

Mendocino County Board of Supervisors August 3, 2021
501 Low Gap Road
Ukiah, CA 95482
Re: Mendocino County Cannabis Equity Program

Honorable Supervisors,

Thank you for continuing to work to improve the Equity Grant program. We know that the plan is for Staff to report back in September on the work in progress, but there are a couple of very important and timely items that should be addressed before the funds start being distributed.

One item is related to the unintended impact to some applicants of receiving these funds directly. For applicants with lower incomes, certain benefit programs and healthcare options are based on income thresholds that could be crossed upon receipt of these equity funds. The consequence would be for them to lose other essential benefits as part of the program which, at its core, is designed to help repair the negative impacts of the War on Drugs, not increase the burden on its victims.

We request the County consider the creation of a method either within the County, or through the Equity Program administrators, through which recipients receive the Direct Grant funds on behalf of those applicants who choose to utilize this mechanism, and disburse funds on behalf of applicants as needed, rather than provide the lump sum to them directly. Similarly, for the \$7K of permit fee grants, can the County receive those funds as a banked amount from which fees can be drawn ?

We understand there would potentially still be unavoidable taxes on these funds, and some administration costs associated with this proposal, but the grant specifically allows for up to 10% to be spent on administration. With the amounts awarded to Mendocino County, this equals about \$300K to be spent on administering this program in a way that will be most beneficial to the applicants.

If an applicant has already paid for permit fees, septic system, well permits etc, amend the rules for the expenditure of that \$7K to allow an applicant to be reimbursed for those expenses. It would be easy for people to provide documentation of expenses incurred and paid already vs. projecting future expenses with permit fees that have additional hourly rates that may or may not be applicable. And, it's possible that reimbursements may not be taxed as income, which is currently being researched. Also, we appreciate the intent behind raising the income caps, but due to unfair tax practices at the Federal level, most licensed cannabis operators will still have tremendous hardships meeting the income requirements.

We request an update as to when the County/LEEP is going to notify qualified applicants who were already approved under the lower amounts if they are eligible for the increased direct grant of now up to \$50k. Also, there are applicants who have been told they were approved, but have yet to receive their approval letter. We request that you work with Elevate Impact to ensure that applicants are notified of their eligibility in a timely fashion so they can access the funds sooner than later.

Finally, we request an update on the status of the additional applicants who have entered the process since the new revisions were made to the program. Considering the very limited amount of time we have to ensure the full \$2.7M in funds are distributed to folks who have been negatively impacted by the War on Drugs, and our knowledge that there are many folks in the County who need this support, we want to do everything in our power to assist the County in providing it.

At its core, the Equity Grant Program is NOT about income thresholds, but about repairing harm done by the War on Drugs.

We look forward to your response and are available to discuss further at your convenience.

Sincerely,

Jude Thilman, Vice-Chair

Mendocino Cannabis Alliance