



House of Representatives

General Assembly

File No. 202

February Session, 2022

Substitute House Bill No. 5329

House of Representatives, March 30, 2022

The Committee on General Law reported through REP. D'AGOSTINO of the 91st Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING CANNABIS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 21a-420 of the 2022 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective July 1, 2022*):

4 As used in RERACA, unless the context otherwise requires:

5 (1) "Responsible and Equitable Regulation of Adult-Use Cannabis
6 Act" or "RERACA" means this section, sections 2-56j, 7-294kk, 7-294ll,
7 12-330ll to 12-330nn, inclusive, 14-227p, 21a-278b, 21a-278c, 21a-279c,
8 21a-279d, 21a-420a to 21a-420i, inclusive, 21a-420l to 21a-421r, inclusive,
9 21a-421aa to 21a-421ff, inclusive, 21a-421aaa to 21a-421ggg, inclusive,
10 21a-422 to 21a-422c, inclusive, 21a-422e to 21a-422g, inclusive, 21a-422j
11 to 21a-422s, inclusive, 22-61n, 23-4b, 47a-9a, 53-247a, 53a-213a, 53a-213b,
12 54-33p, 54-56q, 54-56r, 54-125k and 54-142u, sections 23, 60, 63 to 65,
13 inclusive, 124, 144 and 165 of public act 21-1 of the June special session
14 and the amendments in public act 21-1 of the June special session to

15 sections 7-148, 10-221, 12-30a, 12-35b, 12-412, 12-650, 12-704d, 14-44k, 14-
16 111e, 14-227a to 14-227c, inclusive, 14-227j, 15-140q, 15-140r, 18-100h,
17 19a-342, 19a-342a, 21a-267, 21a-277, 21a-279, 21a-279a, 21a-408 to 21a-
18 408f, inclusive, 21a-408h to 21a-408p, inclusive, 21a-408r to 21a-408v,
19 inclusive, 30-89a, 31-40q, 32-39, 46b-120, 51-164n, as amended by this
20 act, 53-394, 53a-39c, 54-1m, 54-33g, 54-41b, 54-56e, 54-56g, 54-56i, 54-56k,
21 54-56n, 54-63d, 54-66a, [and] 54-142e, section 2 of this act and section 5
22 of this act;

23 (2) "Backer" means any individual with a direct or indirect financial
24 interest in a cannabis establishment. "Backer" does not include an
25 individual with an investment interest in a cannabis establishment if (A)
26 the interest held by such individual and such individual's spouse,
27 parent or child, in the aggregate, does not exceed five per cent of the
28 total ownership or interest rights in such cannabis establishment, and
29 (B) such individual does not participate directly or indirectly in the
30 control, management or operation of the cannabis establishment;

31 (3) "Cannabis" means marijuana, as defined in section 21a-240;

32 (4) "Cannabis establishment" means a producer, dispensary facility,
33 cultivator, micro-cultivator, retailer, hybrid retailer, food and beverage
34 manufacturer, product manufacturer, product packager, delivery
35 service or transporter;

36 (5) "Cannabis flower" means the flower, including abnormal and
37 immature flowers, of a plant of the genus cannabis that has been
38 harvested, dried and cured, and prior to any processing whereby the
39 flower material is transformed into a cannabis product. "Cannabis
40 flower" does not include (A) the leaves or stem of such plant, or (B)
41 hemp, as defined in section 22-61l;

42 (6) "Cannabis trim" means all parts, including abnormal or immature
43 parts, of a plant of the genus cannabis, other than cannabis flower, that
44 have been harvested, dried and cured, and prior to any processing
45 whereby the plant material is transformed into a cannabis product.
46 "Cannabis trim" does not include hemp, as defined in section 22-61l;

47 (7) "Cannabis product" means cannabis that is in the form of a
48 cannabis concentrate or a product that contains cannabis, which may be
49 combined with other ingredients, and is intended for use or
50 consumption. "Cannabis product" does not include the raw cannabis
51 plant;

52 (8) "Cannabis concentrate" means any form of concentration,
53 including, but not limited to, extracts, oils, tinctures, shatter and waxes,
54 that is extracted from cannabis;

55 (9) "Cannabis-type substances" have the same meaning as
56 "marijuana", as defined in section 21a-240;

57 (10) "Commissioner" means the Commissioner of Consumer
58 Protection and includes any designee of the commissioner;

59 (11) "Consumer" means an individual who is twenty-one years of age
60 or older;

61 (12) "Cultivation" has the same meaning as provided in section 21a-
62 408;

63 (13) "Cultivator" means a person that is licensed to engage in the
64 cultivation, growing and propagation of the cannabis plant at an
65 establishment with not less than fifteen thousand square feet of grow
66 space;

67 (14) "Delivery service" means a person that is licensed to deliver
68 cannabis from (A) micro-cultivators, retailers and hybrid retailers to
69 consumers and research program subjects, and (B) hybrid retailers and
70 dispensary facilities to qualifying patients, caregivers and research
71 program subjects, as defined in section 21a-408, or to hospices or other
72 inpatient care facilities licensed by the Department of Public Health
73 pursuant to chapter 368v that have a protocol for the handling and
74 distribution of cannabis that has been approved by the department, or a
75 combination thereof;

76 (15) "Department" means the Department of Consumer Protection;

77 (16) "Dispensary facility" means a place of business where cannabis
78 may be dispensed, sold or distributed in accordance with chapter 420f
79 and any regulations adopted thereunder, to qualifying patients and
80 caregivers, and to which the department has issued a dispensary facility
81 license under chapter 420f and any regulations adopted thereunder;

82 (17) "Disproportionately impacted area" means a United States
83 census tract in the state that has, as determined by the Social Equity
84 Council under section 21a-420d, as amended by this act, (A) a historical
85 conviction rate for drug-related offenses greater than one-tenth, or (B)
86 an unemployment rate greater than ten per cent;

87 (18) "Disqualifying conviction" means a conviction within the last ten
88 years which has not been the subject of an absolute pardon under the
89 provisions of section 54-130a, or an equivalent pardon process under the
90 laws of another state or the federal government, for an offense under (A)
91 section 53a-276, 53a-277 or 53a-278; (B) section 53a-291, 53a-292 or 53a-
92 293; (C) section 53a-215; (D) section 53a-138 or 53a-139; (E) section 53a-
93 142a; (F) sections 53a-147 to 53a-162, inclusive; (G) sections 53a-125c to
94 53a-125f, inclusive; (H) section 53a-129b, 53a-129c or 53a-129d; (I)
95 subsection (b) of section 12-737; (J) section 53a-48 or 53a-49, if the offense
96 which is attempted or is an object of the conspiracy is an offense under
97 the statutes listed in subparagraphs (A) to (I), inclusive, of this
98 subdivision; or (K) the law of any other state or of the federal
99 government, if the offense on which such conviction is based is defined
100 by elements that substantially include the elements of an offense under
101 the statutes listed in subparagraphs (A) to (J), inclusive, of this
102 subdivision;

103 (19) "Dispensary technician" means an individual who has had an
104 active pharmacy technician or dispensary technician registration in this
105 state within the past five years, is affiliated with a dispensary facility or
106 hybrid retailer and is registered with the department in accordance with
107 chapter 420f and any regulations adopted thereunder;

108 (20) "Employee" means any person who is not a backer, but is a
109 member of the board of a company with an ownership interest in a

110 cannabis establishment, and any person employed by a cannabis
111 establishment or who otherwise has access to such establishment or the
112 vehicles used to transport cannabis, including, but not limited to, an
113 independent contractor who has routine access to the premises of such
114 establishment or to the cannabis handled by such establishment;

