



**COLORADO**

**Department of Revenue**

Specialized Business Group—Marijuana

## **MED Social Equity Program**

Presented by:

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# Social Equity

## **State-wide Priority**

Equity, diversity and inclusion is a priority for the state of Colorado.

The Marijuana Enforcement Division is committed to fostering an inclusive and equitable cannabis industry in Colorado that acknowledges the effects of decades of criminal enforcement of marijuana laws on communities of color. As part of Colorado's commitment to equity, diversity and inclusion, the MED is focusing on outreach and engagement resources to support diversity initiatives in the cannabis industry. The MED's efforts aim to increase diversity in the number of Owner Licenses, which has less diverse representation in comparison to the number of Employee Licensees, so the industry is more reflective of Colorado's demographics.

# Enabling Legislation

- **HB 20-1424: Social Equity Licenses in Regulated Marijuana**
  - Established a "Social Equity License"
  - Expanded the Accelerator Program
  - Provided rulemaking authority for the DOR to create and implement a social equity program administered by the MED
  - Provided the Governor with [expedited pardon authority for marijuana possession offenses](#)
- **SB 19-224: Sunset Regulated Marijuana**
  - Amended felony disqualifiers:
    - Reduced the original 5 and 10 year prohibition (5 years for any felony not involving a drug crime; 10 years for any drug related felony) to a flat 3 years for any felony;
    - Also cannot currently be subject to a deferred judgment or sentence for a felony
  - Established the Accelerator Program

# What are my options to participate?

A person who meets the eligibility criteria for a Social Equity Licensee can participate in the Division's "Accelerator Program" **or** may apply to independently own and operate a Regulated Marijuana Business license.

## **Accelerator Program**

The Accelerator Program allows individuals who may have faced barriers to entry in Colorado's retail (adult-use) regulated marijuana industry to own and operate a marijuana business license as part of an agreed-upon partnership with an existing marijuana business that has been endorsed by the MED as an "Accelerator-Endorsed Licensee."

- The Accelerator-Endorsed Licensee provides capital and/or technical support.
- The Social Equity Licensee may apply to operate as a Store, Manufacturer or Cultivation on the same Licensed Premises or on a separate Licensed Premises provided by the Accelerator-Endorsed Licensee.

# Am I eligible?

## Eligibility Criteria - Social Equity License

✓ Colorado resident

✓ Has not previously owned an MJ Business that was subject to revocation

✓ ONE of the following:

1. The Applicant resided for at least 15 years between the years 1980 and 2010 in a census tract designated by the Colorado Office of Economic Development and International Trade as an Opportunity Zone **or** designated as a "Disproportionate Impacted Area";

2. The Applicant or Applicant's parent, legal guardian, sibling, spouse, child, or minor in their guardianship was arrested for a marijuana offense, convicted of a marijuana offense, or was subject to civil asset forfeiture related to a marijuana investigation; or

3. The Applicant's household income in a year prior to application did not exceed 50% of the state median income as measured by the number of people who reside in the Applicant's household.

✓ The Social Equity Licensee holds at least 51% ownership in the business

# Disproportionate Impacted Area

**A State Census Tract**

+

**In The Top 15th Percentile In At Least Two Of The Following Categories  
(Measured by the [United States Census Bureau](#))**

**The % of residents in the census tract:**

- Receiving public assistance
- Below the federal poverty level
- Who did not graduate from High School
- Who are unemployed

**Tools to Assist in Evaluating Eligibility:** The MED, in partnership with the Colorado Department of Public Safety and the Department of Local Affairs' State Demography Office, developed this tool to assist prospective applicants who may qualify for a Social Equity License based on the above-noted "Opportunity Zone" or "Disproportionate Impacted Area" eligibility criterion:

**\* [Search by Address](#) \***

Also see more about [OEDIT Opportunity Zones](#)

# Defining Disproportionately Impacted Area

Jack K. Reed & Keith Hodson  
Colorado Dept. of Public Safety  
Division of Criminal Justice  
January 27, 2021



