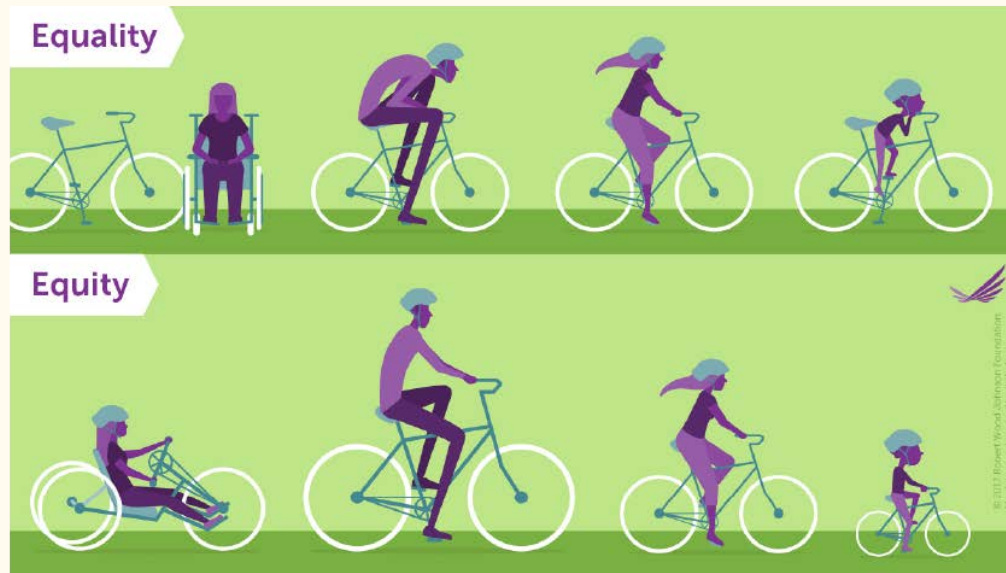


Equity and Investment in a NM-based Adult-use Cannabis Industry



Emily Kaltenbach
Chair, NM Cannabis Regulatory Advisory Committee
Senior Director, Drug Policy Alliance

What Do We Mean by Social Equity?

The Minority Cannabis Business Association defines “social equity” in the cannabis industry using four pillars:

- 1) **Equitable industry promotes the inclusion and success of minorities in the cannabis industry through equal access to opportunities and resources.**
- 2) **Equitable communities empower and support the communities most impacted by the War on Drugs through community reinvestment, corporate responsibility initiatives, and social programing.**
- 3) **Equitable justice reduces arrests and imprisonment for non-violent cannabis offenses and restores basic rights of citizenship to individuals with non-violent cannabis offenses.**
- 4) **Equitable access ensures safe legal cannabis products are available to immigrants, veterans, seniors, and disabled persons without risk of loss of benefits or immigration status.**

“One of the ugliest aspects of prohibition is the burdens that have mostly fallen on Black and brown people. These burdens include high rates of arrest, conviction, incarceration, and other forms of punishment like barriers to housing, child custody, employment, and education. We’re trying to end those harms, but we also think it’s critical to repair past damage. For people who were incarcerated, separated from their families, or lost opportunities, we can’t get them those years back, but we can do our best to ensure that the harms aren’t compounded by old convictions hanging over people’s heads or new barriers locking them out of the market.”

- Maria McFarland Sánchez-Moreno (former director, Drug Policy Alliance)

Social Equity Provisions in NM Statute

- Automatically expunges public records, two years after the arrest or conviction, relating to offenses involving cannabis that are no longer a crime on the effective date of the Cannabis Regulation Act, or would have resulted in a lesser offense.
- Allows individuals with prior cannabis convictions to work in the new cannabis industry and to apply and receive a license.
- Authorizes the Executive to enter into intergovernmental agreements with Indian Nations, Tribes, Pueblos regarding the implementation and compliance in connection with legalization. Microbusiness license type
- Creates two microbusiness licenses that may create an opportunity for small businesses to enter the marketplace and allow the producer micro to start at the same time as existing medical cannabis licensees; requires licensing fees to be scaled on the size of the business
- Diversity of license types & Unlimited licensing

Social Equity Provisions in NM Statute

- Requires procedures that promote and encourage full participation in the cannabis industry by representatives of communities that have been disproportionately harmed by rates of arrest through the enforcement of cannabis prohibitions in law and policy, rural communities likely to be impacted by cannabis production and agricultural producers from economically disadvantaged communities;
- Requires procedures that promote and encourage racial, ethnic, gender and geographic diversity and New Mexico residency among license applicants, licensees and cannabis industry employees;
- Requires a certification to identify products for consumers from licensees that are integrated cannabis microbusinesses or cannabis producer microbusinesses or owned by representatives of communities that have been disproportionately harmed by rates of arrest through the enforcement of cannabis prohibitions in law and policy and underserved communities that include tribal, acequia, land grant-merced and other rural historic communities;