115 (21) "Equity" and "equitable" means efforts, regulations, policies,
116 programs, standards, processes and any other functions of government
117 or principles of law and governance intended to: (A) Identify and
118 remedy past and present patterns of discrimination and disparities of
119 race, ethnicity, gender and sexual orientation; (B) ensure that such
120 patterns of discrimination and disparities, whether intentional or
121 unintentional, are neither reinforced nor perpetuated; and (C) prevent
122 the emergence and persistence of foreseeable future patterns of
123 discrimination or disparities of race, ethnicity, gender, and sexual
124 orientation;

125 (22) "Equity joint venture" means a business entity that is at least fifty
126 per cent owned and controlled by an individual or individuals, or such
127 applicant is an individual, who meets the criteria of subparagraphs (A)
128 and (B) of subdivision (48) of this section;

129 (23) "Extract" means the preparation, compounding, conversion or
130 processing of cannabis, either directly or indirectly by extraction or
131 independently by means of chemical synthesis, or by a combination of
132 extraction and chemical synthesis to produce a cannabis concentrate;

133 (24) "Financial interest" means any right to, ownership, an investment
134 or a compensation arrangement with another person, directly, through
135 business, investment or family. "Financial interest" does not include
136 ownership of investment securities in a publicly-held corporation that
137 is traded on a national exchange or over-the-counter market, provided
138 the investment securities held by such person and such person's spouse,
139 parent or child, in the aggregate, do not exceed one-half of one per cent
140 of the total number of shares issued by the corporation;

141 (25) "Food and beverage manufacturer" means a person that is

142 licensed to own and operate a place of business that acquires cannabis
143 and creates food and beverages;

144 (26) "Grow space" means the portion of a premises owned and
145 controlled by a producer, cultivator or micro-cultivator that is utilized
146 for the cultivation, growing or propagation of the cannabis plant, and
147 contains cannabis plants in an active stage of growth, measured starting
148 from the outermost wall of the room containing cannabis plants and
149 continuing around the outside of the room. "Grow space" does not
150 include space used to cure, process, store harvested cannabis or
151 manufacture cannabis once the cannabis has been harvested;

152 (27) "Historical conviction count for drug-related offenses" means, for
153 a given area, the number of convictions of residents of such area (A) for
154 violations of sections 21a-267, 21a-277, 21a-278, 21a-279 and 21a-279a,
155 and (B) who were arrested for such violations between January 1, 1982,
156 and December 31, 2020, inclusive, where such arrest was recorded in
157 databases maintained by the Department of Emergency Services and
158 Public Protection;

159 (28) "Historical conviction rate for drug-related offenses" means, for
160 a given area, the historical conviction count for drug-related offenses
161 divided by the population of such area, as determined by the five-year
162 estimates of the most recent American Community Survey conducted
163 by the United States Census Bureau;

164 (29) "Hybrid retailer" means a person that is licensed to purchase
165 cannabis and sell cannabis and medical marijuana products;

166 (30) "Key employee" means an employee with the following
167 management position or an equivalent title within a cannabis
168 establishment: (A) President or chief officer, who is the top ranking
169 individual at the cannabis establishment and is responsible for all staff
170 and overall direction of business operations; (B) financial manager, who
171 is the individual who reports to the president or chief officer and who is
172 generally responsible for oversight of the financial operations of the
173 cannabis establishment, including, but not limited to, revenue

174 generation, distributions, tax compliance and budget implementation;
175 or (C) compliance manager, who is the individual who reports to the
176 president or chief officer and who is generally responsible for ensuring
177 the cannabis establishment complies with all laws, regulations and
178 requirements related to the operation of the cannabis establishment;

179 (31) "Laboratory" means a laboratory located in the state that is
180 licensed by the department to provide analysis of cannabis that meets
181 the licensure requirements set forth in section 21a-246;

182 (32) "Laboratory employee" means an individual who is registered as
183 a laboratory employee pursuant to section 21a-408r;

184 (33) "Labor peace agreement" means an agreement between a
185 cannabis establishment and a bona fide labor organization under section
186 21a-421d pursuant to which the owners and management of the
187 cannabis establishment agree not to lock out employees and that
188 prohibits the bona fide labor organization from engaging in picketing,
189 work stoppages or boycotts against the cannabis establishment;

190 (34) "Manufacture" means to add or incorporate cannabis into other
191 products or ingredients or create a cannabis product;

192 (35) "Medical marijuana product" means cannabis that may be
193 exclusively sold to qualifying patients and caregivers by dispensary
194 facilities and hybrid retailers and which are designated by the
195 commissioner as reserved for sale to qualifying patients and caregivers
196 and published on the department's Internet web site;

197 (36) "Micro-cultivator" means a person licensed to engage in the
198 cultivation, growing and propagation of the cannabis plant at an
199 establishment containing not less than two thousand square feet and not
200 more than ten thousand square feet of grow space, prior to any
201 expansion authorized by the commissioner;

202 (37) "Municipality" means any town, city or borough, consolidated
203 town and city or consolidated town and borough;

204 (38) "Paraphernalia" means drug paraphernalia, as defined in section
205 21a-240;

206 (39) "Person" means an individual, partnership, limited liability
207 company, society, association, joint stock company, corporation, estate,
208 receiver, trustee, assignee, referee or any other legal entity and any other
209 person acting in a fiduciary or representative capacity, whether
210 appointed by a court or otherwise, and any combination thereof;

211 (40) "Producer" means a person that is licensed as a producer
212 pursuant to section 21a-408i and any regulations adopted thereunder;

213 (41) "Product manufacturer" means a person that is licensed to obtain
214 cannabis, extract and manufacture products exclusive to such license
215 type;

216 (42) "Product packager" means a person that is licensed to package
217 and label cannabis;

218 (43) "Qualifying patient" has the same meaning as provided in section
219 21a-408;

220 (44) "Research program" has the same meaning as provided in section
221 21a-408;

222 (45) "Retailer" means a person, excluding a dispensary facility and
223 hybrid retailer, that is licensed to purchase cannabis from producers,
224 cultivators, micro-cultivators, product manufacturers and food and
225 beverage manufacturers and to sell cannabis to consumers and research
226 programs;

227 (46) "Sale" or "sell" has the same meaning as provided in section 21a-
228 240;

229 (47) "Social Equity Council" or "council" means the council
230 established under section 21a-420d, as amended by this act;

231 (48) "Social equity applicant" means a person that has applied for a
232 license for a cannabis establishment, where such applicant is at least

233 sixty-five per cent owned and controlled by an individual or
234 individuals, or such applicant is an individual, who:

235 (A) Had an average household income of less than three hundred per
236 cent of the state median household income over the three tax years
237 immediately preceding such individual's application; and

238 (B) (i) Was a resident of a disproportionately impacted area for not
239 less than five of the ten years immediately preceding the date of such
240 application; or

241 (ii) Was a resident of a disproportionately impacted area for not less
242 than nine years prior to attaining the age of eighteen;

243 (49) "THC" has the same meaning as provided in section 21a-240;

244 (50) "Third-party lottery operator" means a person, or a constituent
245 unit of the state system of higher education, that conducts lotteries
246 pursuant to section 21a-420g, identifies the cannabis establishment
247 license applications for consideration without performing any review of
248 the applications that are identified for consideration, and that has no
249 direct or indirect oversight of or investment in a cannabis establishment
250 or a cannabis establishment applicant;

251 (51) "Transfer" means to transfer, change, give or otherwise dispose
252 of control over or interest in;

253 (52) "Transport" means to physically move from one place to another;

254 (53) "Transporter" means a person licensed to transport cannabis
255 between cannabis establishments, laboratories and research programs;
256 and

257 (54) "Unemployment rate" means, in a given area, the number of
258 people sixteen years of age or older who are in the civilian labor force
259 and unemployed divided by the number of people sixteen years of age
260 or older who are in the civilian labor force.

