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PURPOSE:

This goal of this policy is to promote and encourage participation in the marihuana industry by people from communities that have been disproportionately impacted by marihuana prohibition and enforcement and to positively impact the Kalamazoo community. This policy applies to all marihuana businesses permitted to operate in the City of Kalamazoo. Current permit holders will be required to abide by this policy upon permit renewal including the requirement to submit and supplement its social equity plan.

SCOPE:

This policy seeks to:

- Allow targeted focus on disproportionately impacted individuals and City neighborhoods
- Reduce barriers to entering the marihuana industry specific to Kalamazoo residents
- Provide funding for the development and activities that support the Kalamazoo community in alignment with Shared Prosperity in Kalamazoo (SPK)

POLICY:**A. Fee reductions**

The City marihuana business permit fee required of qualifying social equity individuals and business entities is reduced as follows:

- 1) A 25% reduction in the City permit fee for a sole proprietor who is a resident, or a business entity composed of majority (51% or more) ownership by one or more persons who are residents, of City Census Tracts 1 (Eastside), 9, 10, (Edison), and/or 2.02, 3 (Northside) for at least 3 years prior to applying for a marihuana business permit.
- 2) A reduction in the City permit fee for one, but not both, of the following:
 - A 25% reduction in the City permit fee for a City resident or group of City residents with a marihuana-related misdemeanor conviction or expunged conviction that does not involve distribution of a controlled substance to a minor, who have 51% or more ownership interest in the business, and who has or have resided in the City for at least 3 years prior to applying for a marihuana business permit.
 - A 40% reduction in the City permit fee for a City resident or group of City residents with a marihuana-related felony conviction or expunged

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conviction that does not involve distribution of a controlled substance to a minor, who have 51% or more ownership interest in the business, and who has or have resided in the City for at least 3 years prior to applying for a marihuana business permit.

- 3) An additional 10% reduction in the City permit fee if a sole proprietor or a member of the business entity holding at least a 10% ownership interest in the business has been a registered primary caregiver for at least 2 years between 2008 and 2017.

B. Zoning Code Exceptions

- 1) A business entity operating as a marihuana retailer may locate 500 feet from another marihuana retailer in conformity with the City zoning code if:
 - The applicant, or a majority (51% or more) of the applicant-owners is a City resident within City Census Tracts 1 (Eastside), 9, 10 (Edison), and/or 2.02, 3 (Northside) for the 3 years prior to applying for a marihuana business permit; or
 - A City resident or group of City residents with a marihuana-related misdemeanor or felony conviction, that does not involve delivery or distribution of a controlled substance to a minor and who has 51% or more ownership interest in the business
- 2) A business entity operating as a marihuana microbusiness or class A microbusiness may locate 250 feet from another microbusiness or class A microbusiness in conformity with the City zoning code if:
 - An applicant, or a majority (51% or more) of the applicant-owners is a City resident within City Census Tracts 1 (Eastside), 9, 10 (Edison), and/or 2.02, 3 (Northside) for the past 3 years; or
 - A City resident or group of City residents with a marihuana-related misdemeanor or felony conviction or expunged marihuana-related conviction that does not involve delivery or distribution of a controlled substance to a minor and who has 51% or more ownership interest in the business

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C. Community Impact

1) At least 25% of the local marihuana business permit fee and State marihuana excise tax revenue received by the City will be set aside and used to support the following programs/initiatives:

- a. Training to help educate residents disproportionately impacted by marihuana prohibition and enforcement and those residing in City Census Tracts 1 (Eastside), 9, 10 (Edison) and/or 2.02 (Northside) to prepare for ownership /operations of future marihuana establishments.
- b. Provide community outreach and education on topics such as use of marihuana by pregnant women, the difference between state and federal laws concerning marihuana, and adult use of marihuana in general.
- c. Support Shared Prosperity Kalamazoo priorities:
 - i. Strong Youth
 - ii. Strong Families
 - iii. Good jobs

d. Blight Elimination

2) The City requires that all marihuana businesses make a good faith effort to hire employees with prior marihuana convictions (excepting a conviction for delivery or distribution to a minor) or that live in Census Tracts 1 (Eastside); 9,10 (Edison) and/or 2.02, 3 (Northside).

D. Compliance with Social Equity Plan

1) Individuals or entities that have received fee reductions and/or reduced separation distance opportunities based on this social equity policy must provide proof of continued eligibility at time of City permit renewal.

a. If eligible, they will receive fee deductions when renewing their permit.

b. If no longer eligible

i. They will not receive fee deductions

ii. If the individual or entity took advantage of reduced separation distance opportunities, they would no longer be eligible to operate the business at that location.

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- 2) Existing businesses may submit documentation to apply for social equity fee reductions during the City-permit renewal process.
- 3) Marihuana businesses seeking renewal of their City-issued permit must provide answers to the following questions:
 - a. How many City residents do you currently employ?
 - b. How many current employees reside in Census Tracts 1 (Eastside); 9,10 (Edison) and/or 2.02, 3 (Northside)?
 - c. What is your plan to employ residents of the identified census tracts?
 - d. How many of your employees have prior marihuana-related convictions or expungements (excepting a conviction for delivery or distribution to a minor)?
 - e. What is your plan for employees with a prior marihuana conviction to move up within your business and/or the marihuana industry?
- 4) To be eligible for renewal of the City permit a marihuana business must qualify as a Silver Social Equity All-Star or better with the Michigan Cannabis Regulatory Agency.

EFFECTIVE DATE: August 1, 2022

David Anderson, Mayor**HISTORY:**

- May 18, 2020 This policy was initially adopted by the City Commission in conjunction with zoning and licensing ordinances authorizing the establishment of adult-use marihuana businesses.
- June 1, 2020 The day after the City Commission first adopted this policy, the Michigan Marijuana Regulatory Agency announced changes to its Social Equity Program, effective June 1, 2020. As a result, the City Commission amended this policy to incorporate a 40% reduction in permit fees for a marihuana felony conviction not involving delivery or distribution to a minor.

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The policy was amended to align it with changes made to the State statutes and administrative rules governing medical and adult-use marijuana businesses and with recent case law.