

DRAFT

ORDINANCE NO.

**AN URGENCY ORDINANCE OF THE CITY OF SAN JOSE
AMENDING PART 2 AND ADDING PART 3.5 TO
CHAPTER 6.88 OF TITLE 6 OF THE SAN JOSE
MUNICIPAL CODE TO ADD DEFINITIONS AND SET
FORTH CRITERIA FOR A CANNABIS EQUITY
ASSISTANCE PROGRAM; AND SETTING FORTH THE
FACTS CONSTITUTING SUCH URGENCY**

WHEREAS, pursuant to the provisions and requirements of the California Environmental Quality Act of 1970, together with related State CEQA Guidelines and Title 21 of the San José Municipal Code (collectively, "CEQA"), the provisions of this Ordinance do not constitute a project under File No. PP17-008; and

WHEREAS, the City Council is the decision-making body for this proposed Ordinance; and

WHEREAS, the City Council has reviewed and considered the "not a project" determination under CEQA prior to taking any approval actions on this proposed Ordinance;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SAN JOSE:

SECTION 1. A new section is added to Chapter 6.88 of Title 6 of the San José Municipal Code to be numbered, entitled and to read as follows:

6.88.217.2 Equity Employee

"Equity Employee" means an individual who meets the criteria in subsections (1) through (3) in Section 6.88.395.A.

SECTION 2. A new section is added to Chapter 6.88 of Title 6 of the San José Municipal Code to be numbered, entitled and to read as follows:

6.88.217.3 Equity Business Owner

"Equity Business Owner" means a Cannabis Business where fifty-one percent (51%) or more of the entity applying for a Cannabis Business Registration is owned by an individual that meets the criteria of subsections (A) and (B) of Section 6.88.395.

SECTION 3. A new Part is added to Chapter 6.88 of Title 6 of the San José Municipal Code to be numbered, entitled and to read as follows:

Part 3.5

Cannabis Equity Assistance Program

6.88.395 Eligibility for Equity Assistance Program

A. To be eligible for the Equity Assistance Program as an equity employee, an individual shall satisfy the following criteria:

1. Be a natural person; and

2. In the last year, have had an annual family income at or below eighty percent (80%) of the Area Median Income (AMI) for Santa Clara County adjusted for family size; and

3. The individual satisfies at least one of the following criteria:

- a. Has lived in San José for at least four years in a census tract where at least fifty-one percent (51%) of current residents have a household income at or below eight percent (80%) of the AMI for Santa Clara County; or
- b. Has attended a San José public school, or schools, for at least for years located in a census tract where at least fifty-one (51%) of current residents have a household income at or below 80% of the AMI for Santa Clara County for at least four years; or
- c. Was arrested or convicted for a crime relating to the sale, possession, use, or cultivation of cannabis, excluding those offenses which would be disqualifying for cannabis licensure under current State law; or
- d. Had a parent, guardian, child, or sibling convicted of a crime relating to the sale, possession, use, or cultivation of cannabis in the City of San José, excluding those offenses which would be disqualifying for cannabis licensure under current State law.

B. To be eligible for the Equity Assistance Program as an equity business owner, an individual shall satisfy the criteria in subsection A above and the individual shall also have a minimum of fifty-one percent (51 %) ownership of the entity applying for a Cannabis Business Registration.

C. Review of eligibility criteria.

1. Proof of income shall be supported with federal tax returns and at least one (1) of the following documents: two (2) months of pay stubs, current profit and loss statement, balance sheet, or proof of current eligibility for General Assistance, Food Stamps, Medical/CALWORKs, or Supplemental Security Income or Social Security Disability (SSI/SSDI).
2. Residency shall include proof of residency in any combination of qualifying San José census tracts pursuant to Section 6.88.395.A.3 for a minimum of four (4) years. A minimum of two (2) of the documents listed below, evidencing a minimum of four (4) years of residency, shall be considered acceptable proof of residency. All residency documents must list the first and last name of the equity business owner applicant or the equity employee applicant, and the San Jose residence address in a qualifying San José census tract pursuant to Section 6.88.395.A.3:
 - a. California Driver's record or Driver's License; or
 - b. California identification card record; or
 - c. Property tax billing and payments; or
 - d. Verified copies of State or federal income tax returns where a San Jose address within a qualifying San Jose census tract pursuant to Section 6.88.395.A.3 is listed as a primary address; or
 - e. School records; or
 - f. Medical records; or
 - g. Banking records; or

h. Utility, cable, or internet company billing and payment covering any month in each of the four (4) years.

3. Proof of conviction should be demonstrated through federal or State court records indicating the disposition of the criminal matter.

6.88.396 Assistance Available to Equity Employees and Equity Business Owners

Individuals applying as equity employees at a Cannabis Business or applying for a Cannabis Business Registration as an equity business owner applicant, may be eligible to receive technical assistance, training for prospective employees, and other services dependent upon funding.

6.88.397 Regulations for Equity Assistance Program

The City Manager shall promulgate regulations pursuant to Section 6.88.315 to further establish an application process and procedures for the Equity Assistance Program.

SECTION 4. This Ordinance is declared by the City Council to be an urgency measure necessary for the immediate preservation of the public peace, health or safety. The facts constituting such urgency are as follows: City Council placed the creation of a Cannabis Equity Applicant Program on the Council Policy Priority list; Council is committed to providing opportunities of employment and entrepreneurship in the new cannabis industry to those disproportionately likely to have been arrested/incarcerated or otherwise impacted by previous cannabis policies; the State of California requires a cannabis equity ordinance be included with a grant application for state funding allocated under SB 1294, The California Cannabis Equity Act of 2018; the State announced grant criteria on March 1, 2019 with an application deadline of April 1, 2019; this short timeline does not allow for the City to meet its customary timeline for

ordinance adoption, which requires a first and second reading; and funding is needed in order to be able to provide the services contemplated by a cannabis equity program.

SECTION 5. This Ordinance shall become effective immediately upon its adoption pursuant to Section 605 of the Charter of the City of San Jose and shall remain effective until the effective date of any superseding ordinance.

ADOPTED this ____ day of _____, 2019, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk