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# Marijuana Licensing Work Group (MLWG)

Meeting #5  
September 29, 2020  
2:00 – 4:30 p.m.

# Agenda

- I. Introductions
- II. MLWG Purpose and Ground Rules
- III. MLWG Meeting Format
- IV. Goals for Implementation
- V. Feedback on Concepts & Outstanding Questions
- VI. Public Comment
- VII. Next Steps



# Marijuana Licensing Work Group Members

Ashley Kilroy	Co-Chair, Denver Excise and Licenses
Molly Duplechian	Co-Chair, Denver Excise and Licenses
Councilwoman Kendra Black	City Council District 4
Councilwoman Candi CdeBaca	City Council District 9
Councilman Chris Hinds	City Council District 10
Kenneth Allison	All About Hemp, LLC
Anshul Bagga	Denver City Attorney's Office
John Bailey	Black Cannabis Equity Initiative
Sarah Belstock	Denver Health and Hospital Authority
Truman Bradley	Marijuana Industry Group
Diane Cooks	Montbello Resident
Shawn Coleman	36 Solutions
Jaqueline Flug	Drizly, LLC

Michelle Garcia	Mayor's Office of Social Equity and Innovation
Michel Holien	Denver Public Schools
Andrew Howard	Denver Policy Department
Clarissa Kriek	National Cannabis Industry Association
Henny Lasley	Smart Colorado
Jason Moore	Denver City Attorney's Office
Dan Pabon	Medicine Man Technologies
Jessica Scardina	Vicente Sederberg LLP
Ean Seeb	Governor Polis' Office
Ryan Tatum	Cultivated Synergy
Art Way	Equitable Consulting
Sarah Woodson	The Color of Cannabis

**Viewers:** Please email [MarijuanaInfo@denvergov.org](mailto:MarijuanaInfo@denvergov.org) to confirm attendance, ask questions during the meeting and receive future updates, minutes, or other communications.

# MLWG Purpose and Ground Rules

- The **purpose** of the MLWG is to review, discuss, and make recommendations on policy direction and possible marijuana licensing laws, rules and regulations.
- The MLWG is **advisory in nature**. Work Group members will review and discuss options for specific regulatory topics, and provide comments and recommendations to the City. The City may then incorporate that input into a future proposal for adoption.
  - Any ordinance changes will require approval by the Denver City Council.
- Each member of the MLWG is an equal participant in the process and has equal opportunity to voice opinions and contribute ideas.
  - As with all other advisory work groups, the work group will not necessarily be working towards consensus, but rather **we will use everyone's input to develop a proposal to bring to the Mayor and City Council**.
- MLWG members accept the responsibility to come to the meetings prepared for the discussions.
- MLWG members must commit to treating each other with respect, civility, and courtesy, whether or not they agree with one another's interests and concerns.