**COLORADO**

**Division of Criminal Justice**

Department of Public Safety

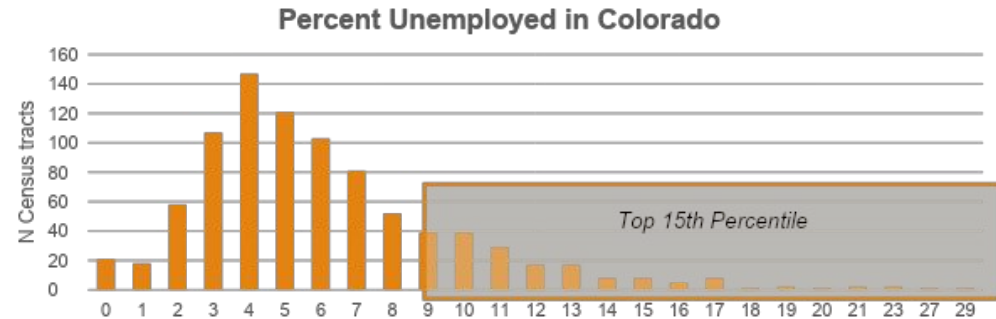
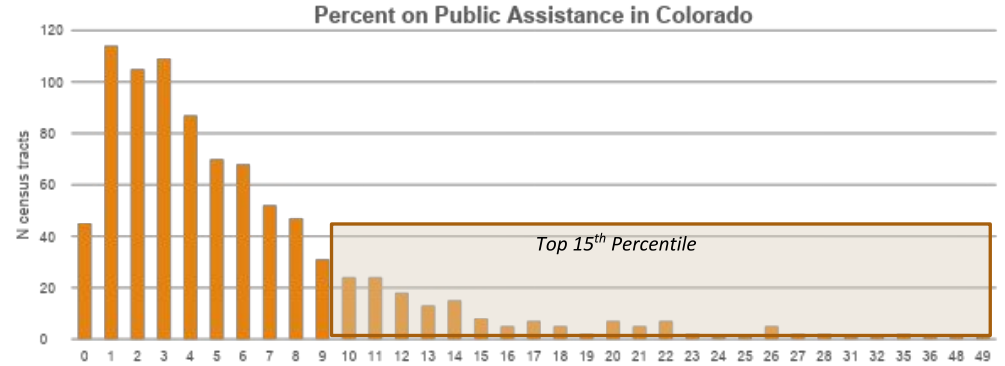
# *Finding the Right Data*

- ❖ Stakeholder meetings conducted to discuss how to define “disproportionately impacted area”
- ❖ Data must be national in scope and available at census tract level
- ❖ Historical crime data available at the jurisdiction level (i.e. city police department, county sheriff, university) but not at the census tract
- ❖ Need to find data that meets the legislative intent of the law, even if it may not include some of the metrics the authors envisioned
- ❖ Investigated historical census tract data to determine which metrics were available
- ❖ Metrics chosen include:
  - Dropout rate
  - Poverty rate
  - Public assistance rate
  - Unemployment rate