Social Equity Provisions in NM Statute

- Requires the development of a technical assistance/resource guide for rural New Mexico residents who are seeking to establish a cannabis business.
- Requires the Division to collect and publish annually on the division's website, and present to the appropriate interim committee of the legislature, a report describing demographic data on license applicants, controlling persons and employees of cannabis establishments, including race, ethnicity, gender, age, residential status and whether the applicants, persons, employees or the location where the cannabis products are produced are located in an underserved rural community, including tribal, acequia, land grant-merced or other rural historic communities.

NM Cannabis Regulatory Advisory Board (C-RAC)

Role	Members
<p>“The committee shall advise the division on the development of rules pursuant to the Cannabis Regulation Act, including best practices and the promotion of economic and cultural diversity in licensing and employment opportunities....”</p> <p>https://www.rld.nm.gov/cannabis/about-the-ccd/cannabis-regulatory-advisory-committee/</p>	<ul style="list-style-type: none"> • A qualified patient, Nathaniel Paolinelli, Bernalillo County • An Indian nation, tribe or pueblo with relevant experience as the Director and the Superintendent deem appropriate, Perry Martinez, San Ildefonso Pueblo. • Expertise in public health, Steven Jenison, Rio Arriba County • Expertise regulating commercial activity for adult-use intoxicating substances, Lou Ann Branch, Bernalillo County • Expertise and experience in cannabis laboratory science, Ginger Baker, Bernalillo County • Expertise in small business development, Debbi Moore, Dona Ana County • A labor organization, Esther Lopez, Bernalillo County • Expertise in water resources, Harold Trujillo, Mora County • Chief Public Defender, Bennett Baur, Santa Fe County • First Judicial District Attorney, Mary Carmack-Altwies, Santa Fe County • Roswell Police Chief Phil Smith, Chaves County • Santa Fe County Sheriff Adan Mendoza, Santa Fe County • A cannabis policy advocacy organization, Emily Kaltenbach, Santa Fe County • Previous experience as a cannabis retailer, cannabis producer or cannabis manufacturer and who is a non-voting member, Rachael Speegle, Bernalillo County • A state or local agency with relevant expertise as the Director and the Superintendent deems appropriate, Vacant • Experience in environmental science, Vacant

C-RAC Sought Community Feedback – Social Equity

- Polling
 - 2020 statewide poll of 1,193 voters in New Mexico
 - 2021 statewide poll of 603 NM voters
 - *73% support the adult use cannabis in NM*
- Online Survey (posted on CCD website; 457 responses)
- Focus Groups – Equity Stakeholders (Conducted by Tellez-Humble LLC, Nov. '21)
- Public Comment (Ongoing CRAC mtgs)

Detailed responses can be accessed on the CCD website under C-RAC Resources: <https://www.rld.nm.gov/cannabis/about-the-ccd/cannabis-regulatory-advisory-committee/>

2020 Polling.....

Change Research polled 1,193 voters in New Mexico online from September 22nd-24th, 2020	Total Support
Removing prior convictions for marijuana possession from people's records for conduct that is now legal	67%
Prohibiting the use of prior marijuana convictions to bar people from employment of any kind	64%
Requiring licensing fees to be scaled based on the size of the business to protect very small businesses	80%
Allowing individuals with prior marijuana convictions to work in the new cannabis industry	62%
No denial of public benefits or health care based on cannabis use or a positive cannabis drug test	62%

2020 Polling.....

Change Research polled 1,193 voters in New Mexico online from September 22nd-24th, 2020	Total Support
Percent of respondents who want to using NM cannabis tax revenue to support:	
Substance abuse and treatment programs	87%
Drug treatment programs that include supportive housing for those with problematic drug use	76%
Financial assistance to low-income patients who use medical cannabis	62%
Assistance to small family farms in New Mexico to start growing cannabis	65%
Investing funds back into communities most harmed by unfair enforcement of marijuana prohibition laws	55%
Financial assistance to start-up, New Mexico-based businesses in the cannabis industry	54%
Training to individuals from underserved communities to work in the cannabis industry	60%

What do National Cannabis Consumers think about Social Equity?

