

2019 -- H 5795

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

A N A C T

RELATING TO FOOD AND DRUGS-THE RHODE ISLAND CANNABIS EQUITY ACT OF 2019

Introduced By: Representatives Ranglin-Vassell, Walsh, Almeida, Lombardi, and Slater

Date Introduced: March 01, 2019

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 21 of the General Laws entitled "FOOD AND DRUGS" is hereby
2 amended by adding thereto the following chapter:

3 CHAPTER 28.10

4 THE RHODE ISLAND CANNABIS EQUITY ACT OF 2019

5 **21-28.10-1. Short title.**

6 This act shall be known and may be cited as the Rhode Island Cannabis Equity Act of
7 2019.

8 **21-28.10-2. Legislative findings.**

9 The general assembly finds and declares the following:

10 (1) In 2005, Rhode Island passed the Edward O. Hawkins and Thomas C. Slater Medical
11 Marijuana Act. Rhode Island has also decriminalized possession of one ounce or less of cannabis
12 for personal use. With the advent of different states throughout the country legalizing cannabis,
13 the general assembly finds that regulating it in a way that reduces barriers to entry into the legal,
14 regulated market would benefit the state and those individuals who are inequitably being denied
15 the opportunity to enter into the business of selling and cultivating cannabis due to financial,
16 educational and other barriers.

17 (2) Cannabis prohibition had a devastating impact on communities in Rhode Island and
18 across the United States. Persons convicted of a cannabis offense and their families suffer the

1 long-term consequences of prohibition. These individuals have a more difficult time entering the
2 newly created adult-use cannabis industry due, in part, to a lack of access to capital, business
3 space, technical support, and regulatory compliance assistance.

4 (3) During the era of cannabis prohibition in Rhode Island, the burdens of arrests,
5 convictions, and long-term collateral consequences arising from a conviction affected people of
6 all races at nearly identical rates. The collateral consequences associated with cannabis law
7 violations, coupled with generational poverty and a lack of access to resources, make it
8 extraordinarily difficult for persons with convictions to enter the newly regulated industry.

9 (4) Offering technical support, regulatory compliance assistance, and assistance with
10 securing the capital necessary to begin a business will further the stated intent of this act by
11 reducing barriers to licensure and employment in the regulated industry.

12 (5) Offering these supports will also aid the state in its goal of eliminating or reducing the
13 illicit cannabis market by bringing more people into the legal marketplace.

14 (6) It is the intent of the general assembly in enacting this act to ensure that persons most
15 harmed by cannabis criminalization and poverty be offered assistance to enter the multibillion
16 dollar cannabis industry as entrepreneurs or as employees with high quality, well-paying jobs.

17 (7) It is the intent of the general assembly in enacting this act that the cannabis industry
18 be representative of the state's population, and that barriers to entering the industry are reduced
19 through support to those most in need.

20 (h) The general assembly finds and declares that this act furthers the purposes and intent
21 of the Edward O. Hawkins and Thomas C. Slater Medical Marijuana Act and prospectively will
22 reduce barriers in the future as Rhode Island contemplates legalization of cannabis.

23 **21-28.10-3. Definitions.**

24 For purposes of this chapter, the following definitions apply:

25 (1) "Areas of disproportionate impact" means geographical areas that, due to statute,
26 policy or other law, have been adversely affected more than other areas within the same
27 municipality or state.

28 (2) "Eligible local jurisdiction" means a city or town in Rhode Island that has adopted or
29 operates a local equity program.

30 (3) "Local equity applicant" means an applicant who has submitted, or will submit, an
31 application to a local jurisdiction to engage in commercial cannabis activity within the municipal
32 boundaries of that jurisdiction and who meets the requirements of that jurisdiction's local equity
33 program.

34 (4) "Local equity licensee" means a person who has obtained a license from a local

1 jurisdiction to engage in commercial cannabis activity within the municipal boundaries of that
2 jurisdiction and who meets the requirements of that jurisdiction's local equity program.

3 (5) "Local equity program" means a program adopted or operated by a local jurisdiction
4 that focuses on inclusion and support of individuals and communities in Rhode Island's cannabis
5 industry who are linked to populations or neighborhoods that were negatively or
6 disproportionately impacted by cannabis criminalization. Local equity programs may include, but
7 are not limited to, the following types of services:

8 (i) Small business support services offering technical assistance to those persons from
9 economically disadvantaged communities that experience high rates of poverty or communities
10 most harmed by cannabis prohibition, determined by historically high rates of arrests or
11 convictions for cannabis law violations;

12 (ii) Tiered fees or fee waivers for cannabis-related permits and licenses;

13 (iii) Assistance in paying state regulatory and licensing fees;

14 (iv) Assistance securing business locations prior to or during the application process;

15 (v) Assistance securing capital investments;

16 (vi) Assistance with regulatory compliance;

17 (vii) Assistance in recruitment, training, and retention of a qualified and diverse
18 workforce, including transitional workers.

