



## Cannabis Capital Equity Act Fact Sheet

The Washington CannaBusiness Association (WACA) has proposed the Cannabis Capital Equity Act, designed to remove the barriers to capital for Washington cannabis businesses while also creating 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 who will compete alongside their peers in the ever expanding sector.

### What Is It

- The Cannabis Capital Equity Act (CCEA) strengthens Washington's regulated marketplace by normalizing access to capital that is standard among every other industry, and by expanding access to capital for those who too often face barriers to traditional financing, or who don't have other financial resources.
- The CCEA will unleash Washington license-holders to compete with their peers in every other regulated state\* to expand, remodel, incentivize employees, modernize and build their business by identifying and attracting new investment to their innovation and/or entrepreneurship. The CCEA additionally tackles imbalance in the regulated industry by establishing a Department of Commerce-managed fund – the Equity Fund - that will help reduce obstacles to entry or business growth for people representing greater diversity in the marketplace from race, color, age, disability or country of origin.
- As a \$1 billion contributor to the state economy with equal or higher rates of compliance to state rules than the alcohol or tobacco industries, regulated cannabis professionals should be recognized as businesses like any other and empowered to flourish alongside their peers.

*\*Currently, Alaska is the only other regulated state with the same restrictions as Washington*

### Why Is It Needed

- To continue to show leadership in the cannabis market, Washington should step forward with urgency and pass legislation that intentionally acknowledges that for some, the door to the regulated cannabis market has never opened as wide, if at all.
- Inequity in the cannabis industry is a concern across the country and doesn't only have to do with access to capital.
- Washington voters were among the first in the country to legalize cannabis and to ensure that cannabis license-holders in-state can continue to lead the industry, lawmakers must elevate the

#### About The Equity Fund

- The Equity Fund will be managed by the Washington Department of Commerce and will offer low interest loans to eligible entities and individuals in Washington state.

- The Equity Fund will be supported by revenue generated by a new fee on large investments in cannabis businesses. The fee will be 1% of transactions totaling over \$500,000. The fee will be in place until December 31, 2025. It is anticipated that the fee will generate significant resources and the fund will be able to continue to assist cannabis businesses well into the future.

state system allowing new capital investment while also strengthening the state system to reflect greater equity for more people.

- A hangover of fear and skepticism about cannabis from the early days of legalization continues to negatively impact law-abiding, taxpaying business owners. Ongoing fearful treatment of cannabis creates a significant disadvantage for businesses who struggle to compete with their larger and more capitalized peers and for some who haven't yet been able to access the market at all.

### **About WACA**

- The Washington CannaBusiness Association (WACA) 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.
- WACA is a democratically-run organization and its members voted overwhelmingly to support the creation of a new Equity Fund to address disparity among license-holders in the industry and to ensure fair and even opportunity within the regulated market.
- WACA has successfully advocated for parity for license-holders and budtenders alike – successfully fighting to even out the significant tax burden faced by license holders and the steep penalties under which budtenders used to work, among others. The Cannabis Capital and Equity Act represents the evolution of WACA's policy priorities, expanding opportunity for more people that ultimately delivers economic benefit to the state of Washington.
- WACA expects to work closely with our elected leaders in Olympia in collaboration that results in an even playing field for all license holders in Washington.