



FMS
GLOBAL
STRATEGIES

TA & Mentorship Workgroup Meeting

Presented: 05/11/2021

Paula Sardinas, NBPLA

FMS Global Strategies, LLC

Washington Build Back Black Alliance

Today's Presenters

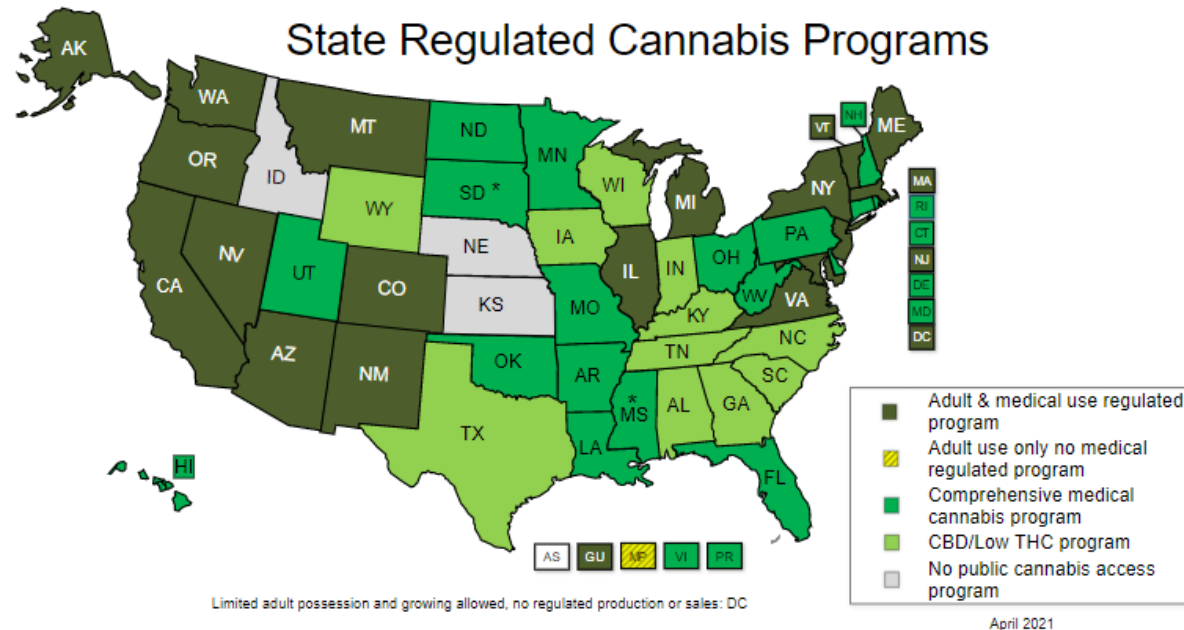


Paula Sardinas –Member in Excellent Standing National Black Professional Lobbyist Association

- Paula F. Sardinas' career spans 25 years working in Telecom, Engineering, Banking, IT, STEM (Financial Literacy) and Public Policy. In 2013, she and her husband formed FMS Global Strategies in Florida State to give voice to Black and other communities of color in the governmental relations and advocacy space. Having previously served as the Vice President of Legislative Affairs for the Northwest Credit Union Association based in SeaTac, Washington and HAPO Community Credit Union as the Vice President of Innovation and Transformation. Sardinas was responsible for transforming HAPO's strategic business strategy across the organization into a digital platform for the future to increase brand awareness and new member deposit accounts. Creating the HAPO Academy, which is focused on Financial Literacy and Stem Education is integral to her new role.
- Integral in passing more than 5 state and federal pieces of Cannabis legislation. Passed a 50-state cannabis resolution at NCSL in 2018.
- In 2019, she launched several STEM Programs in both Eastern and SW Washington with partnerships with FEPPP, EverFi, nConnect, VPSD, EPSF and Girls, Inc. under the HAPO Academy branding. Creating diverse and inclusive programs, Sardinas believes STEM education creates a path to all communities regardless of socioeconomic background.
- **Named 2021 "Cannabis Woman to Watch"**

State of Cannabis in the United States

April 14, 2021: South Dakota's overturned adult-use ballot measure is currently under appeal as of March 11, 2021.



* = 2020 measures in Mississippi and South Dakota were overturned or are in court as of Feb. 19, 2021. Please see Table 1 below for more information.

A total of 36 states, District of Columbia, Guam, Puerto Rico and U.S. Virgin Islands have approved comprehensive, publicly available medical marijuana/cannabis programs.

- 18 states plus DC have embraced full legalization.
- 19 states have legalized just medical cannabis.
- States tackling social equity: CA, OR, WA, CO, NV, MI, MA, NY, and DC.