19 (6) "Transitional worker" means a person who, at the time of starting employment at the
20 business premises, resides in a zip code or census tract area with higher than average
21 unemployment, crime, or child death rates, and faces at least one of the following barriers to
22 employment:

23 (i) Is homeless;

24 (ii) Is a custodial single parent;

25 (iii) Is receiving public assistance;

26 (iv) Lacks a GED or high school diploma;

27 (v) Has a criminal record or other involvement with the criminal justice system;

28 (vi) Suffers from chronic unemployment;

29 (vii) Is emancipated from the foster care system;

30 (viii) Is a veteran; or

31 (ix) Is over sixty-five (65) years of age and is financially compromised.

32 **21-28.10-4. Establishment of board.**

33 (a) The general assembly shall establish a board for the purpose of overseeing local
34 equity programs. The board shall have five (5) members, three (3) of whom shall be appointed by

1 the speaker of the house of representatives and two (2) of whom shall be appointed by the senate
2 president. Two (2) members of the board shall have experience in cultivating cannabis; one shall
3 have experience in operating or managing a retail or wholesale business; one shall have
4 experience in banking and financing; and, one shall have experience in law enforcement and shall
5 be designated as the compliance agent of the board.

6 (b) The board shall oversee the distribution of all grants, loans and monies appropriated
7 by the general assembly for use in establishing and supporting applicants to local equity
8 programs.

9 (c) The board may, upon request by a local jurisdiction, provide technical assistance to a
10 local equity program that helps local equity applicants or local equity licensees. When
11 determining whether to provide technical assistance, the board shall make individual
12 determinations based on the reasonableness of the request and available resources.

13 (d) "Technical assistance" includes providing training and educational sessions regarding
14 state cannabis licensing processes and requirements to equity applicants or equity licensees that
15 are coordinated with the local equity program.

16 **21-28.10-5. Board review of applications.**

17 (a)(1) Upon appropriation of funds by the general assembly, an eligible local jurisdiction
18 may, in the form and manner prescribed by the board, submit an application to the board for a
19 grant to assist local equity applicants and local equity licensees through that local jurisdiction's
20 equity program.

21 (2) The board shall review an application based on the following factors:

22 (i) Whether the local jurisdiction is an eligible local jurisdiction;

23 (ii) Whether the local jurisdiction has adopted or operates a local equity program;

24 (iii) Whether the local jurisdiction has identified a local equity applicant or a local equity
25 licensee that the local jurisdiction could assist, as defined in subsection (b) of this section,
26 through use of the grant funding;

27 (iv) Whether the local jurisdiction has demonstrated the ability to provide, or created a
28 plan to provide, the services identified in subsection (b) of this section;

29 (v) The number of existing and potential local equity applicants and local equity licensees
30 in the local jurisdiction;

31 (vi) Priority shall be given to those applicants that:

32 (A) Have resided in areas of disproportionate impact for five (5) of the last ten (10) years,

33 or

34 (B) Have resided in Rhode Island for twenty-four (24) months, and have a prior

1 conviction under chapter 28 of title 21, or

2 (C) Have resided in Rhode Island for twenty-four (24) months, and have a parent or
3 spouse with a prior drug-related conviction.

4 (vi) Any additional relevant and reasonable criteria the board deems necessary.

5 (3) The board shall grant funding to an eligible local jurisdiction based on its review of
6 the factors in subsection (a)(2) of this section. If applications for funding are greater than the
7 amount appropriated for this grant program, the board shall prorate the funding among the
8 qualified applicants.

9 (b) An eligible local jurisdiction that receives a grant pursuant to subsection (a) of this
10 section shall use grant funds to assist local equity applicants and local equity licensees in that
11 local jurisdiction to gain entry to, and to successfully operate in, the state's regulated cannabis
12 marketplace. For purposes of this section, "assist" includes, but is not limited to, any of the
13 following methods:

14 (1) To provide a loan or a grant to a local equity applicant or local equity licensee to
15 assist the applicant or licensee with startup costs. For purposes of this section, "startup costs"
16 include, but are not limited to, rent, leases, local and state application and licensing fees,
17 regulatory adherence, testing of cannabis, equipment, capital improvements, and training and
18 retention of a qualified and diverse workforce, provided that no one applicant shall receive more
19 than fifty thousand dollars (\$50,000) in financial assistance.

