procedures, or rules deemed necessary and appropriate.

(c) Loans made pursuant to this section:

(1) only shall be made if, in the Agency's judgment, the project furthers the goals set forth in this chapter; and

(2) shall be in such principal amount and form and contain such terms and provisions with respect to security, insurance, reporting, delinquency charges, default remedies, and other matters as the Agency shall determine appropriate to protect the public interest and to be consistent with the purposes of this chapter. The terms and provisions may be less than required for similar loans not covered by this section.

(d) Grants made pursuant to this section shall be awarded on a competitive and annual basis. Grants shall advance the goals of this chapter, including promotion of social equity applicants, job training and workforce development, and technical assistance to social equity applicants.

(e) On or before September 15, 2022, and annually thereafter, the Agency shall report to the Governor and the General Assembly on the outcomes and effectiveness of this section. The report shall include the following:

(1) the number of individuals and businesses receiving financial assistance under this section and the locations of the projects engaged in by those individuals or businesses;

(2) the amount of financial assistance awarded in the aggregate, in addition to the amount of loans made that are outstanding and the amount of grants awarded; and

(3) if applicable, the number of new jobs and other forms of economic output created as a result of the financial assistance.

(f) The Agency shall include engagement with individuals with limited English proficiency as part of its outreach provided or targeted to attract and support social equity applicants.