261 Sec. 2. (NEW) (Effective July 1, 2022) (a) Notwithstanding any

262 provision of the general statutes, no person shall gift, sell or transfer
263 cannabis to another person: (1) To induce, or in exchange for, any
264 donation for any purpose, including, but not limited to, any charitable
265 donation or any donation made to gain admission to any event; (2) at
266 any location, other than a dispensary facility, retailer or hybrid-retailer,
267 (A) where a consumer may purchase any item other than cannabis, a
268 cannabis product or services related to cannabis, or (B) that requires
269 consideration, including, but not limited to, membership in any club, in
270 order to gain admission to such location; or (3) as part of any giveaway
271 associated with attendance at any event, including, but not limited to,
272 any giveaway made by way of a door prize, goodie bag or swag bag.
273 The provisions of this subsection shall not be construed to prohibit any
274 gift of cannabis between individuals with a bona fide social relationship,
275 provided such gift is made without consideration and is not associated
276 with any commercial transaction.

277 (b) Any person who violates the provisions of subsection (a) of this
278 section shall, in addition to any other penalty provided by law: (1) Be
279 subject to a fine imposed by a municipality under section 3 of this act;
280 (2) be fined two thousand five hundred dollars per offense, in
281 accordance with the provisions of section 51-164n of the general statutes,
282 as amended by this act, by the Commissioner of Emergency Services and
283 Public Protection; and (3) be subject to an administrative hearing held
284 by the Commissioner of Revenue Services pursuant to chapter 54 of the
285 general statutes for failure to pay taxes, which may result in a civil
286 penalty of not more than one thousand dollars per violation. For the
287 purposes of this subsection, "per offense" and "per violation" mean
288 either per transaction or per day the violation continues, as determined
289 by the Commissioner of Emergency Services and Public Protection for
290 the purposes of subdivision (2) of this subsection or the Commissioner
291 of Revenue Services for the purposes of subdivision (3) of this
292 subsection.

293 Sec. 3. (NEW) (*Effective July 1, 2022*) Any municipality may establish,
294 by ordinance, a fine for violations of section 2 of this act, provided the
295 amount of any such fine shall not be greater than two thousand five

296 hundred dollars per violation. Any police officer or other person
297 authorized by the chief executive officer of the municipality may issue
298 a citation to any person who commits such a violation. Any municipality
299 that adopts an ordinance pursuant to this section shall also adopt a
300 citation hearing procedure pursuant to section 7-152c of the general
301 statutes. Any fine collected by a municipality pursuant to this section
302 shall be deposited into the general fund of the municipality or in any
303 special fund designated by the municipality.

304 Sec. 4. Subsections (a) and (b) of section 51-164n of the 2022
305 supplement to the general statutes are repealed and the following is
306 substituted in lieu thereof (*Effective July 1, 2022*):

307 (a) There shall be a Centralized Infractions Bureau of the Superior
308 Court to handle payments or pleas of not guilty with respect to the
309 commission of an infraction under any provision of the general statutes
310 or a violation set forth in subsection (b) of this section. Except as
311 provided in section 51-164o, any person who is alleged to have
312 committed an infraction or a violation under subsection (b) of this
313 section may plead not guilty or pay the established fine and any
314 additional fee or cost for the infraction or such violation.

315 (b) Notwithstanding any provision of the general statutes, any person
316 who is alleged to have committed (1) a violation under the provisions of
317 section 1-9, 1-10, 1-11, 4b-13, 7-13, 7-14, 7-35, 7-41, 7-83, 7-283, 7-325, 7-
318 393, 8-12, 8-25, 8-27, 9-63, 9-322, 9-350, 10-193, 10-197, 10-198, 10-230, 10-
319 251, 10-254, 12-52, 12-170aa, 12-292, 12-314b or 12-326g, subdivision (4)
320 of section 12-408, subdivision (3), (5) or (6) of section 12-411, section 12-
321 435c, 12-476a, 12-476b, 12-487, 13a-71, 13a-107, 13a-113, 13a-114, 13a-115,
322 13a-117b, 13a-123, 13a-124, 13a-139, 13a-140, 13a-143b, 13a-247, 13a-253
323 or 13a-263, subsection (f) of section 13b-42, section 13b-90, 13b-221, 13b-
324 292, 13b-336, 13b-337, 13b-338, 13b-410a, 13b-410b or 13b-410c,
325 subsection (a), (b) or (c) of section 13b-412, section 13b-414, subsection
326 (d) of section 14-12, section 14-20a or 14-27a, subsection (f) of section 14-
327 34a, subsection (d) of section 14-35, section 14-43, 14-49, 14-50a or 14-58,
328 subsection (b) of section 14-66, section 14-66a or 14-67a, subsection (g)

329 of section 14-80, subsection (f) of section 14-80h, section 14-97a, 14-100b,
330 14-103a, 14-106a, 14-106c, 14-146, 14-152, 14-153 or 14-163b, a first
331 violation as specified in subsection (f) of section 14-164i, section 14-219
332 as specified in subsection (e) of said section, subdivision (1) of section
333 14-223a, section 14-240, 14-250 or 14-253a, subsection (a) of section 14-
334 261a, section 14-262, 14-264, 14-267a, 14-269, 14-270, 14-275a, 14-278 or
335 14-279, subsection (e) or (h) of section 14-283, section 14-291, 14-293b, 14-
336 296aa, 14-300, 14-300d, 14-319, 14-320, 14-321, 14-325a, 14-326, 14-330 or
337 14-332a, subdivision (1), (2) or (3) of section 14-386a, section 15-25 or 15-
338 33, subdivision (1) of section 15-97, subsection (a) of section 15-115,
339 section 16-44, 16-256e, 16a-15 or 16a-22, subsection (a) or (b) of section
340 16a-22h, section 17a-24, 17a-145, 17a-149, 17a-152, 17a-465, 17b-124, 17b-
341 131, 17b-137, 19a-30, 19a-33, 19a-39 or 19a-87, subsection (b) of section
342 19a-87a, section 19a-91, 19a-105, 19a-107, 19a-113, 19a-215, 19a-219, 19a-
343 222, 19a-224, 19a-286, 19a-287, 19a-297, 19a-301, 19a-309, 19a-335, 19a-
344 336, 19a-338, 19a-339, 19a-340, 19a-425, 19a-502, 20-7a, 20-14, 20-158, 20-
345 231, 20-249, 20-257, 20-265, 20-324e, subsection (b) of section 20-334,
346 section 20-341l, 20-366, 20-597, 20-608, 20-610, 21-1, 21-38, 21-39, 21-43,
347 21-47, 21-48, 21-63, subsection (d) of section 21-71 or section 21-76a,
348 subsection (c) of section 21a-2, subdivision (1) of section 21a-19, section
349 21a-21, subdivision (1) of subsection (b) of section 21a-25, section 21a-26
350 or 21a-30, subsection (a) of section 21a-37, section 21a-46, 21a-61, 21a-63
351 or 21a-77, subsection (b) of section 21a-79, section 21a-85 or 21a-154,
352 subdivision (1) of subsection (a) of section 21a-159, section 21a-278b,
353 subsection (c), (d) or (e) of section 21a-279a, section 21a-421eee, 21a-
354 421fff, 22-12b, 22-13, 22-14, 22-15, 22-16, 22-26g, 22-29, 22-30, 22-34, 22-
355 35, 22-36, 22-38, 22-39, 22-39f, 22-49, 22-54, 22-61j or 22-61l, subdivision
356 (1) of subsection (n) of section 22-61l, subsection (f) of section 22-61m,
357 subdivision (1) of subsection (f) of section 22-61m, subsection (d) of
358 section 22-84, section 22-89, 22-90, 22-96, 22-98, 22-99, 22-100, 22-111o,
359 22-167, subsection (c) of section 22-277, section 22-278, 22-279, 22-280a,
360 22-318a, 22-320h, 22-324a, 22-326, subsection (b), subdivision (1) or (2) of
361 subsection (e) or subsection (g) of section 22-344, subdivision (2) of
362 subsection (b) of section 22-344b, subsection (d) of section 22-344c,
363 subsection (d) of section 22-344d, section 22-344f, 22-350a, 22-354, 22-

