

CITY OF OAKLAND



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Dear Colleagues and Community,

I am writing to share suggestions in the hopes of finding a constructive way to move forward on Oakland's cannabis permitting system in a manner that will be effective and equitable.

The permit application process has not yet begun, and there are concerns that Oakland will not launch a process in time for people to be compliant with State deadlines, and good applicants to give up on our city, and we would lose the associated jobs and revenue.

Some other jurisdictions which have moved forward with a cannabis permitting system have ended up with historically underserved communities being entirely left out of the permit process, receiving zero permits, for example, in the State of Maryland. It is important that Oakland craft a better way forward. We should work to continue our historic role as a leader in this area, to provide for equitable local economic opportunity and tax revenue, while also providing timely and effective action. Our goals should include having a successful and financially viable program, provide funding for vital community needs, and creating opportunity for communities that have historically been underserved and/or have been targets of the "war on drugs." We have also heard of areas of our law which require clarification.

Therefore, I would suggest we take the following actions:

- 1) Clarify that Cooperatives are a model of applicant that we support and encourage, and that the percentage of cooperative members which would allow a Cooperative to be an equity applicant is the same percentage as for any other model. (For example, a Cooperative owned in equal shares by 6 people would qualify as an equity applicant if 3 members meet the criteria).
- 2) Clarify that not-for-profits are a model of applicant we welcome, and that "owners" of a not-for-profit, means the Chief Executive Officer and Members of the Board
- 3) That it is our policy to allow applicants to be any structural model, including non-profits, for-profits and cooperatives, and that we advocate for State officials to recognize all models.
- 4) Allow for Equity applicants to receive a waiver of the Permit/Application fee upon filing of documentation of financial need.
- 5) Allow for Equity applicants to receive a waiver of up to 50% of gross receipts tax, which can be sought each year for up to two years, upon filing of documentation of financial need.
- 6) Add a "findings" section with more detail about the importance of local hiring and related provisions, and the negative impacts we are seeking to ameliorate
- 7) Applicants must pay existing City of Oakland Impact Fees (eg jobs-housing linkage fee)
- 8) Oakland has the right to have access to permittees' utility bills
- 9) Create an Appeals provision and Administrative Remedies provision in the law
- 10) Add an "exhaustion of administrative remedies" provision to the law

- 11) Dispensary can collect and remit gross receipts/biz license tax on behalf of small home-grow members. (Dispensary can be compliant by either verifying that their supplier is paying their taxes themselves, or by collecting and remitting on behalf of supplier)
- 12) Add definitions of *Permit*, *Person* and *Commercial Cannabis Activity* as per CM Brooks memo.
- 13) **That we create an Equity Fund** in order to help ensure that this growth in economic opportunity creates benefits for all in the community. The Equity Fund to be distributed as follows:
 - a. 1/3 to fund Job Training & Job Access Programs.
(Return to Council by _____ date with specific programs).
 - b. 1/3 for a revolving loan fund to support lower-income/equity applicants for cannabis permits to be able to have start-up capital. (After first round of loan disbursements, in future years can include other business categories)
 - c. 1/3 to Establish a Community Based Beautification, Blight Removal, and Activities Fund to provide for community supportive events, support homeless alternatives, remove illegal dumping and graffiti and reduce blight. Distributed annually in equal shares per Council office for distribution, which shall include a publicly-adopted Resolution.
- 14) Application process shall include payment of back taxes, when applicable, which shall be deposited into the equity fund
- 15) One-fifth (20%) of cannabis gross receipts taxes – as defined in Measure V passed by the voters of Oakland in 2010 -- shall be deposited into the equity fund
- 16) Pre-existing manufacturing/cultivation can receive a permit based on: demonstrated good faith compliance with what was possible before MMRSA passed, pay all applicable back taxes, and back fees. Request Attorney/Administrator provide example(s) language for options in terms of paying additional amounts or interest when paying back taxes (e.g. what is used in other situations of back taxes not involving cannabis?). Back \$ vs Forward \$? These payments to be deposited into the equity fund.
- 17) To encourage Greenhouses, avoid excess energy and water consumption and provide an option for cultivation that does not require using all indoor warehouses.
 - a. Administration to report back on places where greenhouses could go, identify publicly-owned sites that could be options, and potential leases for sites for greenhouses
 - b. Explore potential grow light impact fee, report back by January 1, 2018 on community feedback and recommendations for legislation or ballot Measure for implementation
 - c. Administrative regulations to promote utilization of water-saving technologies, especially for cultivation, including water catchment and re-use
- 18) Licensees must provide bathroom access. (customers/employees/vendors). Gender neutral, single stall facilities encouraged.
- 19) Affirm that it has been Oakland's practice to require cannabis dispensaries to be "vertically integrated" (was required historically, for non-diversion and quality control), and thus, to be able to cultivate and process, etc. and that we affirm that this continues to be allowed.
- 20) An offsite facility for this purpose, (due to better for safety and appropriate use), per permitted dispensary may be considered "pre-existing" if they go through the process in item (16)
- 21) Percentage of ownership for Equity Applicants: I propose a 40% compromise to move forward at this time. (Others had urged 25-30%. CM Brooks, Reid and Gallo proposed 49%)
- 22) Clarify that we do want the permit application process to move forward timely, and that we ask the Administration to begin issuing applications as soon as possible.

- 23) Given the widespread harm and prejudice involved in the war on marijuana, and the racially disparate impact of the targeting of marijuana law enforcement, and the ongoing suffering caused by people having a record and thus being denied access to jobs and other opportunities, ensuring access for people who have been targeted by the war on marijuana is important. Therefore, expand equity qualification criteria to include Oakland residents who have been incarcerated or holding a criminal record for cannabis activities which took place elsewhere too.
- 24) Equity program beats: Consider expanding the police beats to include a few more also identified as being heavily impacted by cannabis prohibition activities/arrests (could return to Council with the full data set to verify the specific beats). Optional: Add 5-year Oakland residency requirement for equity program?

Footnote:

City of Oakland Cannabis Tax Information

[https://ballotpedia.org/City_of_Oakland_Marijuana_Tax,_Measure_F_\(July_2009\)#cite_note-sf-6](https://ballotpedia.org/City_of_Oakland_Marijuana_Tax,_Measure_F_(July_2009)#cite_note-sf-6)

[https://ballotpedia.org/City_of_Oakland_Tax_on_Marijuana,_Measure_V_\(November_2010\)](https://ballotpedia.org/City_of_Oakland_Tax_on_Marijuana,_Measure_V_(November_2010))

Measure V: Shall the Oakland Municipal Code be amended to increase the business tax rate for “Medical Cannabis Businesses” from \$18 per \$1,000 of gross receipts to \$50 per \$1,000 of gross receipts, and creating a new “Non-Medical Cannabis Business Tax” of \$100 per \$1,000 of gross receipts, with all proceeds placed in the City’s General Fund to be used for any governmental purpose?[5

Measure V		
Result	Votes	Percentage
✓ Yes	74,413	70.49%
No	31,148	29.51