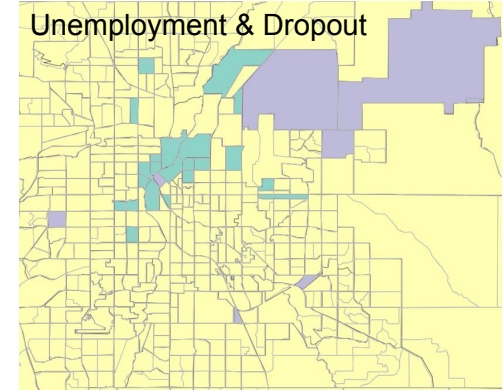
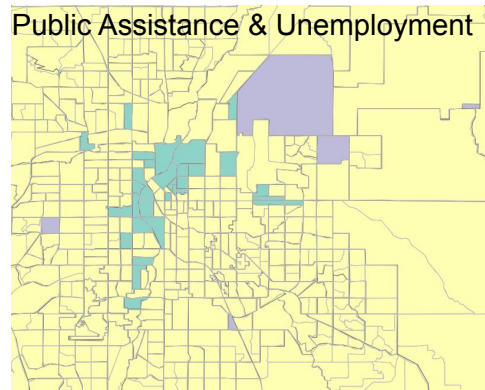
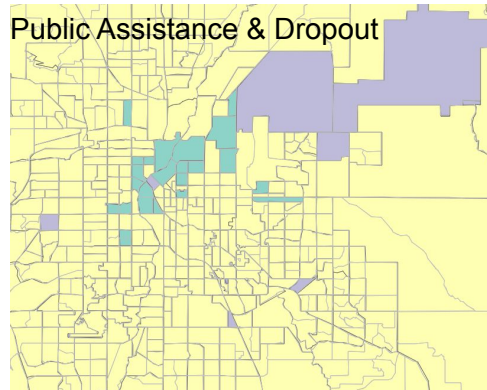
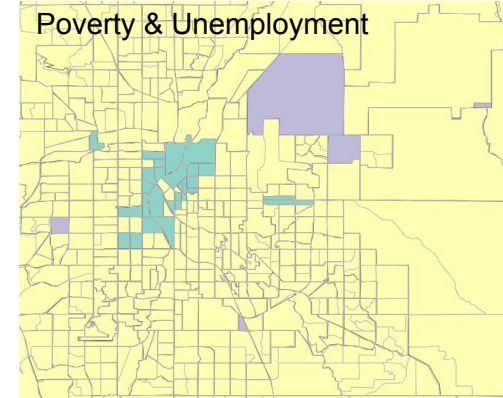
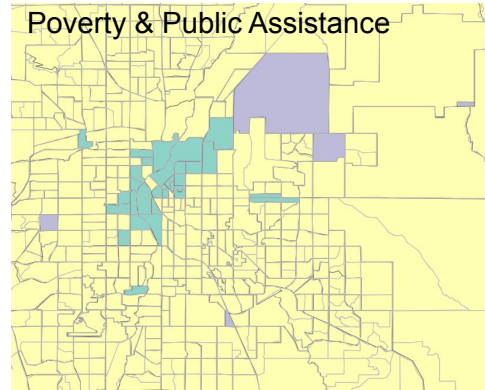
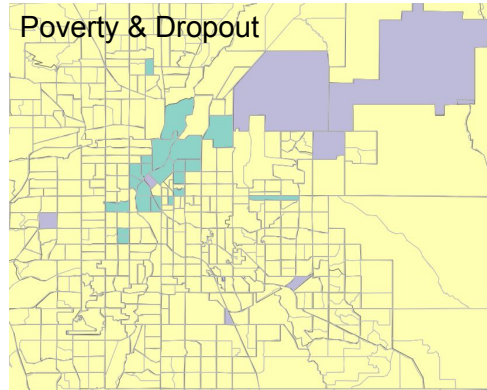
# Choosing Census Tracts for Disproportionate Impact Area (DIA)

1. National Decennial Census data for 1980, 1990, and 2000
2. For each state find top 15<sup>th</sup> percentile for:
  - Percent Dropouts
  - Percent in Poverty
  - Percent receiving Public Assistance
  - Percent Unemployed
3. Find census tracts where *two* of the metrics are both at or above the 15<sup>th</sup> percentile
4. Results in six combination maps for each year
5. Create one overlay map for each year where, if a census tract falls into any of the combinations, it is included in the overall map
6. Must live in a DIA for 15 years between 1980 and 2010



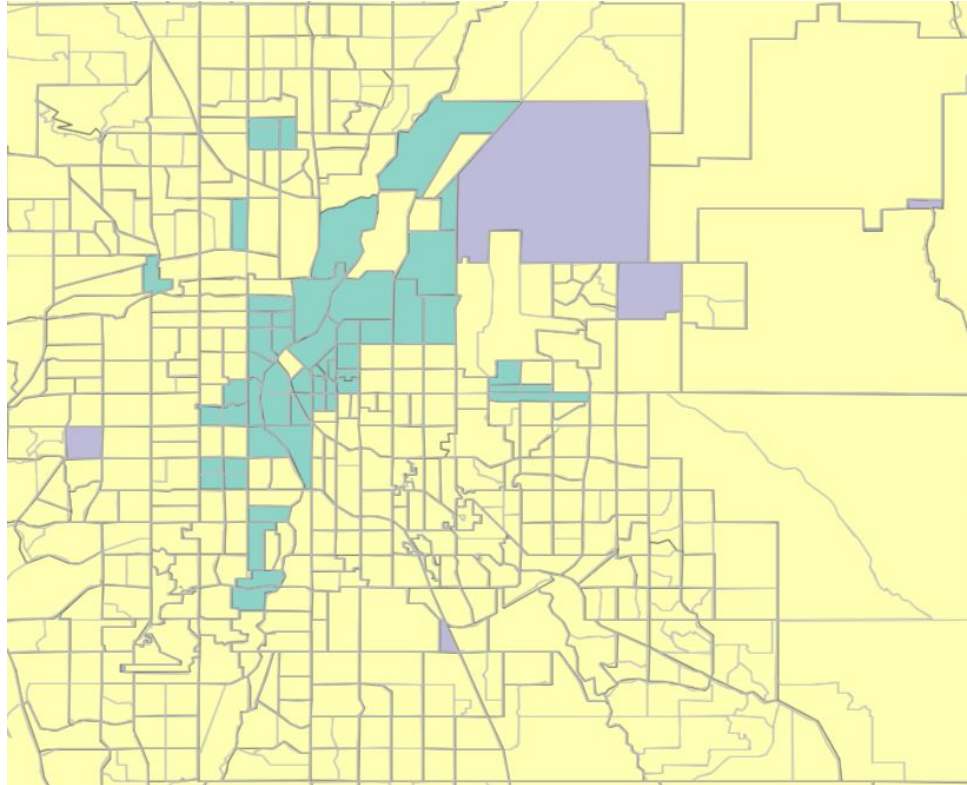
Source: U.S. Census Bureau, 1990 Decennial Census