364 359, 22-366, 22-391, 22-413, 22-414, 22-415, 22a-66a or 22a-246, subsection
365 (a) of section 22a-250, subsection (e) of section 22a-256h, section 22a-363
366 or 22a-381d, subsections (c) and (d) of section 22a-381e, section 22a-449,
367 22a-461, 23-4b, 23-38, 23-46 or 23-61b, subsection (a) or subdivision (1)
368 of subsection (c) of section 23-65, section 25-37 or 25-40, subsection (a) of
369 section 25-43, section 25-43d, 25-135, 26-18, 26-19, 26-21, 26-31, 26-40, 26-
370 40a, 26-42, 26-49, 26-54, 26-55, 26-56, 26-58 or 26-59, subdivision (1) of
371 subsection (d) of section 26-61, section 26-64, subdivision (1) of section
372 26-76, section 26-79, 26-87, 26-89, 26-91, 26-94, 26-97, 26-98, 26-104, 26-
373 105, 26-107, 26-117, 26-128, 26-131, 26-132, 26-138 or 26-141, subdivision
374 (1) of section 26-186, section 26-207, 26-215, 26-217 or 26-224a,
375 subdivision (1) of section 26-226, section 26-227, 26-230, 26-232, 26-244,
376 26-257a, 26-260, 26-276, 26-284, 26-285, 26-286, 26-288, 26-294, 28-13, 29-
377 6a, 29-25, 29-143o, 29-143z or 29-156a, subsection (b), (d), (e) or (g) of
378 section 29-161q, section 29-161y or 29-161z, subdivision (1) of section 29-
379 198, section 29-210, 29-243 or 29-277, subsection (c) of section 29-291c,
380 section 29-316, 29-318, 29-381, 30-48a, 30-86a, 31-3, 31-10, 31-11, 31-12,
381 31-13, 31-14, 31-15, 31-16, 31-18, 31-23, 31-24, 31-25, 31-32, 31-36, 31-38,
382 31-40, 31-44, 31-47, 31-48, 31-51, 31-52, 31-52a or 31-54, subsection (a) or
383 (c) of section 31-69, section 31-70, 31-74, 31-75, 31-76, 31-76a, 31-89b or
384 31-134, subsection (i) of section 31-273, section 31-288, subdivision (1) of
385 section 35-20, section 36a-787, 42-230, 45a-283, 45a-450, 45a-634 or 45a-
386 658, subdivision (13) or (14) of section 46a-54, section 46a-59, 46b-22,
387 46b-24, 46b-34, 47-34a, 47-47, 49-8a, 49-16, 53-133, 53-199, 53-212a, 53-
388 249a, 53-252, 53-264, 53-280, 53-302a, 53-303e, 53-311a, 53-321, 53-322, 53-
389 323, 53-331 or 53-344, subsection (c) of section 53-344b, [or] section 53-
390 450 or section 2 of this act, or (2) a violation under the provisions of
391 chapter 268, or (3) a violation of any regulation adopted in accordance
392 with the provisions of section 12-484, 12-487 or 13b-410, or (4) a violation
393 of any ordinance, regulation or bylaw of any town, city or borough,
394 except violations of building codes and the health code, for which the
395 penalty exceeds ninety dollars but does not exceed two hundred fifty
396 dollars, unless such town, city or borough has established a payment
397 and hearing procedure for such violation pursuant to section 7-152c,
398 shall follow the procedures set forth in this section.

399 Sec. 5. (NEW) (*Effective from passage*) (a) A cultivator licensed under
400 section 21a-420o of the general statutes may create not more than two
401 equity joint ventures to be approved by the Social Equity Council under
402 section 21a-420d of the general statutes, as amended by this act, and
403 licensed by the department under this section. The equity joint venture
404 shall be in any cannabis establishment licensed business, other than a
405 cultivator license.

406 (b) The equity joint venture applicant shall submit an application to
407 the Social Equity Council that may include, but need not be limited to,
408 evidence of business formation, ownership allocation, terms of
409 ownership and financing and proof of social equity status. The equity
410 joint venture applicant shall submit to the Social Equity Council
411 information including, but not limited to, the organizing documents of
412 the entity that outline the ownership stake of each backer, initial backer
413 investment and payout information to enable the council to determine
414 the terms of ownership.

415 (c) Upon obtaining the written approval of the Social Equity Council
416 for an equity joint venture, the equity joint venture applicant shall apply
417 for a license from the department in the same form as required by all
418 other licensees of the same license type, except that such application
419 shall not be subject to the lottery.

420 (d) A cultivator licensed under section 21a-420o of the general
421 statutes, including the backer of such cultivator, shall not increase its
422 ownership in an equity joint venture in excess of fifty per cent during
423 the seven-year period after a license is issued by the department under
424 this section.

425 (e) Equity joint ventures that share a common cultivator or cultivator
426 backer shall not be located within twenty miles of another commonly
427 owned equity joint venture.

428 (f) An equity joint venture applicant shall pay fifty per cent of the
429 amount of any applicable fee specified in subsection (c) of section 21a-
430 420e of the general statutes for the first three renewal cycles of the

431 applicable cannabis establishment license applied for, and shall pay the
432 full amount of such fee thereafter.

433 Sec. 6. Section 21a-420m of the 2022 supplement to the general
434 statutes is repealed and the following is substituted in lieu thereof
435 (*Effective from passage*):

436 (a) In order to pay a reduced license expansion authorization fee as
437 described in subsection (b) of section 21a-420l, a producer shall commit
438 to create two equity joint ventures to be approved by the Social Equity
439 Council under section 21a-420d, as amended by this act, and licensed by
440 the department under this section.

441 (b) The equity joint venture shall be in any cannabis establishment
442 licensed business, other than a cultivator license, provided [the social
443 equity applicant shall own at least fifty per cent of such business] such
444 equity joint venture is at least fifty per cent owned and controlled by an
445 individual or individuals who meet, or the equity joint venture
446 applicant is an individual who meets, the criteria established in
447 subparagraphs (A) and (B) of subdivision (48) of section 21a-420, as
448 amended by this act.

449 (c) The [producer or social equity applicant of an] equity joint venture
450 applicant shall submit an application to the Social Equity Council that
451 may include, but need not be limited to, evidence of business formation,
452 ownership allocation, terms of ownership and financing and proof of
453 social equity [applicant involvement] status. The [producer or social
454 equity applicant of an] equity joint venture applicant shall submit to the
455 Social Equity Council information including, but not limited to, the
456 organizing documents of the entity that outline the ownership stake of
457 each backer, initial backer investment and payout information to enable
458 the council to determine the terms of ownership.

459 (d) Upon obtaining the written approval of the Social Equity Council
460 for an equity joint venture, [the producer or social equity applicant of]
461 the equity joint venture applicant shall apply for a license from the
462 department in the same form as required by all other licensees of the

463 same license type, except that such application shall not be subject to the
464 lottery.

