

Department of Cannabis Control Overview of Local Jurisdiction Assistance Grant Program

The May Revision proposes a Local Jurisdiction Assistance Grant Program with one-time funding of \$100 million General Fund. This program is intended to:

- Aid local governments in more swiftly processing substantial workloads, including that related to environmental review, associated with transitioning the legacy market to a regulated market.
- Support provisional licensees by allowing local governments to pass funding through to applicants for the purposes of assessing and mitigating environmental impacts.
- Apply significant resources toward areas rich in natural resources and that have a high number of small cultivators, as both often require a heightened level of capital to meet environmental compliance standards.
- Provide enhanced resources to eligible jurisdictions implementing equity programs.
- Encourage local governments to modify permitting methods to better align with the state's efforts to create a streamlined and equitable pathway to licensure.

The funds will be allocated as follows:

23.75 Percent of Funds for Category 1:

- The top eight local jurisdictions allowing for licensed cannabis cultivation, based on the number of locations issued a provisional license by the California Department of Food and Agriculture as of May 5, 2021.

23.75 Percent of Funds for Category 2:

- The top eight local jurisdictions allowing for licensed cannabis manufacturing, based on the number of provisional manufacturing licenses issued by the Department of Public Health as of May 5, 2021; and
- The top eight local jurisdictions allowing for licensed cannabis distribution, testing, microbusiness and/or retail, based on the number of provisional licenses issued by the Bureau of Cannabis Control as of May 5, 2021.

47.50 Percent of Funds for Category 3:

- Any jurisdiction eligible for Category 1 or 2 that has received California Equity Grant funding to support an established local equity program, excluding Type 1 funding awarded by GO-Biz.

5.00 Percent for Administrative Costs

Eligible jurisdictions receive funding based on the proportionate share of their entire provisional license population. Jurisdictions that qualify for Categories 1 and 2 may only seek funding in the category for which they hold the majority of licenses, or, as it relates to cultivation, locations.

This distribution method will result in over 60 percent of provisional licensees and the cities and counties that permit them being served by these grant dollars.

Local jurisdictions must use the grant funds for one or more of the following:

- Review, technical support, and certification for application requirements.
- Local government or other professional preparation of environmental documents in compliance with the California Environmental Quality Act for permits, licenses, or other authorizations to engage in commercial cannabis activity.
- Mitigation measures related to environmental compliance, particularly those that promote efficient water use and water conservation measures.
- Other uses that further the intent of the program as determined by the Department of Cannabis Control.

Eligible local jurisdictions may not supplant existing cannabis related funding with these grants, or utilize the funds to pay litigation costs, fines, or license fees. As part of their application for these funds, jurisdictions will be required to submit a budget and an annual plan to the Department for review and approval. Plans must incorporate self-imposed benchmarks that are measurable, and that will, at a minimum, allow the state to measure progress toward addressing provisional licensee environmental compliance requirements necessary to attain annual licensure.

The Department may deny applications that do not meet the intent of the program, and to the extent that cities or counties do not abide by their approved budget and annual plans, the Department of Cannabis Control may reclaim funds and, until June 30, 2025, redistribute them to other eligible jurisdictions.

No more than five percent of funds may be used for state administration of the Local Jurisdiction Assistance Grant Program.