# MLWG Meeting Format

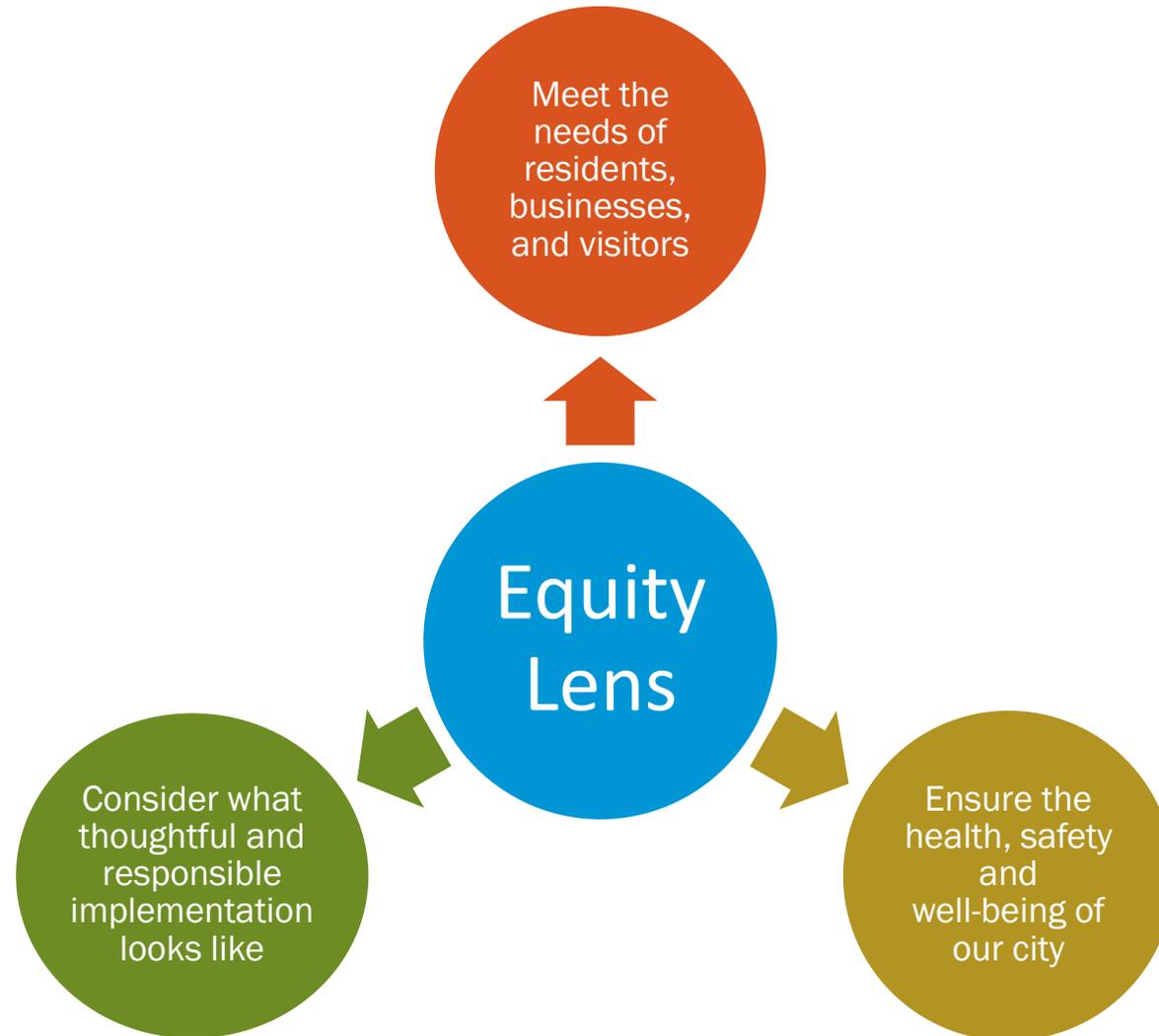
## Work Group Members

- The MLWG meetings will present information for background and pose questions for discussion (denoted in this presentation by ).
- Any suggestions provided by the City are for the purposes of initiating and guiding the discussion.
- The MLWG members may make suggestions in addition to what is being provided.
- MLWG members will be provided with a list of topics to be discussed in advance of each meeting.
- MLWG members will also be able to submit additional comments in writing.
- Minutes from each meeting will be available within one week of the meeting date.
- If a Work Group member has a question or would like to make a comment relevant to the discussion occurring, they are welcome to speak up but should avoid interrupting the presenters or another Work Group member.
  - For the experience of the viewing audience, **please announce your name at the beginning of your statement/question.**
  - If you do not feel as though you are given an opportunity to speak, **use the “raise hand” feature.**
  - The “chat” and “Q&A” features have been disabled in order to avoid distractions and ensure the viewing audience can hear all relevant input.

## Public Input

- MLWG meetings are open to the public and can be viewed via Zoom. The links for viewing the MLWG meetings will be posted at least one day prior to the meeting on the [Marijuana Laws, Rules and Regulations website](#).
- Members of the public may indicate that they wish to make a public comment by **using the “raise hand” feature**. Members of the public who have called into the meeting rather than using their computer may send an email to [marijuanainfo@denvergov.org](mailto:marijuanainfo@denvergov.org) to sign up for public comment. 15 minutes will be reserved for public comment at the end of the meeting.
- Attendees and members of the public viewing the Work Group meetings are able to send written comments to [MarijuanaInfo@denvergov.org](mailto:MarijuanaInfo@denvergov.org). For comments to be considered in the first draft of proposals, it is recommended they be submitted by **October 6**.
- A separate public process will also be a part of the legislative process with City Council.