# Census Tract Combination Maps for 1990



Source: U.S. Census Bureau, 1990 Decennial Census

# Denver Metro Area DIA Overlay Map, 1990

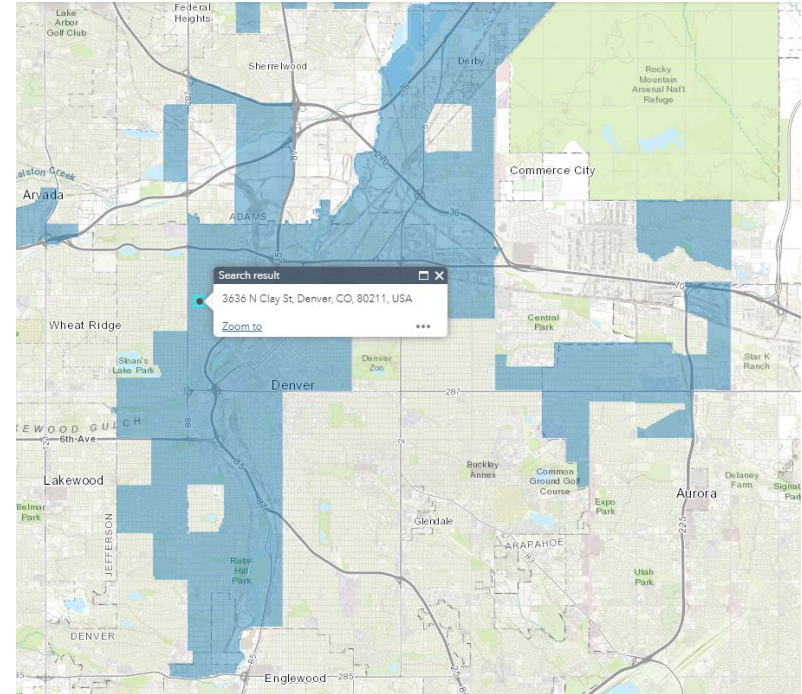
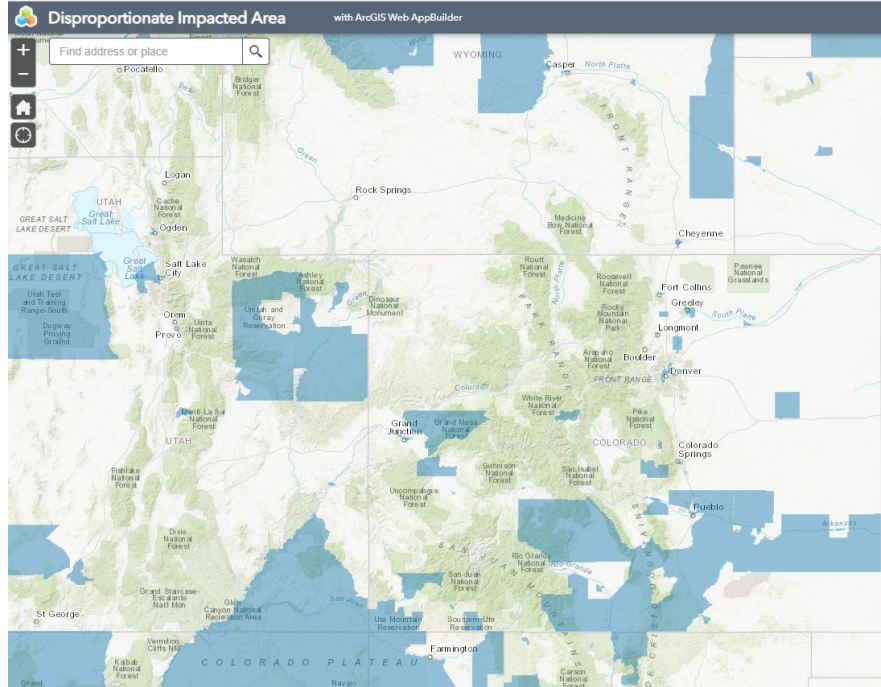