What We Can Learn About Social Equity



- The most recent wave of successful legalization efforts has demonstrated the effectiveness of pro-cannabis reformers to frame cannabis policy as a **civil rights and racial justice issue**. The structure of the new laws in states like Virginia, New Jersey, and New York—to name a
- A few—have put centerstage a recognition that the war on drugs was and is a racist institution that purposefully harmed communities of color for decades. Drug reform laws were thus designed to right some of those wrongs and to rehabilitate and empower the victims of the drug war and the communities (both demographic and geographic) from which they hail.
- Reform advocates have expanded the policy space beyond criminal justice reform to include economic policy. With the community investment opportunities that new revenues will enable, legalization is just the beginning of a cannabis opportunity agenda focused on **equity**.



What is technical assistance?

Technical Assistance Competitive Grant Program Washington State

Technical assistance is critical for ensuring equitable representation of small and diverse businesses and entrepreneurs in the emerging cannabis industry.

The Marijuana Social Equity Technical Assistance Competitive Grant Program is established in [RCW 43.330.540](#). (HB 2870)

Grants will be awarded on a competitive basis to marijuana retailer license applicants who are social equity applicants under [RCW 69.50.335](#) and based primarily on the strength of an applicant's social equity plan.

The funds may be used for technical assistance, including navigation of the marijuana retailer licensure process, marijuana-business-specific education and business plan development, financial management training, assistance in seeking financing, and connecting applicants with established industry members and tribal marijuana enterprises for mentoring. [RCW 69.50.540\(1\)\(j\)](#) appropriates \$1.1 million dollars for this grant program from the state's Dedicated Marijuana Account.



What is technical assistance?

Technical Assistance Competitive Grant Program Washington State

The Marijuana Social Equity Technical Assistance Competitive Grant Program is established in [RCW 43.330.540](#). (ESHB/1443)

- [Technical Assistance Competitive Grant Program](#). In 2020 the Marijuana Social Equity Technical Assistance Competitive Grant Program (Technical Assistance Grant Program) was established for the purpose of awarding grants on a competitive basis to marijuana retail license applicants who are social equity applicants submitting a Plan under the Social Equity Program.

The Department of Commerce (Department) administers the Technical Assistance Grant Program. The Department must award grants primarily based on the strength of the Plan submitted by applicants, but they may also consider additional criteria as deemed necessary or appropriate

- Eligible technical assistance activities under the Technical Assistance Grant Program include:
 - assistance navigating the marijuana retailer licensure process;
 - marijuana business-specific education and business plan development;
 - regulatory compliance training;
 - financial management training and assistance in seeking financing; and connecting social equity applicants with established industry members, tribal marijuana enterprises,
 - programs for mentoring, and other forms of support approved by the LCB.
- The Technical Assistance Grant Program is funded with a \$1.1 million annual appropriation from the Dedicated Marijuana Account. *(Funding has been carried over. Funds for 2020 and 2021 have not been used.)*

Why does it matter?

Barriers to Entry

**“We’ll never change the balance of power if we don’t speak truth to it!”
Paula Sardinas, Black Lobbyist**

Due to the infancy of the cannabis industry and its regulated nature, barriers to entry play a major role in participation in the cannabis industry. Common barriers to entry in the cannabis industry include:

- High application fees
- Excessive taxes
- Compliance complexities
- Supply constraints
- High start-up costs
- Exclusive contacts
- High capital requirements

These barriers to entry force black and brown aspiring cannabis entrepreneurs to either take on wealthy equity partners or to deplete their savings during the burdensome licensing process, only to enter a heavily taxed, highly regulated market that is rapidly consolidating into a monopolized state.