465 (e) A producer, including the backer of such producer, shall not
466 increase its ownership in an equity joint venture in excess of fifty per
467 cent during the seven-year period after a license is issued by the
468 department under this section.

469 (f) Equity joint ventures that share a common producer or producer
470 backer and that are retailers or hybrid retailers shall not be located
471 within twenty miles of another commonly owned equity joint venture.

472 (g) If a producer [had] has paid a reduced conversion fee, as
473 described in subsection (b) of section 21a-420l, and subsequently did not
474 create two equity joint ventures under this section that, not later than
475 fourteen months after the Department of Consumer Protection
476 approved the producer's license expansion application under section
477 21a-420l, each received a final license from the department, the producer
478 shall be liable for the full conversion fee of three million dollars
479 established in section 21a-420l minus such paid reduced conversion fee.

480 (h) No producer that receives license expansion authorization under
481 section 21a-420l shall create more than two equity joint ventures. No
482 such producer shall apply for, or create, any additional equity joint
483 venture if, on the effective date of this section, such producer has created
484 at least two equity joint ventures that have each received a provisional
485 license.

486 (i) An equity joint venture applicant shall pay fifty per cent of the
487 amount of any applicable fee specified in subsection (c) of section 21a-
488 420e for the first three renewal cycles of the applicable cannabis
489 establishment license applied for, and shall pay the full amount of such
490 fee thereafter.

491 Sec. 7. Section 21a-420u of the 2022 supplement to the general statutes
492 is repealed and the following is substituted in lieu thereof (*Effective from*
493 *passage*):

494 (a) In order for a dispensary facility to convert its license to a hybrid-
495 retailer license, a dispensary facility shall have a workforce
496 development plan that has been approved by the Social Equity Council
497 under section 21a-420d, as amended by this act, and shall either pay the
498 fee of one million dollars established in section 21a-420e or, if such
499 dispensary facility has committed to create one equity joint venture to
500 be approved by the Social Equity Council for ownership purposes under
501 section 21a-420d, as amended by this act, and subsequent to obtaining
502 such approval, approved by the department for licensure under this
503 section, pay a reduced fee of five hundred thousand dollars.

504 (b) Any equity joint venture created under this section shall be
505 created for the development of a cannabis establishment, [business with
506 a social equity applicant that owns at least fifty per cent of such business
507 and where the dispensary facility owns at most fifty per cent of such
508 business] other than a cultivator, provided such equity joint venture is
509 at least fifty per cent owned and controlled by an individual or
510 individuals who meet, or the equity joint venture applicant is an
511 individual who meets, the criteria established in subparagraphs (A) and
512 (B) of subdivision (48) of section 21a-420, as amended by this act.

513 (c) An equity joint venture applicant shall submit an application to
514 the Social Equity Council that may include, but need not be limited to,
515 evidence of business formation, ownership allocation, terms of
516 ownership and financing and proof of social equity [applicant
517 involvement. The dispensary facility or social equity applicant of an
518 equity joint venture shall submit an application to the Social Equity
519 Council that may include, but need not be limited to, evidence of
520 business formation, ownership allocation, terms of ownership and
521 financing and proof of social equity applicant involvement. The
522 dispensary facility or social equity applicant of an] status. The equity
523 joint venture applicant shall submit to the Social Equity Council
524 information including, but not limited to, the organizing documents of
525 the entity that outline the ownership stake of each backer, initial backer
526 investment and payout information to enable the council to determine
527 the terms of ownership.

528 (d) Upon receipt of written approval of the equity joint venture by
529 the Social Equity Council, [the dispensary facility or social equity
530 applicant of] the equity joint venture applicant shall apply for a license
531 from the department in the same form as required by all other licensees
532 of the same license type and subject to the same fees as required by all
533 other licensees of the same license type.

534 (e) A dispensary facility, including the backers of such dispensary
535 facility, shall not increase its ownership in an equity joint venture in
536 excess of fifty per cent during the seven-year period after a license is
537 issued by the department under this section.

538 (f) Equity joint ventures that are retailers or hybrid retailers that share
539 a common dispensary facility or dispensary facility backer owner shall
540 not be located within twenty miles of another commonly owned equity
541 joint venture.

542 (g) If a dispensary facility has paid the reduced conversion fee, in
543 accordance with subsection (a) of this section, and did not subsequently
544 create one equity joint venture under this section [, the] that, not later
545 than fourteen months after the Department of Consumer Protection
546 approved the dispensary facility's license conversion application under
547 section 21a-420t, receives a final license from the department, the
548 dispensary facility shall be liable for the full conversion fee of one
549 million dollars [,] established [under] in section 21a-420e minus such
550 paid reduced conversion fee.

551 (h) No dispensary facility that receives approval to convert the
552 dispensary facility's license to a hybrid-retailer license under section
553 21a-420t shall create more than two equity joint ventures. No such
554 dispensary facility shall apply for, or create, any additional equity joint
555 venture if, on the effective date of this section, such dispensary facility
556 has created at least two equity joint ventures that have each received a
557 provisional license.

558 (i) An equity joint venture applicant shall pay fifty per cent of the
559 amount of any applicable fee specified in subsection (c) of section 21a-

560 420e for the first three renewal cycles of the applicable cannabis
561 establishment license applied for, and shall pay the full amount of such
562 fee thereafter.

563 Sec. 8. Subsection (k) of section 21a-420d of the 2022 supplement to
564 the general statutes is repealed and the following is substituted in lieu
565 thereof (*Effective from passage*):

566 (k) The council shall develop criteria for evaluating the ownership
567 and control of any equity joint venture created under section 21a-420m,
568 as amended by this act, [or] 21a-420u, as amended by this act, or section
569 5 of this act and shall review and approve or deny in writing such equity
570 joint venture prior to such equity joint venture being licensed under
571 section 21a-420m, as amended by this act, [or] 21a-420u, as amended by
572 this act, or section 5 of this act. After developing criteria for social equity
573 plans as described in subdivision (5) of subsection (h) of this section, the
574 council shall review and approve or deny in writing any such plan
575 submitted by a cannabis establishment as part of its final license
576 application. The council shall not approve any equity joint venture
577 applicant which shares with an equity joint venture any individual
578 owner who meets the criteria established in subparagraphs (A) and (B)
579 of subdivision (48) of section 21a-420, as amended by this act.

580 Sec. 9. Section 21a-421bb of the 2022 supplement to the general
581 statutes is repealed and the following is substituted in lieu thereof
582 (*Effective July 1, 2022*):

583 (a) [Cannabis] Except as provided in subsection (c) of this section,
584 cannabis establishments and any person advertising any cannabis or
585 services related to cannabis shall not:

586 (1) Advertise, including, but not limited to, through a business name
587 or logo, cannabis, cannabis paraphernalia or goods or services related to
588 cannabis in ways that target or are designed to appeal to individuals
589 under twenty-one years of age, including, but not limited to,
590 spokespersons or celebrities who appeal to individuals under the legal
591 age to purchase cannabis or cannabis products, depictions of a person

592 under twenty-five years of age consuming cannabis, or, the inclusion of
593 objects, such as toys, characters or cartoon characters suggesting the
594 presence of a person under twenty-one years of age, or any other
595 depiction designed in any manner to be appealing to a person under
596 twenty-one years of age;

597 (2) Engage in advertising by means of any billboard;

598 [(2)] (3) Engage in advertising by means of any television, radio,
599 Internet, mobile [applications] application, social media [,] or other
600 electronic communication, [billboard or other] outdoor signage [,] or
601 print publication unless the advertiser has reliable evidence that at least
602 ninety per cent of the audience for the advertisement is reasonably
603 expected to be twenty-one years of age or older;