20 (2) To support local equity program efforts to provide sources of capital to local equity
21 applicants and local equity licensees.

22 (3) To provide direct technical assistance to local equity applicants and local equity
23 licensees.

24 (4) To assist in the administration of local equity programs.

25 (c) An eligible local jurisdiction that receives a grant pursuant to subsection (a) of this
26 section shall, on or before January 1 of the year following receipt of the grant and annually
27 thereafter for each year that grant funds are expended, submit an annual report to the board that
28 includes all of the following information:

29 (1) How the local jurisdiction disbursed grant funds;

30 (2) How the local jurisdiction identified local equity applicants or local equity licensees,
31 including how the local jurisdiction determines who qualifies as a local equity applicant or local
32 equity licensee;

33 (3) The number of local equity applicants and local equity licensees that were served by
34 the grant funds; and

1 (4) Demographic data on equity applicants, equity licensees, and other applicants and
2 licensees in the jurisdiction, including, but not limited to, race, ethnicity, gender, sexual
3 orientation, income level, prior convictions, and veteran status. This information will be
4 consolidated and reported without the individual's identifying information.

5 (d) An eligible local jurisdiction that receives a grant pursuant to this section shall use no
6 more than ten percent (10%) of the state grant for administration, including employing staff or
7 hiring consultants to administer grants and the program.

8 **21-28.10-6. Duties of board.**

9 To facilitate greater equity in business ownership and employment in the cannabis
10 market, the board shall:

11 (1) Serve as a point of contact for local equity programs;

12 (2) On or before July 1, 2020, publish approved local equity ordinances and model local
13 equity ordinances created by the board with input from cannabis advocacy groups and zoning
14 officials from participating municipalities. Advocacy groups may also include, but are not limited
15 to, minority business owners and entrepreneurs, organizations with expertise in addressing
16 barriers to employment and licensure for low-income communities or persons with prior arrests
17 or convictions, and unions representing cannabis workers; and

18 (3) To the extent feasible, coordinate with the relevant local jurisdictions to carry out the
19 responsibilities described in this section.

20 **21-28.10-7. Reporting requirements.**

21 (a) On or before July 1, 2021, the board shall submit a report to the general assembly
22 regarding the progress of local equity programs that have received funding.

23 (b) The report shall include, but is not limited to, the following information:

24 (1) The cities and towns that have enacted local equity programs;

25 (2) The number of local equity applicants and general applicants applying for and
26 receiving licenses in the jurisdictions that received grants; and

27 (3) Information collected from all jurisdictions and applicants including profit and loss
28 statements, the number of employees of each applicant, the average weekly wage and benefits
29 provided to each employee and an accounting of any funds reimbursed to the local equity
30 program by the applicants.

31 (c) The board shall post the report required by this section and it shall be available upon
32 request under § 38-2-1 et. seq.

33 **21-28.10-8. Use of funds.**

34 Funds realized from the imposition of fees and taxes in accordance with this chapter shall

1 be directed back into the areas of disproportionate impact to fund the communities' schools, after
2 school programs, community centers, or programs offering diversion for children, training and
3 support for successful re-entry of convicted felons to their community.

4 **21-28.10-9. Expungement.**

5 (a) Any individual who is an applicant for a loan or grant under this chapter who has a
6 prior conviction for a cannabis offense, which is no longer a criminal offense, shall be entitled to
7 have such criminal conviction expunged pursuant to § 12-1.3-1, et seq.

8 (b) Any prior convictions for misdemeanor or felony possession of marijuana shall be
9 included as eligible for expungement under subsection (a) of this section.

10 (c) Any individual who has been incarcerated as a result of a cannabis offense shall have
11 all fees waived with respect to this section.

12 **21-28.10-10. Severability.**

13 The provisions of this chapter are severable. If any provision of this chapter or its
14 application is held invalid, that invalidity shall not affect other provisions or applications that can
15 be given effect without the invalid provision or application.

16 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO FOOD AND DRUGS-THE RHODE ISLAND CANNABIS EQUITY ACT OF
2019

- 1 This act would establish a board and appropriates funds from the legislature to create a
- 2 local cannabis equity program to allow those people who want to enter the business of selling
- 3 marijuana with state funding and technical assistance to do so.
- 4 This act would take effect upon passage.

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