



## The Federal Cannabis Community Opportunity Credit (FCCOC)

### Model is part of the Federal Cannabis Empowerment Program

*For Eligible States with Medical Cannabis Programs*

#### Objective:

The Federal Cannabis Community Opportunity Credit (FCCOC) model seeks to foster equity empowerment and promote innovation within the U.S. cannabis industry. Specifically designed for states with active Medical Cannabis Programs, the FCCOC offers financial incentives and support for cannabis operators and cultivators who prioritize equitable business practices and invest in Research and Development (R&D). This model is part of the larger Federal Empowerment Program. It aims to provide opportunities for minority, women-owned, and small businesses while expanding R&D efforts to improve cannabis products, technology, and medical applications.

#### Eligibility Criteria for States:

The FCCOC model applies to states that have legalized medical cannabis and maintain a state-regulated program for the cultivation, distribution, and sale of medical cannabis products. To qualify for the FCCOC, states must:

- 1. Active Medical Cannabis Program:** The state must have an **operational medical cannabis program** with established regulatory frameworks.
- 2. Align with Federal R&D Standards:** States **must support cannabis research initiatives** and align with federal guidelines on medical cannabis research and development.
- 3. Promote Social Equity:** States must **demonstrate efforts to address social equity** in their cannabis program, including encouraging research opportunities for disadvantaged groups.

## Critical Components of the FCCOC Model with R&D Focus:

### 1. Federal Tax Credits for Social Equity Hiring and R&D Investment

Cannabis businesses that commit to hiring from underrepresented communities and invest in Research & Development can receive enhanced federal tax credits. This promotes equity and encourages innovation in cannabis research.

- **Eligibility:** At least **25%** of employees must come from disproportionately impacted communities, and the business must invest a significant portion of its resources into R&D, mainly focused on medical cannabis and sustainability.

- **Tax Credit Amount:** Businesses can claim a **20% tax credit** on wages paid to these employees and an additional **10% credit on R&D expenditures** for improving cannabis cultivation, processing, and medical applications.

- **R&D Focus:** Eligible R&D activities may include developing new medical cannabis products, sustainable cultivation practices, or research into the efficacy of cannabis for various medical conditions.

### 2. Federal Grants for Minority and Women-Owned Businesses Engaging in R&D

To promote diversity in ownership and expand research capabilities, federal grants will be available to **minority-owned** and **women-owned cannabis** businesses in eligible states that also engage in Research & Development.

- **Eligibility:** The business must be **51% minority or women-owned** and demonstrate a commitment to R&D efforts aimed at improving medical cannabis treatments or advancing sustainable cultivation techniques.

- **Grant Size:** Grants range from **\$50,000 to \$500,000**, with additional funding for businesses involved in groundbreaking cannabis research or technology.

- **R&D Focus Areas:** **Grants will prioritize projects that improve patient access** to medical cannabis, advance scientific knowledge of cannabis efficacy, or promote eco-friendly cultivation methods.

### 3. Community Reinvestment and R&D Expansion Tax Credit

Cannabis operators who invest in community development and expand Research & Development efforts in areas impacted by the war on drugs can **qualify for federal tax credits**.

- **Eligibility:** Investments must be made in communities where cannabis prohibition caused significant social and economic harm, and R&D efforts must focus on developing cannabis-based treatments for underserved populations.

- **Credit Amount:** Businesses can claim a **15% tax credit** on community investments and a **20% credit on R&D expenditures** that support medical advancements, sustainable technology, or innovation in cannabis-based healthcare solutions.

**Qualified Projects:** These include **creating affordable medical cannabis products**, developing new cannabis therapies, and improving environmental practices in cannabis cultivation.

### 4. Mentorship and Incubator Program Incentives for R&D-Focused Entrepreneurs

Cannabis businesses that mentor **R&D-focused entrepreneurs** or create incubators for minority-owned startups engaged in cannabis research can receive additional federal incentives.

- **Eligibility:** **Mentorship and incubator programs** must include a strong focus on research and product development in the medical cannabis field, offering at least 12 months of support in scientific, technical, or business development.

- **Incentive:** Businesses providing mentorship can receive **\$100,000 in federal tax credits** per successful mentee who completes the program and establishes or grows a cannabis R&D business.

- **Recognition:** Companies engaged in R&D mentorship will be highlighted in federal reports, enhancing visibility as leaders in cannabis innovation and social equity.

## 5. Federal Loan Program for R&D and Equity-Focused Cannabis Businesses

Cannabis businesses involved in R&D efforts and committed to social equity will have preferential access to **low-interest federal loans** designed to foster innovation and business growth.

- **Eligibility:** Businesses must have at least **30% minority ownership** or focus their hiring on underrepresented communities. They must also demonstrate a significant commitment to R&D.
- **Loan Amount:** Loans range from **\$250,000 to \$2 million**, with interest rates below market levels and repayment periods of up to **10 years**.
- **Research & Development Focus:** **Federal loans** will prioritize businesses developing new medical cannabis treatments, improving cultivation technology, or conducting clinical research on cannabis efficacy.

## 6. License Fee Reductions and Expedited Processing for R&D-Focused Cannabis Businesses

**Federal license fee reductions and expedited processing** will be available to **R&D-focused cannabis operators** in eligible states with medical cannabis programs.

- **Eligibility:** The business must demonstrate commitment to R&D, particularly in medical cannabis or sustainability, and meet social equity criteria, such as minority ownership or equitable hiring practices.
- **Reduction Amount:** License fees can be reduced by up to **50%**, with **priority given to businesses conducting significant cannabis research**.
- **Expedited Processing:** Federal applications from R&D-focused businesses will be fast-tracked, allowing them to bring innovations to market quickly.

## 7. Expanded Research and Development (R&D) Tax Credit for Medical Cannabis Innovation

Cannabis businesses in **eligible states prioritizing R&D** to improve medical cannabis treatments, product safety, or sustainable practices will qualify for an expanded federal R&D tax credit.

**Eligibility:** R&D projects must focus on advancing medical cannabis, including developing new treatments, researching medical conditions treatable with cannabis, or innovating sustainable production methods.

- **Tax Credit Amount:** Eligible businesses can receive a **25% tax credit** on qualified R&D expenses, with additional incentives for projects that benefit underserved populations or improve environmental sustainability in cannabis production.

- **Qualified Projects:** Includes clinical trials for new medical cannabis products, research into cannabinoid-based therapies, and development of technologies to reduce the environmental impact of cannabis cultivation.

### Implementation and Oversight:

- **Federal-State Collaboration for R&D Expansion:** The FCCOC model will partner with state agencies to encourage the expansion of R&D activities. The federal government will provide additional resources and technical support to states that promote research-focused cannabis businesses.

- **Federal Cannabis Equity Office:** This office will oversee the FCCOC model, process applications, and ensure compliance with social equity and R&D goals. It will collaborate with federal research agencies to promote cannabis R&D.

**Public Reporting:** Annual reports will detail the impact of R&D efforts under the FCCOC and showcase advancements in medical cannabis research and innovation.

## **Conclusion:**

The **Federal Cannabis Community Opportunity Credit (FCCOC)** model prioritizes Research and Development as a key driver of growth and equity within the cannabis industry. By offering tax credits, grants, loans, and incentives, the FCCOC empowers cannabis businesses to innovate in medical cannabis research, improve sustainable practices, and promote social equity. Targeting states with medical cannabis programs, this model ensures that both small businesses and minority entrepreneurs have access to resources that foster cutting-edge research and long-term industry success.