Overlay map includes tracts from any of the six combination maps

Source: U.S. Census Bureau, 1990 Decennial Census

# DIA Map from DOLA's State Demography Office

For ease of use, DOLA collapsed three layers of years to a single layer



<https://dola-online.maps.arcgis.com/apps/webappviewer/index.html?id=76fa4adfe70c45918f13143a8d6fb1de>

# Median Income Table

		N people living in household								
		1	2	3	4	5	6	7	8	
State	Household median family of 4	Household size multiplier->	-30%	-20%	-10%	0%	8%	16%	24%	32%
Alabama	51,734		36,214	41,387	46,561	51,734	55,873	60,011	64,150	68,289
Alaska	75,463		52,824	60,370	67,917	75,463	81,500	87,537	93,574	99,611
Arizona	62,055		43,439	49,644	55,850	62,055	67,019	71,984	76,948	81,913
Arkansas	48,952		34,266	39,162	44,057	48,952	52,868	56,784	60,700	64,617
California	80,440		56,308	64,352	72,396	80,440	86,875	93,310	99,746	106,181
Colorado	77,127		53,989	61,702	69,414	77,127	83,297	89,467	95,637	101,808

		N people living in household							
		1	2	3	4	5	6	7	8
	50% median family of 4								
Alabama	25,867	\$ 18,107	\$ 20,694	\$ 23,280	\$ 25,867	\$ 27,936	\$ 30,006	\$ 32,075	\$ 34,144
Alaska	37,732	\$ 26,412	\$ 30,185	\$ 33,958	\$ 37,732	\$ 40,750	\$ 43,769	\$ 46,787	\$ 49,806
Arizona	31,028	\$ 21,719	\$ 24,822	\$ 27,925	\$ 31,028	\$ 33,510	\$ 35,992	\$ 38,474	\$ 40,956
Arkansas	24,476	\$ 17,133	\$ 19,581	\$ 22,028	\$ 24,476	\$ 26,434	\$ 28,392	\$ 30,350	\$ 32,308
California	40,220	\$ 28,154	\$ 32,176	\$ 36,198	\$ 40,220	\$ 43,438	\$ 46,655	\$ 49,873	\$ 53,090
Colorado	38,564	\$ 26,994	\$ 30,851	\$ 34,707	\$ 38,564	\$ 41,649	\$ 44,734	\$ 47,819	\$ 50,904

A two-person household in Colorado that made under \$30,851 would qualify for a social equity license

# *Questions & Contact Information*

Jack K. Reed  
Colorado Department of Public Safety  
Division of Criminal Justice

[jack.reed@state.co.us](mailto:jack.reed@state.co.us)

# Social Equity License: How do I apply?

## 1. **FIRST submit a suitability application and receive approval as a Social Equity Licensee.**

\*Fingerprints required: Visit a Colorado State-Approved third-party fingerprint provider. \*Include your fingerprint receipt in your application packet. Visit the [Business Owner webpage](#) for additional information and to access the Suitability application.\*

\*Suitability Timeline - Expire After One Year\*

## 2. **Determine whether you are applying to:**

\*Own and operate a Regulated Marijuana Business License to participate in the Accelerator Program\*

**OR**

\*Own and operate a Regulated Marijuana Business independently.\*

## 3. **Submit a Regulated Marijuana Business application. Visit the Regulated Marijuana Business - Social Equity Program Application.**

