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Cannabis Association Proposes Solutions to Inequities in Legal Marketplace

Legislation would create new Equity Fund to lower barriers and establish greater equity for cannabis license-holders in Washington

Revenue for Equity Fund generated by fee on capital investments in regulated cannabis would specifically benefit minority and women-owned enterprises

WASHINGTON – Today the Washington CannaBusiness Association (WACA) announced its top legislative priority for the regulated industry in 2020: the creation of a new Equity Fund to lower financial barriers for prospective and current license holders representing a diversity of race, color, national origin, religion, sex, age, or disability in the legal cannabis marketplace. The Equity Fund will be supported by revenue generated by a 1 percent transaction fee on capital investments greater than \$500,000 in Washington cannabis businesses.

"Our state is proud to have led the way in legalizing cannabis, but that was only one step in addressing historic injustices created by the War on Drugs," **said Representative Kristine Reeves (D-30)**. "That's why I am looking forward to working with my colleagues to create a new statewide loan fund to increase access to capital and more opportunity for women and minority license-holders in the cannabis industry."

"It's been five years since legalization began, but many of the preexisting systematic inequalities of the War on Drugs have continued into the current legal cannabis industry," **said Aaron Bossett, Executive Director of the Black Cannabis Commission and CEO of Axum Analytics**. "The Black Cannabis Commission has identified access to capital as a key component to building a successful social equity program. The legislation that the Washington CannaBusiness Association is proposing will lower barriers of entry into the industry and will allow for a sustainable social equity program."

"Some of the systemic inequities of the War on Drugs have continued even after the legalization of cannabis in Washington," **said Vicki Christophersen, executive director of the**

Washington CannaBusiness Association. “Five years since legalization, we continue to see persistent under-representation of people of color, women and others for whom the door of opportunity has not been open as wide. This interim our members voted overwhelmingly to support the creation of a new Equity Fund to address this disparity and ensure fair and even opportunity within the regulated market. We look forward to working closely with our elected leaders in Olympia so that we may collaborate together on addressing this important work.”

The Equity Fund will be managed by the Washington Department of Commerce and will offer low-interest loans to eligible entities and individuals in our state. It is anticipated to be a much-needed resource for small business owners in communities that have been traditionally overlooked when it comes to economic development, expanding opportunity and eliminating stigmas about the licensed professionals of the regulated industry.

Examples of potential uses of the Equity Fund could include:

- **Start-Up Costs/Renovations:** Retail license-holders require significant capital to lease and build-out their store, sometimes waiting months before receiving a final permit from the Liquor and Cannabis Board that allows them to open for business. For women and minority business owners, who historically have less access to capital, this unpredictable delay between start-up costs and ability to do business creates a barrier to success from the beginning. The Equity Fund could provide a source of one-time support to mitigate this barrier of entry.
- **Innovation/Upgrades:** Producers/processors are in constant competition to create new products that rely on new and expensive equipment to manufacture. The Equity Fund could help close the gap for smaller minority or women-owned businesses who are working hard to compete with larger businesses and want to purchase new equipment.

Washington and Alaska are alone among states with a legal cannabis marketplace in blocking local businesses from accessing capital from outside the state. A hangover from fear and skepticism about cannabis from the early days of legalization, this ban creates a significant disadvantage for businesses who struggle to compete with their larger and more capitalized peers. Additionally, while Washington was first to legalize cannabis, local businesses are increasingly falling behind their competitors from recently approved markets in neighboring states, countries and around the world. Washington’s cannabis industry – accounting for more than \$1 billion in tax revenue and more than 10,000 jobs – cannot continue to lead if this unnecessary restriction on capital remains in place.

The Washington CannaBusiness Association has a proud and successful record of developing and supporting public policy that upholds a safe, quality-controlled regulated market that works to keep cannabis out of the hands of minors. During the 2019 legislative session, WACA successfully advocated for significant compliance reform to align the cannabis industry with its peers in other economic sectors. Most recently, WACA has successfully represented license-

holders during the July breakdown of the state's traceability software and ongoing challenges presented in consistent, standardized approval of packaging-and-labeling.

About Washington CannaBusiness Association

Washington CannaBusiness Association solely represents Washington's licensed and regulated cannabis businesses and provides its members with general support and representation before regulatory agencies and the legislature. As an association of cannabis producers, processors and retailers who have gathered to promote the private cannabis industry created by Initiative 502 and our member companies, our mission is to advocate on behalf of our member companies in the legislative, regulatory, legal and public policy arenas.

Learn more about Washington CannaBusiness Association by visiting our website at <http://www.wacannabusiness.org>

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