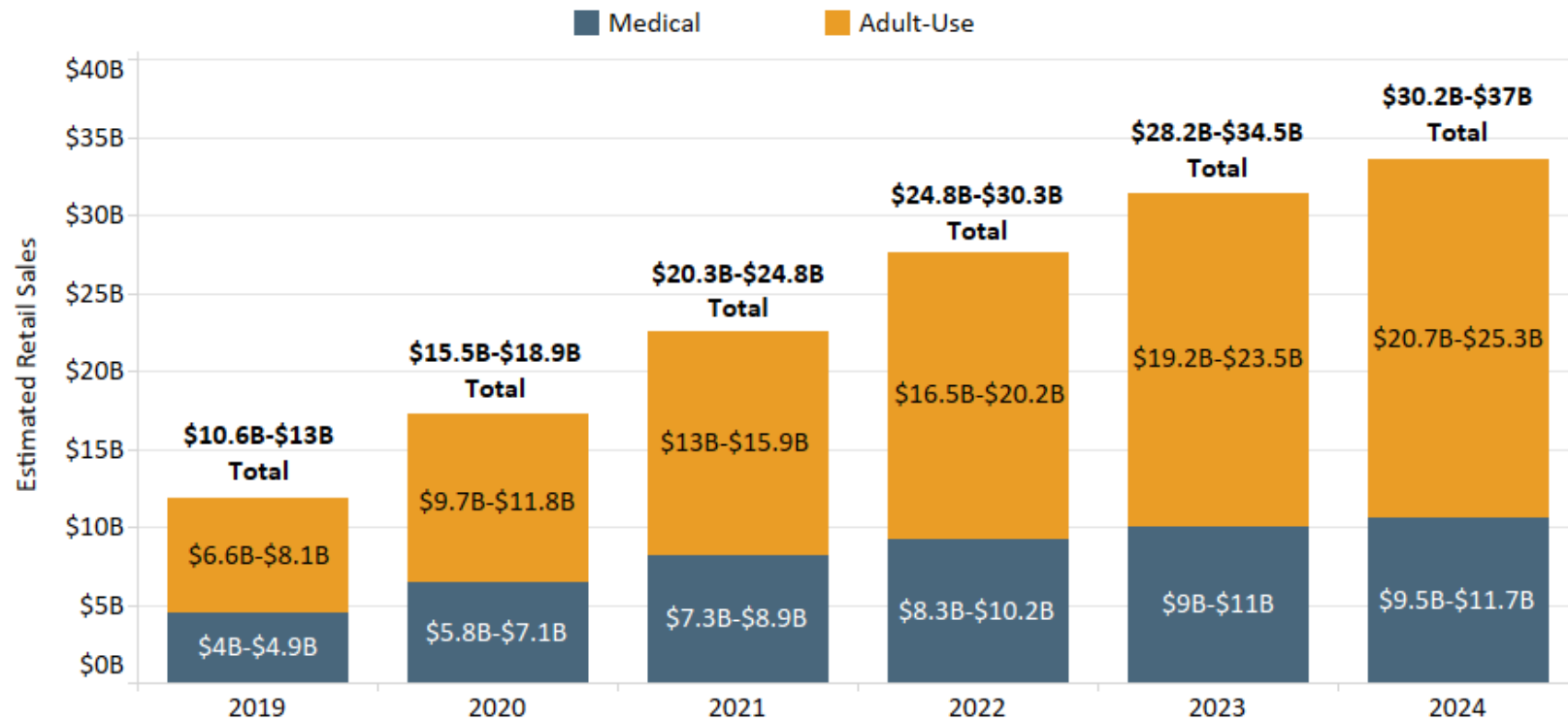


What is technical assistance?



Chart of the Week

U.S. Cannabis Retail Sales Estimates: 2019 - 2024



Source: Marijuana Business Factbook
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Q & A

- Recommendations for TA Workgroup
 - What recommendations would you like to see come out of the TA & Mentorship Workgroup? Either specifically for the Commerce program or anything else that has been successful in other states.
 - Cannabis Tax Fund: 57% goes to healthcare, 33% to the general fund. I'd like to see 50% of those dollars or 17% of total cannabis tax revenue must be allocated to communities of color in the form of various grants to repair the harms done by the war on drugs.
- Are there other states that are giving excise tax deductions for social equity license holders and/or business owners that serve as a mentor (as an incentive)? And if so, how are these models working? Yes.
 - Illinois is a great example. A total of \$31.5 million collected from cannabis tax revenue will be distributed to nonprofit organizations, local municipalities, and tax-exempt faith-based organizations in the form of grants
 - Civil legal aid
 - Economic development
 - Reentry
 - Violence prevention
 - Youth development
- Thoughts on incubator models? Are they promising solutions? Are there any that we should look closer into?
 - New York
 - Illinois
 - Colorado

The Gold Standard for Social Equity in Cannabis

Is New York the New “Gold Standard” for Social Equity?

Industry experts say New York’s adult-use marijuana industry has the potential to replace Illinois as the blueprint for social equity programs.



Licensing	Goal is to issue 50% of adult-use licenses to social and economic equity applicants.	Social equity applicants receive additional points in scoring of applications - up to 25% of the total possible for dispensary licenses and up to 20% for grower, processor and transporter licenses.
Taxes	40% of the tax revenues will go into a community grants reinvestment fund.	25% of the tax revenues go into the “Recover, Reinvest, Renew” grant program to benefit disadvantaged communities.
Programs	Social equity program includes low-and zero-interest loans, reduced or waived fees, assistance preparing applications.	Social equity program includes low-interest loans, reduced application and license fees, assistance preparing applications.



Why is WA not as progressive as New York?