604 [(3)] (4) Engage in advertising or marketing directed toward location-
605 based devices, including, but not limited to, cellular phones, unless the
606 marketing is a mobile device application installed on the device by the
607 owner of the device who is twenty-one years of age or older and
608 includes a permanent and easy opt-out feature and warnings that the
609 use of cannabis is restricted to persons twenty-one years of age or older;

610 [(4)] (5) Advertise cannabis or cannabis products in a manner
611 claiming or implying, or permit any employee of the cannabis
612 establishment to claim or imply, that such products have curative or
613 therapeutic effects, or that any other medical claim is true, or allow any
614 employee to promote cannabis for a wellness purpose unless such
615 claims are substantiated as set forth in regulations adopted under
616 chapter 420f or verbally conveyed by a licensed pharmacist or other
617 licensed medical practitioner in the course of business in, or while
618 representing, a hybrid retail or dispensary facility;

619 [(5)] (6) Sponsor charitable, sports, musical, artistic, cultural, social or
620 other similar events or advertising at, or in connection with, such an
621 event unless the sponsor or advertiser has reliable evidence that (A) not
622 more than ten per cent of the in-person audience at the event is
623 reasonably expected to be under the legal age to purchase cannabis or

624 cannabis products, and (B) not more than ten per cent of the audience
625 that will watch, listen or participate in the event is expected to be under
626 the legal age to purchase cannabis products;

627 [(6)] (7) Advertise cannabis, cannabis products or cannabis
628 paraphernalia in any physical form visible to the public within five
629 hundred feet of an elementary or secondary school ground, recreation
630 center or facility, child care center, playground, public park or library;

631 [(7)] (8) Cultivate cannabis or manufacture cannabis products for
632 distribution outside of this state in violation of federal law, advertise in
633 any way that encourages the transportation of cannabis across state lines
634 or otherwise encourages illegal activity;

635 [(8)] (9) Except for dispensary facilities and hybrid retailers, exhibit
636 within or upon the outside of the facility used in the operation of a
637 cannabis establishment, or include in any advertisement, the word
638 "dispensary" or any variation of such term or any other words, displays
639 or symbols indicating that such store, shop or place of business is a
640 dispensary;

641 [(9)] (10) Exhibit within or upon the outside of the premises subject to
642 the cannabis establishment license, or include in any advertisement the
643 words "drug store", "pharmacy", "apothecary", "drug", "drugs" or
644 "medicine shop" or any combination of such terms or any other words,
645 displays or symbols indicating that such store, shop or place of business
646 is a pharmacy;

647 [(10)] (11) Advertise on or in public or private vehicles or at bus stops,
648 taxi stands, transportation waiting areas, train stations, airports or other
649 similar transportation venues including, but not limited to, vinyl-
650 wrapped vehicles or signs or logos on transportation vehicles not
651 owned by a cannabis establishment;

652 [(11)] (12) Display cannabis or cannabis products so as to be clearly
653 visible to a person from the exterior of the facility used in the operation
654 of a cannabis establishment, or display signs or other printed material

655 advertising any brand or any kind of cannabis or cannabis product on
656 the exterior of any facility used in the operation of a cannabis
657 establishment;

658 ~~[(12)]~~ (13) Utilize radio or loudspeaker, in a vehicle or in or outside of
659 a facility used in the operation of a cannabis establishment, for the
660 purposes of advertising the sale of cannabis or cannabis products; or

661 ~~[(13)]~~ (14) Operate any web site advertising or depicting cannabis,
662 cannabis products or cannabis paraphernalia unless such web site
663 verifies that the entrants or users are twenty-one years of age or older.

664 (b) ~~[Any]~~ Except as provided in subsection (c) of this section, any
665 advertisements from a cannabis establishment shall contain the
666 following warning: "Do not use cannabis if you are under twenty-one
667 years of age. Keep cannabis out of the reach of children." In a print or
668 visual medium, such warning shall be conspicuous, easily legible and
669 shall take up not less than ten per cent of the advertisement space. In an
670 audio medium, such warning shall be at the same speed as the rest of
671 the advertisement and be easily intelligible.

672 (c) Any outdoor signage, other than a billboard and including, but
673 not limited to, any monument sign, pylon sign or wayfinding sign, shall
674 be deemed to satisfy the audience requirement established in
675 subdivision (3) of subsection (a) of this section, and shall not be required
676 to contain the warning required under subsection (b) of this section, if
677 such outdoor signage:

678 (1) Contains only the name and logo of:

679 (A) A cannabis establishment; or

680 (B) Any business entity advertising (i) cannabis paraphernalia, or (ii)
681 goods or services related to a cannabis business;

682 (2) Is comprised of not more than three colors; and

683 (3) Is located:

684 (A) On the cannabis establishment's or such business entity's
685 premises, regardless of whether such cannabis establishment or
686 business entity leases or owns such premises; or

687 (B) On any commercial property occupied by multiple tenants
688 including such cannabis establishment or business entity.

689 [(c)] (d) The department shall not register, and may require revision
690 of, any submitted or registered cannabis brand name that:

691 (1) Is identical to, or confusingly similar to, the name of an existing
692 non-cannabis product;

693 (2) Is identical to, or confusingly similar to, the name of an unlawful
694 product or substance;

695 (3) Is confusingly similar to the name of a previously approved
696 cannabis brand name;

697 (4) Is obscene or indecent; and

698 (5) Is customarily associated with persons under the age of twenty-
699 one.

700 [(d)] (e) A violation of the provisions of subsection (a) or (b) of this
701 section shall be deemed to be an unfair or deceptive trade practice under
702 subsection (a) of section 42-110b.

703 Sec. 10. Section 21a-422f of the 2022 supplement to the general
704 statutes is repealed and the following is substituted in lieu thereof
705 (*Effective from passage*):

706 (a) As used in this section, "municipality" means any town, city or
707 borough, consolidated town and city or consolidated town and
708 borough, and a district establishing a zoning commission under section
709 7-326.

710 (b) Any municipality may, by amendment to such municipality's
711 zoning regulations or by local ordinance, (1) prohibit the establishment

712 of a cannabis establishment, (2) establish reasonable restrictions
713 regarding the hours and signage within the limits of such municipality,
714 or (3) establish restrictions on the proximity of cannabis establishments
715 to any of the establishments listed in subdivision (1) of subsection (a) of
716 section 30-46. The chief zoning official of a municipality shall report, in
717 writing, any zoning changes adopted by the municipality regarding
718 cannabis establishments pursuant to this subsection to the Secretary of
719 the Office of Policy and Management and to the department not later
720 than fourteen days after the adoption of such changes.

721 (c) Unless otherwise provided for by a municipality through its
722 zoning regulations or ordinances, a cannabis establishment shall be
723 zoned as if for any other similar use, other than a cannabis
724 establishment, would be zoned.

725 (d) Any restriction regarding hours, zoning and signage of a cannabis
726 establishment adopted by a municipality shall not apply to an existing
727 cannabis establishment located in such municipality if such cannabis
728 establishment does not convert to a different license type, for a period
729 of five years after the adoption of such prohibition or restriction.

730 [(e) Until June 30, 2024, no municipality shall grant zoning approval
731 for more retailers or micro-cultivators than a number that would allow
732 for one retailer and one micro-cultivator for every twenty-five thousand
733 residents of such municipality, as determined by the most recent
734 decennial census.

735 (f) On and after July 1, 2024, the Commissioner of Consumer
736 Protection may, in the discretion of the commissioner, post on the
737 Department of Consumer Protection's Internet web site a specific
738 number of residents such that no municipality shall grant zoning
739 approval for more retailers or micro-cultivators than would result in one
740 retailer and one micro-cultivator for every such specific number of
741 residents, as determined by the commissioner. Any such determination
742 shall be made to ensure reasonable access to cannabis by consumers.]