- According to Weedmaps....
 - [57% of cannabis consumers](#) believe everyone should have access to cannabis industry opportunities, with just as many people believing that everyone would benefit from those equal opportunities.
 - 46% of respondents said they want to frequently visit women-owned cannabis businesses, 44% want to support minority-owned cannabis businesses, and 37% say they want to buy from LGBTQ+-owned businesses.

Barriers to Entry into Cannabis Market

- Financial
 - Access to capital or financing
 - Access to real estate
 - Licensing and regulatory fees
- Technical
 - Application & Licensing Processes
 - Legal and regulatory
 - Tax
 - Awareness of equity programs
- Other
 - Existing Criminal Records
 - Social Stigma Associated with Cannabis Industry
 - Geography
 - Perception of Risk and Distrust in government
 - Language Barriers

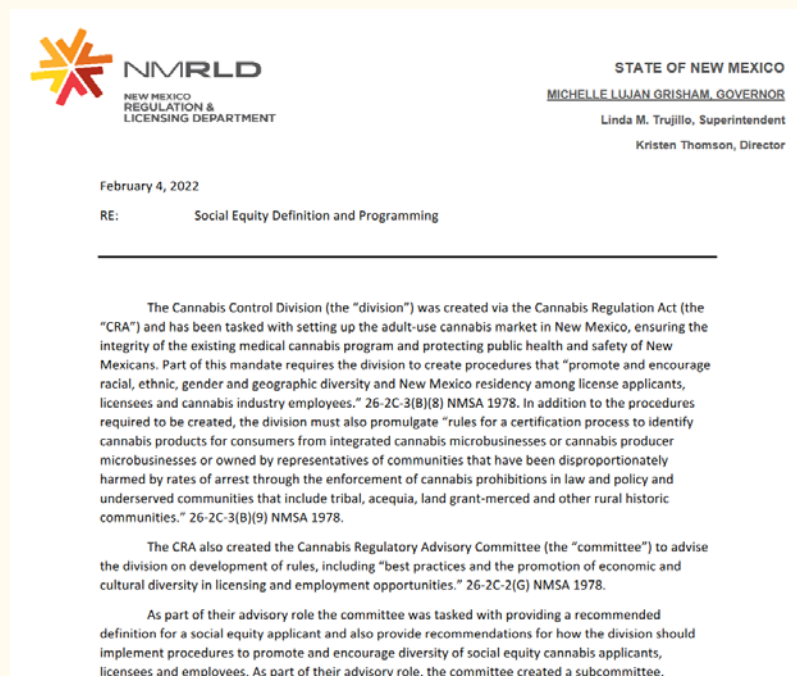
Top Recommendations from Public Input

- Create **job training** for potential employees and workers/Ensure regulations protect workers
- Create a **higher education programming** to support student education and training in the cannabis field
- Establish **apprenticeship** programs for startup businesses/Create **technical assistance** program for applicants and business owners
- Establish **legal assistance** program to support start-up issues such as finance, water, etc.
- **Secure funding for equity programs.** Funding to help applicants navigate the complexity of the industry and the significant barriers businesses face.
- **Use portion of state revenue to support equity.** Use to provide access to seed capital, support culturally-competent technical assistance programs, and develop state-funded incubator and cooperative models.
- ✓ **Create a clear definition of “equity applicant” that provides opportunities for New Mexicans most impacted.** Definition that includes specific indicators of equity, such as race, gender, and income, while being broad enough to include New Mexicans harmed by the war on drugs in their youth.

CCD's Social Equity Plan (Feb. 2022)

Based on public input and C-RAC recommendations

<https://www.rld.nm.gov/wp-content/uploads/2022/06/CCD-Social-Equity.pdf>



2023 Legislative Recommendations

C-RAC recommendations from 2022 CRAC Equity Memo:

- Create a co-op license type.
- Create a community reinvestment fund – reinvest 40% of state cannabis excise tax revenue in communities disproportionately affected by past federal and state drug policies by supporting housing, job placement, mental health treatment, substance use disorder treatment and legal services to address barriers faced by formally incarcerated persons.
- Reassess impact on traditional historic communities, including water.

2023 Legislative Recommendations

Drug Policy Alliance Top 3 Recommendations:

- Take the microbusiness plant count out of statute – allow RLD to make changes to plant count as they currently can with non-micros.
- Create a co-op license type.
- Create a community reinvestment fund – reinvest state cannabis excise tax revenue in communities by supporting services such as: housing, job placement, mental health treatment, substance use disorder treatment, fact based drug education for young people, public education on use of cannabis, and legal services to address barriers faced by formally incarcerated persons.