The Hon. Gavin Newsom Governor, State of California State Capitol Sacramento CA 95814 The Hon. Toni Atkins Senate President pro Tem State Capitol Room 205 Sacramento CA 95814 The Hon. Anthony Rendon Speaker of the Assembly State Capitol, Room 219 Sacramento CA 95814

February 15, 2022

Dear Governor Newsom, Senate President Pro Tem Atkins and Speaker Rendon,

On behalf of child and youth advocates, we are writing to share our strong concerns about the recent proposal from the cannabis industry regarding state cannabis tax rates and to express our opposition to this proposal. If the industry is successful in persuading state leaders to lower, suspend and/or eliminate the tax rates approved by voters in Proposition 64, we will see an immediate, negative impact on thousands of children living in poverty and children of color across our state.

In the current state budget, revenues from cannabis taxes provide funding for child care for 21,486 low-income children. The allocation from Prop 64 revenues in the current year state budget for child care is \$279 million. This revenue represents the only dedicated state funding stream for child care for low-income families in our state. Even with these funds, we are far below meeting the need for affordable child care. About 2.3 million children are eligible for subsidized child care yet we are currently meeting the needs of only 11% of eligible children. Any changes to cannabis tax rates will result in children and families of color losing access to affordable child care.

In addition to the essential role that cannabis revenues play in affordable child care, cannabis revenues are a primary funder of services for the formerly incarcerated, youth prevention services, job training, and other supports in communities of color heavily impacted by the War on Drugs. To date:

- DHCS has made Prop 64 grants to 137 organizations to provide youth prevention services in Black and Brown neighborhoods in 41 counties, for a total of \$108 million to date. DHCS has also made \$8 million in youth prevention grants to 12 tribal communities.
- GOBiz has awarded Prop 64 grants to community organizations and local health departments to provide services to the formerly incarcerated and to families in communities impacted by the War on Drugs. According to grantee reports from September 2019 to July 2021, this grant program has provided services to more than 57,000 individuals across the state.
- CNRA is currently preparing to release its first round of Prop 64 grants this month to support youth access to the outdoors and to cultural resources for disadvantaged children and youth in the total amount of \$14.5 million.
- Finally, BSCC has made \$31 million in Prop 64 grants to 33 local governments to support youth prevention, public health and public safety. BSCC is preparing to

make an additional \$120 million in grants to local governments in the coming months.

As you can see from the above, cannabis revenues represent a critical funding stream for children living in poverty, children of color, and communities impacted by the War on Drugs. Any reduction in cannabis taxes will directly harm the most vulnerable communities in our state and will deepen racial and economic inequities. For these reasons, we are opposed to the proposal put forward by the industry and ask that you take into account the impact of the proposed policy on children, youth and families.

Thank you for your consideration of these concerns and for your leadership on behalf of children and youth.

Sincerely,

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Michelle Miranda
President & Founder
Alliance for Community
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Jorge Castillo Advocacy Director Alcohol Justice



Marc Philpart
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ALLIANCE FOR **Boys and Men of Color**

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"Together, building healthy, safe and drug-free communities"

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Putting the care in student healthcare

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