743 [(g)] (e) For purposes of ensuring compliance with this section, a

744 special permit or other affirmative approval shall be required for any
745 retailer or micro-cultivator seeking to be located within a municipality.
746 [A municipality shall not grant such special permit or approval for any
747 retailer or micro-cultivator applying for such special permit or approval
748 if that would result in an amount that (1) until June 30, 2024, exceeds the
749 density cap of one retailer and one micro-cultivator for every twenty-
750 five thousand residents, and (2) on and after July 1, 2024, exceeds any
751 density cap determined by the commissioner under subsection (f) of this
752 section.] When awarding final licenses for a retailer or micro-cultivator,
753 the Department of Consumer Protection may assume that, if an
754 applicant for such final license has obtained zoning approval, the
755 approval of a final license for such applicant shall not result in a
756 violation of this section or any [other] municipal restrictions on the
757 number or density of cannabis establishments.

758 Sec. 11. (*Effective from passage*) (a) Not later than September 1, 2022,
759 the chairpersons of the joint standing committee of the General
760 Assembly having cognizance of matters relating to general law shall
761 convene a working group to study:

762 (1) The regulation of hemp;

763 (2) The possibility of including hemp in this state's cannabis program;
764 and

765 (3) Any other topic that is relevant to hemp production and
766 regulation.

767 (b) The chairpersons of the joint standing committee of the General
768 Assembly having cognizance of matters relating to general law shall
769 serve as the chairpersons of the working group and shall jointly appoint
770 the members of the working group, which members shall include, but
771 need not be limited to:

772 (1) Representatives from the Department of Consumer Protection,
773 Connecticut Farm Bureau and cannabis industry; and

774 (2) Members of the General Assembly who represent rural districts in

775 this state.

776 (c) The administrative staff of the joint standing committee of the
777 General Assembly having cognizance of matters relating to general law
778 shall serve as administrative staff of the working group.

779 (d) Not later than January 1, 2023, the working group shall submit a
780 report, in accordance with the provisions of section 11-4a of the general
781 statutes, on its findings and recommendations to the joint standing
782 committee of the General Assembly having cognizance of matters
783 relating to general law. The working group shall terminate on the date
784 that it submits such report or January 1, 2023, whichever is later.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2022</i>	21a-420
Sec. 2	<i>July 1, 2022</i>	New section
Sec. 3	<i>July 1, 2022</i>	New section
Sec. 4	<i>July 1, 2022</i>	51-164n(a) and (b)
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>from passage</i>	21a-420m
Sec. 7	<i>from passage</i>	21a-420u
Sec. 8	<i>from passage</i>	21a-420d(k)
Sec. 9	<i>July 1, 2022</i>	21a-421bb
Sec. 10	<i>from passage</i>	21a-422f
Sec. 11	<i>from passage</i>	New section

Statement of Legislative Commissioners:

In Section 4(b)(1), "section 2 of this act," was deleted, "or" was bracketed and "or section 2 of this act" was added, for consistency; in Section 5(f), a comma was deleted, for clarity; and, in Section 8(k), "5 of this act, 21a-420m, as amended by this act, or 21a-420u, as amended by this act" was changed to "21a-420m, as amended by this act, [or] 21a-420u, as amended by this act, or section 5 of this act", for consistency.

GL *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Resources of the General Fund	GF - Revenue Impact	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 23 \$	FY 24 \$
Various Municipalities	Potential Revenue Gain	See Below	See Below

Explanation

The bill makes various changes regarding the regulation and licensing of adult use cannabis resulting in various revenue impacts to the state and a potential revenue gain to municipalities.

Sections 2-4 prohibit the gifting of cannabis in certain situations resulting in the potential revenue gain to the General Fund and municipalities to the extent violations occur, described below:

- Section 2 allows the Commissioner of Emergency Services and Public Protection to administer a fine of \$2,500 per offense resulting in a potential revenue gain to the General Fund to the extent violations occur.
- Section 2 also results in a potential minimal revenue gain to the General Fund beginning in FY 23 to the extent the Department of Revenue Services hold administrative hearings

regarding potential violations and levies associated penalties (which are up to \$1,000 per violation under the bill).

- Section 3 of the bill allows municipalities to levy fines of up to \$2,500 per violation against anyone that violates the bill's prohibition on marijuana donations or giveaways. This results in a revenue gain to municipalities that will vary based on the number of fines issued, but is anticipated to be minimal.

Sections 5-8 result in a potential revenue gain by establishing a deadline for certain producers or dispensaries to create equity joint ventures necessary to maintain eligibility for a reduced conversion fee. If a producer or dispensary misses the 14-month deadline outlined under the bill, then the entity would be required to pay the difference between the full fee and the reduced rate.

The full fee amount is \$3 million for producers and \$1 million for dispensary facilities. The reduced fee amount is \$1.5 million for producers and \$500,000 for dispensaries.

The bill also results in a potential revenue loss in fee revenue by limiting the various applicable licensing fees of equity joint ventures to 50% of any applicable fee for the first three renewal cycles.

Section 9 makes various changes regarding cannabis advertising resulting in no fiscal impact to the state.

Section 10 removes the cap on cannabis retailers or micro cultivators in each municipality. To the extent that this increases the volume of sales of cannabis in a given municipality, there is a revenue gain via the Municipal Cannabis Tax that would vary based on the amount sold.

Section 11 creates a hemp working group resulting in no fiscal impact to the state. This section has no fiscal impact as PA 17-236 prohibits transportation allowances for working group members.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of violations and the number of recreational cannabis licenses impacted by the provisions of the bill.

OLR Bill Analysis**sHB 5329*****AN ACT CONCERNING CANNABIS.*****SUMMARY**

This bill makes several changes to the regulation and licensing of adult use (recreational) cannabis. It:

1. imposes additional (a) limitations on when cannabis may be gifted, sold, or transferred; and (b) penalties for violating these restrictions;
2. allows a cultivator to create up to two equity joint ventures, which must be approved by the Social Equity Council and licensed by the Department of Consumer Protection (DCP);
3. sets a deadline of within 14 months from when DCP granted the license for certain producers or dispensary facilities to create the needed equity joint ventures (two for producers and one for dispensary facilities) before being liable for the full conversion fee;
4. prohibits the Social Equity Council from approving any equity joint venture applicant that shares any individual owner with another equity joint venture that meets the social equity applicant criteria;
5. prohibits cannabis billboard advertisements;
6. exempts certain outdoor business signs posted at a cannabis establishment from certain signage requirements;
7. eliminates the density cap that prohibits a municipality from granting zoning approval for more retailers or micro-cultivators

based on the number of municipal residents; and

8. establishes a working group to study regulating hemp and the possibility of including it in the state's cannabis program.

EFFECTIVE DATE: July 1, 2022, except the provisions on equity joint ventures, the municipal density cap, and the working group are effective upon passage.

§§ 2-4 — PROHIBITION ON CERTAIN GIFTS, SALES, AND TRANSFERS

Currently, consumers (i.e., people age 21 or older) may give cannabis to other consumers for free (i.e., without compensation or consideration) if the giver reasonably believes that the other person may possess the cannabis without exceeding the Responsible and Equitable Regulation of Adult-Use Cannabis Act's possession limit. The bill limits this allowance by prohibiting individuals from gifting, selling, or transferring cannabis to another person:

1. to induce, or in exchange for, any donation for any purpose, including any charitable donation or any donation made to gain admission to any event;
2. at any location, other than a dispensary facility, retailer, or hybrid-retailer, (a) where a consumer may purchase any item other than cannabis, a cannabis product, or services related to cannabis, or (b) that requires consideration, including membership in any club, to gain admission to the location; or
3. as part of any giveaway associated with attendance at any event, including a door prize, goodie bag, or swag bag.