# Goals for Implementation



# Developing Denver's Cannabis Equity Program

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Define Social Equity Applicant



Develop services and benefits for Social Equity Applicants



Identify licenses to be included in a Social Equity Program

# Social Equity Applicant Definition

Define Social Equity Applicant



Develop services and benefits for Social Equity Applicants



Identify Licenses Available to Social Equity Applicants

The State of Colorado and the Marijuana Enforcement Division have proposed a Social Equity Licensee as the following:

A Colorado resident who, individually or together with other Social Equity Licensees, owns at least 51% of the marijuana business licenses, has not been subjected to a legal or disciplinary action by the State Licensing Authority against their license resulting in revocation, and demonstrates **one** of the following:

1. Resided 15+ years, from 1980 to 2010 in an opportunity zone or Disproportionate Impacted Area, which is defined as a census tract in the top 15<sup>th</sup> percentile for that state in at least two of the following categories as measured by the United States Census Bureau:
  - The number of residents in the census tract receiving public assistance;
  - The number of residents in the census tract falling below the federal poverty level;
  - The number of residents in the census tract failing to graduate high school; and
  - The number of residents in the census tract who are unemployed.
2. Applicant or immediate family was arrested, convicted or suffered civil asset forfeiture due to a MJ offense.
3. Applicant's household income did not exceed 50% of the state median income as measured by the number of people who reside in the Applicant's household.



Should Denver adopt this same language for a Social Equity Applicant?

# Distribution of Licenses to Social Equity Applicants



In order to support Social Equity Applicants, one proposal is to reserve certain licenses exclusively for Social Equity Applicants for a time period.

 Under this proposal, which licenses should be reserved?

- Stores (including delivery\*)
- Transporters (including delivery\*)
- Cultivations
- Manufacturer of Infused Products

- Hospitality (including mobile)\*
- Hospitality & Sales\*
- Testing Facilities
- Medical Research & Development

\*Assumes that Denver opts-in to these new license types.

# Timeline for License Distribution to Social Equity Applicants

In order to support Social Equity Applicants, one proposal is to distribute certain licenses exclusively for Social Equity Applicants for a time period, with a sunset review at the end of the time period.

 What is the right timeline to ensure the success of social equity applicants?

## 2-3 Years

- Most marijuana licenses are issued within 1 year of application. Additional time could give the businesses time to become fully operational before allowing others to obtain licenses.
- Massachusetts reserved all delivery and hospitality licenses for 2 years from the date of first issuance (commission is voting to extend delivery exclusivity to 3 years).

## 4-5 Years

- The cap on new store and cultivation licenses has been in place since 2016. The cap has been a significant barrier to entry for equity applicants. Reserving licenses for equity applicants for 4 years would match the amount of time they were effectively excluded from the industry by the cap.
- LA extended exclusive access for retail and delivery licenses through 2025 (total of appx. 5 years).

## 6+ Years

- Since retail sales of marijuana began in 2014, early adopters have had 6+ years to establish themselves in the industry. Giving equity applicants the same length of time for exclusive access to licenses could give them a similar opportunity to establish themselves in the industry.

# Cannabis Social Equity Program Funding and Support

Success of Social Equity Applicants is heavily contingent upon funding, support from industry and access to capital. The City and County of Denver has projected a \$226 million budget gap in 2020 and a \$190 million budget gap in 2021. Creative solutions are needed to fund a Cannabis Social Equity Program.



What are ideas to fund a cannabis social equity program in Denver or support the social equity licensees?

## Industry Partnerships

- Regulations that require stores to establish partnerships to conduct deliveries through Transporter licensees that qualify as social equity applicants
- Accountability through Social Impact Plans
- Workshops and other types of technical assistance (mentorship)

## City Grant Program

- What additional revenue sources could be created to create a grant program that could be administered by the City? (e.g., a surcharge on delivery transactions)
  - Possibly creates additional administrative burdens for grant recipients and legal complications with creating a new revenue source.

## Other Ideas?

- Longer period of time for exclusivity in licensing
- State grant program for local jurisdictions (e.g., California)
- Any additional suggestions from the MLWG?

# Cannabis Social Equity Program Features-Cap & Lottery

A lottery process may have the unintended consequence of increasing barriers to entry and they often result in litigation that slows the process for applicants.



If licenses are available only to social equity applicants for a period of time, how should the cap and lottery be addressed?

## Option A

- Maintain the cap on store and cultivation licenses
- Hold a lottery for distribution of available licenses if applications exceed number of locations available
- Minimize requirements for lottery entry

## Option B

- Remove cap on store and cultivation licenses
- No lottery
- Maintain transfer of location provision that prohibits co-located businesses from creating new locations
- Maintain provision prohibiting new locations in top five saturated neighborhoods

## Other Options?

- Any suggestions from the MLWG?

# Marijuana Delivery Program



# Cannabis Delivery Regulations-Preventing Diversion

In-person sales have security camera requirements and other regulations in place to prevent diversion of marijuana, particularly to youth.



What additional safeguards would be effective to prevent diversion through delivery sales?

- Prohibit cash tipping for delivery drivers
- Require all delivery drivers to use ID scanners to verify IDs
- Other ideas?

# Marijuana Hospitality Program



# Hospitality and Stores-Density and Saturation

According to available [research](#), density of alcohol outlets is an environmental risk factor for youth alcohol use and [physical availability](#) of marijuana is related to increased frequency of adult marijuana usage.



What tools should be utilized to reduce density and concentration of businesses that allow for sales?

- Proximity restrictions between stores/sales locations
- Proximity restrictions from sales locations to protected uses
- Provisions that limit the number of locations in certain neighborhoods
- Other?

# Hospitality Proximity Restrictions



Should the 1,000 foot buffer between retail stores be applied to Hospitality & Sales Businesses?



Retail Marijuana Stores  
and Medical Marijuana  
Centers

*1,000 feet*

Hospitality & Sales  
Businesses

Proximity  
restrictions assist  
with reducing  
saturation



Hospitality & Sales  
Businesses

*1,000 feet*

Hospitality & Sales  
Businesses

Retail stores are  
required to be 1,000  
feet apart for one  
another

# Mobile Hospitality Business Models

Two types of mobile hospitality businesses are anticipated\*.



Should any of these business models or parts of these business models be prohibited or limited to address similar time, place and manner regulations in place for stationary businesses?

Shuttles	Tours
Vehicle designed to be used for consumption while it is moving between point A and point B and/or when the vehicle is parked at either of the points.	Vehicle designed to be used for consumption while it is moving between multiple stops on set routes and/or when the vehicle is parked at any of the stops.
Ex. A shuttle that runs from DEN to a hotel in Denver.	Ex. A bus that transports patrons on a tour to a cultivation, a MIP, and a restaurant.

\*Mobile Hospitality licenses are for moving vehicles, Hospitality and Hospitality & Sales licenses are for stationary or brick and mortar locations.

# Hospitality – Devices Allowed

State statute prohibits a licensed marijuana hospitality business from allowing the use of any device using any liquid petroleum gas, a butane lighter, or matches in the licensed premises if prohibited by local ordinance or resolution.

Currently, the [Rules Governing Marijuana Designated Consumption Areas](#) prohibit the use of LPG torches



Which devices should be prohibited in hospitality establishments to appropriately balance safety concerns with providing options for methods of consumption?

- LPG torches
- Butane lighters
- Matches



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# Public Comment

## 15 minutes

To “sign up” for Public Comment, please use the “Hand Raise” feature in Zoom. Members of the public who have called into the meeting rather than using their computer may send an email to [marijuanainfo@denvergov.org](mailto:marijuanainfo@denvergov.org) to sign up for public comment.

Each speaker will be given 2 minutes.

Attendees and members of the public viewing the Work Group meetings are also able to send written comments to [Marjuanainfo@denvergov.org](mailto:Marjuanainfo@denvergov.org).



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# Next Steps

Written comments can be submitted to [Marijuanainfo@denvergov.org](mailto:Marijuanainfo@denvergov.org). For comments to be considered in the first draft of proposals, it is recommended they be submitted by **October 6**.

Be sure you are signed up to receive the [Marijuana Information Bulletin](#) for details about upcoming meetings and the legislative process for implementation of these topics.



Thank You!