\*Accelerator Program: Do you know who you will partner with in the program (who will serve as the Accelerator Endorsement Licensee (Endorsement Holder)?\*

\*Check for Relevant Local Jurisdiction Application Requirements\*

# Accelerator Program: Business Licenses

## What business licenses can I select from?

Limited to Retail Marijuana operations (does not include Medical Marijuana operations):

- **Accelerator Cultivator**
- **Accelerator Manufacturer**
- **Accelerator Store**

### Required Accelerator-Endorsed Licensee:

Prior to exercising any privileges of an Accelerator License, any person approved to participate in the Accelerator Program will first need to designate an Accelerator-Endorsed Licensee (endorsed to host and offer technical and capital support to a Social Equity Licensee). [Visit the Accelerator-Endorsement Application.](#)

### Other Considerations:

- Local jurisdiction requirements
- Fees



# Independent Operations: Business Licenses

## What business licenses can I select from?

Applicants seeking to independently operate a Regulated Marijuana Business (outside of the Accelerator Program) may select from any of the Medical and Retail Marijuana Business licenses issued by the MED.

**Find information on existing Regulated Marijuana Businesses on the [MED's Website](#)**

### Other Considerations:

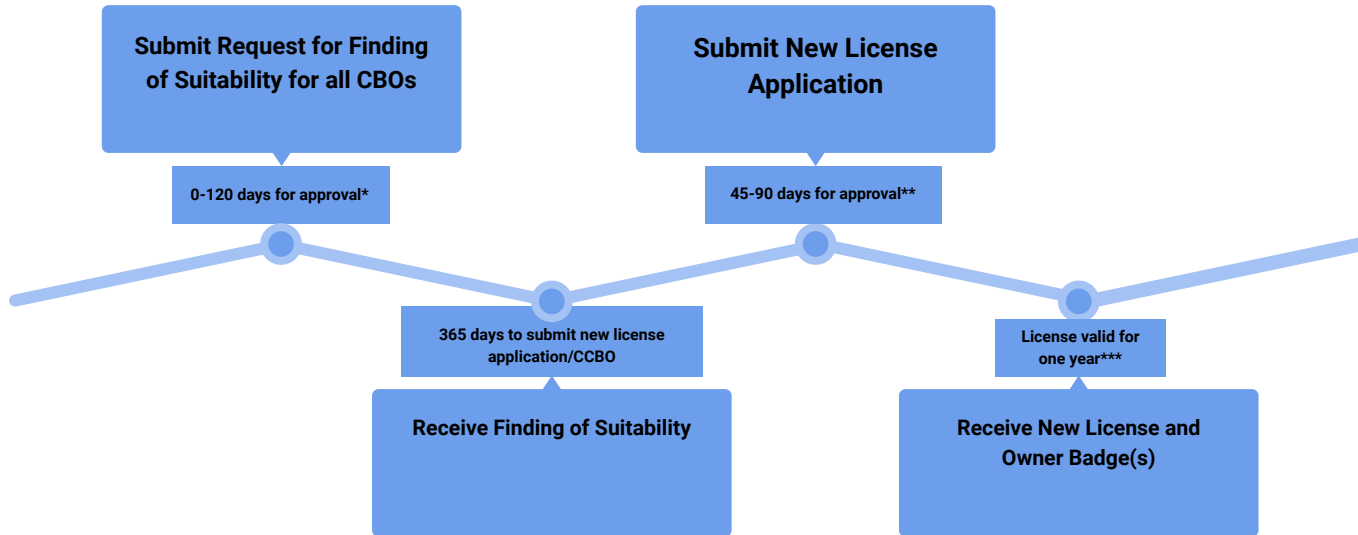
- Subject to local licensing authority requirements, restrictions, and prohibitions.
- Applicable fees.

# How much do the applications cost?

- **Total application costs will vary depending on the structure of each business licensee.**
  - All proposed Controlling Beneficial Owners, individuals and Owner entities (holding companies), will need to submit applications and fees for a Finding of Suitability: **\$800 each**
  - There is not a fee for new business license applications for Accelerator Program business licenses.
  - Independent Operation new business license fees vary based on license type: **\$2,000-\$7,000**
  - Delivery permit valid for more than 6 months\*: **\$4,000**
  - Delivery permit valid for less than 6 months\*: **\$2,000**
- **Fees are due at the time the application or request is submitted.**

\*Delivery permit expiration dates will be tied to the license which they are affiliated with.