The bill allows people with a bona fide social relationship to give cannabis to one another if the gift is made without consideration and is not associated with a commercial transaction.

Fines

In addition to any existing penalty, anyone who violates this

provision is subject to:

1. a municipal fine the bill allows to be locally adopted, which may be up to \$2,500 per violation (see below);
2. a Department of Emergency Services and Public Protection (DESPP) fine of \$2,500 per offense, which is payable by mail without appearing in court; and
3. an administrative hearing held by the Department of Revenue Services (DRS) commissioner for failing to pay taxes, which may result in a civil penalty of up to \$1,000 per violation.

Under the bill, “per offense” and “per violation” mean either per transaction or per day the violation continues, as the DESPP or DRS commissioner determine for the respective violation.

The bill allows any municipality to establish, by ordinance, a fine for violating the bill’s gift, sale, and transfer provisions (§ 3). Any police officer or other person the municipal chief executive officer authorizes may issue a citation to anyone who commits a violation. Any municipality that adopts this type of ordinance must also adopt a citation hearing procedure. Any municipal fine must be deposited into the municipality’s general fund or in a designated special fund.

§§ 5-8 — EQUITY JOINT VENTURE

Cultivators (§ 5)

The bill allows a licensed cultivator to create up to two equity joint ventures, subject to Social Equity Council approval and DCP licensing requirements. The equity joint venture must be in any cannabis establishment business other than a cultivator license. By law, a “cannabis establishment” is a producer, dispensary facility, cultivator, micro-cultivator, retailer, hybrid retailer (i.e., licensed to sell both recreational cannabis and medical marijuana), food and beverage manufacturer, product manufacturer or packager, delivery service, or transporter.

Application Procedure and Contents. Substantially similar to existing law for equity joint ventures for producers and dispensary facilities, the bill requires the equity joint venture applicant to submit to the council information that allows the council to determine the venture's ownership terms, including the organizing documents outlining each backer's ownership stake, initial investment, and payout information. They may also include evidence of business formation, ownership allocation, ownership and financing terms, and proof of social equity applicant involvement.

Upon receiving the council's written approval, the equity joint venture applicant must apply for a DCP license in the same form as required by other cultivators, except the application is not subject to the lottery.

Ownership and Location Limits. The bill prohibits a cultivator, including its backer, from increasing its ownership in an equity joint venture to more than 50% in the seven years after DCP issues a license. It also prohibits equity joint ventures that share a common cultivator or backer from being located within 20 miles of another commonly owned equity joint venture.

Financial Ratio. The bill requires an equity joint venture applicant to pay 50% of any applicable fee (the full fee is \$25,000 for a provisional license and \$75,000 for a license or renewal) for the first three renewal cycles and then the full amount after that.

Producers and Dispensary Facilities (§§ 6 & 7)

Ownership. By law, producers seeking a license expansion and dispensary facilities seeking to convert to a hybrid retailer can pay reduced fees in exchange for creating a certain number of equity joint ventures (i.e., two for producers and one for dispensaries). Under current law, these equity joint ventures require the social equity applicant to own at least 50% of the business. The bill instead requires the equity joint venture to be at least 50% owned and controlled by an individual or individuals who meet, or the equity joint venture

applicant is an individual who meets, the social equity applicant criteria.

By law, a social equity applicant is an individual who (1) had average household income of less than 300% of the state median over the three tax years immediately before the application and (2) was a resident of a disproportionately impacted area for at least (a) five of the 10 immediately preceding years or (b) nine years before he or she turned age 18. It can also be a person (e.g., business entity) that is at least 65% owned and controlled by an individual or individuals who meet these criteria.

Fee Deadline. Under current law, if a producer or dispensary pays the reduced conversion fee but does not subsequently create the required equity joint ventures, it is liable for the full fee amount (i.e., \$3 million for producers and \$1 million for dispensary facilities). The bill specifies that (1) this must be done within 14 months after DCP approves the license expansion or conversion and gives a final license and (2) the amount due is minus the paid reduced conversion fee.

Limitations. The bill limits producers and dispensary facilities that receive approval to expand or convert to creating two equity joint ventures. They may not apply for, or create, any additional equity joint ventures if, upon the bill's passage, the producer or facility has created at least two equity joint ventures that have received a provisional license.

Financial Ratio. The bill requires an equity joint venture applicant to pay 50% of any applicable fee for the first three renewal cycles and then the full amount thereafter. By law, the reduced conversion fee is \$1.5 million for producers and \$500,000 for dispensary facilities, with an annual renewal fee of \$75,000 for the former and \$25,000 for the latter (CGS § 21a-420e(d) and Conn. Agencies Regs., § 21a-408-29).

Sharing Ownership (§ 8)

The bill prohibits the Social Equity Council from approving any equity joint venture applicant that shares any individual owner with another equity joint venture that meets the social equity applicant

criteria (see above).

§ 9 — ADVERTISEMENTS

The bill prohibits cannabis establishments and any person advertising cannabis or related services to advertise on a billboard. Currently, they are allowed to if the advertiser has reliable evidence that at least 90% of the audience is reasonably expected to be at least 21.

It also specifies that it is prohibited to advertise cannabis or cannabis paraphernalia, goods, or services through a business name or logo in a way that targets or is designed to appeal to those under age 21.

The bill exempts outdoor business signs posted at a cannabis establishment from the required warning against underage use if they meet certain criteria. Under this specified criteria, the bill also deems any outdoor sign, other than a billboard, and including any monument, pylon, or wayfinding sign compliant with existing law's audience requirement (i.e., at least 90% of the audience is expected to be over age 21). To qualify for either provision, an outdoor sign must:

1. contain only the name and logo of a (a) cannabis establishment or (b) business entity advertising cannabis paraphernalia, goods, or services;
2. have no more than three colors; and
3. be located on (a) the cannabis establishment's or such business entity's premises, regardless of whether they lease or own the premises; or (b) a commercial property occupied by multiple tenants, including the cannabis establishment or business entity.

§ 10 — DENSITY CAP

The bill eliminates the density cap provisions that (1) until June 30, 2024, limit the number of retailers and micro-cultivators in proportion to the number of municipal residents and (2) after July 1, 2024, allow the DCP commissioner to set a cap.

Under current law, until June 30, 2024, there is a density cap of one

retailer and one micro-cultivator for every 25,000 residents, as determined by the 2020 census. Municipalities are prohibited from granting zoning approval for more retailers or micro-cultivators than the cap allows. Currently, beginning July 1, 2024, the DCP commissioner may set a density cap and post it on DCP’s website. If she does, municipalities are then prohibited from granting zoning approval for more establishments than the cap allows.

§ 11 — HEMP WORKING GROUP

By September 1, 2022, the bill requires the General Law Committee chairpersons to convene a working group to study:

1. hemp regulation,
2. the possibility of including hemp in the state’s cannabis program, and
3. any other topic relevant to hemp production and regulation.

The General Law chairpersons must serve as the working group chairpersons, and jointly appoint as working group members:

1. representatives from DCP, the Connecticut Farm Bureau, and cannabis industry; and
2. General Assembly members from rural districts.

The bill requires the General Law Committee’s administrative staff to serve as the working group’s administrative staff.

By January 1, 2023, the working group must submit a report on its findings and recommendations to the General Law Committee. The working group must terminate on the day it submits the report or January 1, 2023, whichever is later.

COMMITTEE ACTION

General Law Committee

Joint Favorable Substitute

Yea 15 Nay 3 (03/15/2022)