# How long will the application process take?



\* A 120 day extension may be granted by the State Licensing Authority for Reasonable Cause.

\*\* Statutory timeframe for new Retail licenses.

\*\*\* All licenses are valid for one year except Transporter licenses which are valid for two years.

# How do I become a Accelerator-Endorsed Licensee?

1. **You must hold a current license**
2. **You must first submit an Equity Assistance Proposal**
3. **Once you identify an Accelerator you would like to assist, you and the Accelerator Licensee will enter into an Equity Partnership Agreement**
4. **If the business relationship is terminated, you must notify MED**
5. **Additional Privileges for Accelerator-Endorsed Licensees**

# Am I eligible?

## Eligibility Criteria - Accelerator-Endorsed Licensee

✓ The Applicant has not, in the previous two years, been subject to a license revocation or active suspension issued by the State Licensing Authority or any Local Licensing Authority or Local Jurisdiction in which it operated.

✓ Has not previously owned an MJ Business that was subject to revocation

✓ Information demonstrating the Applicant operated its license for at least two years prior to the date of application; or if the Applicant is unable to demonstrate operations for a period of at least two years it must satisfy **at least one of the following:**

1. The Applicant possesses a valid commercial marijuana license issued in another state and has operated such license for the preceding two years;
2. For the preceding two years the Applicant has participated in an accelerator, incubator or social equity program that may, but is not required to be, associated with the commercial marijuana industry;
3. The Applicant has at least two years of regulated cannabis industry experience at the managerial or executive level; or
4. The Applicant has at least two years of business experience in a highly regulated industry other than the marijuana industry.

# Accelerator-Endorsed Licensee Agreement

## 1. **Equity Assistance Proposal**

A proposal, provided to the MED and a potential Accelerator Licensee that provides an overview of the relationship between you and the Accelerator Licensee.

- Required information: shared or separate premises, technical assistance, rent, whether you were the subject of previous administrative action, what happens if there is a change in ownership
- Optional information: objectives and organizational values, business profile, educational or training assistance, any other useful information.
- There are additional requirements for the two different models (shared or separate premises)

## 2. **Equity Partnership Agreement**

The contract between you and an Accelerator Licensee

- Required information: description of the business relationship, timeline for assistance, what happens if there is a change in ownership, conditions for amendments or dissolution.
- There are additional requirements for the two different modes for this agreement as well.

# Why should I apply?

## **Benefits for Accelerator-Endorsed Licensees**

Social Equity Licensees participating in the accelerator program receive technical compliance and/or capital assistance pursuant to an equity partnership agreement between the Accelerator-Endorsed Licensee and the Accelerator Licensee. Examples of the types of assistance an Accelerator-Endorsed Licensee can provide a Accelerator Licensee, including, but are not limited to:

- Social Equity Leader Designation to indicate its leadership status
- MED may consider a social equity leader designation as a mitigating factor when determining the initiation of administrative action or assessment of penalties for violations of the statutes or regulations
- Compliance Assistance and Education Engagement with MED
- Possible Application and License Fee Exemptions for a change of owner, change of location, or modification of premises, where such changes or modifications are directly related to its participation in the accelerator program

# Contact Us

## Questions

- General Questions, Submit Via [MED's Inquiry Form](#)
- Dominique Mendiola, Deputy Director, CDOR MED: [Dominique.Mendiola@state.co.us](mailto:Dominique.Mendiola@state.co.us)
- Danielle Henry, Policy Advisor, CDOR MED: [Danielle.Henry@state.co.us](mailto:Danielle.Henry@state.co.us)
- Shannon Gray, Marijuana Communications Specialist: [Shannon.Gray@state.co.us](mailto:Shannon.Gray@state.co.us)
- Casey Hilton, Compliance Supervisor, [casey.hilton@state.co.us](mailto:casey.hilton@state.co.us)

## Additional Resources

- [MED 2021 Regulations](#)
- Subscribe to Receive Updates [Subscribe](#)
- [Social Equity Webpage](#):
- [MED Industry-Wide Bulletins and Compliance Tips](#)
- [2019 Legislation Summary](#)
- [2020 Legislation Summary](#)
- [U.S. Census Bureau](#)