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## OLR Bill Analysis

### HB 6694 (as amended by House "A")\*

#### ***AN ACT ESTABLISHING A TASK FORCE TO STUDY CONSUMER PROTECTION IN THIS STATE.***

#### **SUMMARY**

This bill allows certain cannabis cultivator (1) licensees to place their exclusively outdoor grow facility outside of a disproportionately impacted area, but still in a municipality that has one, and (2) backers to share ownership in equity joint ventures.

It also (1) requires that certain information be included in a dispensary facility's or hybrid retailer's (e.g., sells both recreational cannabis and medical marijuana) application to relocate their current facility or retail location and (2) allows the Department of Consumer Protection (DCP) commissioner to deny these applications based on the needs of qualifying patients past June 30, 2023, by eliminating the sunset date in current law.

\*House Amendment "A" replaces the underlying bill, which established a task force to study consumer protection in the state.

EFFECTIVE DATE: July 1, 2023, except the dispensary and hybrid retailer provisions take effect upon passage.

#### **CULTIVATORS AND DISPROPORTIONATELY IMPACTED AREAS**

##### ***Outdoor Grow Facility***

By law, in order for a social equity applicant who applied for a cultivator license without participating in a lottery to get a final cultivator license, the applicant must provide evidence of certain information, including a right to exclusively occupy a location in a disproportionately impacted area where the cultivation facility will be located. The bill also allows the applicant to provide evidence that an exclusively outdoor grow facility will be located outside of a

disproportionately impacted area if the facility is in a municipality that has any portion of a disproportionately impacted area. The outdoor grow must be done on land the municipality has approved for agricultural or farming uses.

Under existing law, a “disproportionately impacted area” is a U.S. census tract in the state that has, as determined by the Social Equity Council, (1) a historical conviction rate for drug-related offenses greater than 10% or (2) an unemployment rate greater than 10% (CGS § 21a-420 (17)).

### ***Equity Joint Venture***

Current law 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. The bill exempts from this prohibition a backer for a licensed cultivator in a disproportionately impacted area or a municipality with a disproportionately impacted area for outdoor grow facilities.

By law, (1) a “social equity applicant” is a person (e.g., an individual or business) that is at least 65% owned and controlled by an individual or individuals meeting certain income and residency criteria and (2) an “equity joint venture” is a business entity that is at least 50% owned and controlled by an individual or applicant meeting the social equity applicant income and residency criteria (CGS § 21a-420 (22) & (48)).

### **DISPENSARY AND HYBRID RETAILER RELOCATION**

The bill allows a dispensary facility or hybrid retailer to submit an application to DCP, in a form the commissioner prescribes, to relocate its current facility or retail location. The relocation application must include, at least:

1. the size of the qualifying patient population that the applicant served during the six-month period before the application, broken down by month and indicating whether the qualifying patient population increased or decreased during that time;
2. evidence of accessible alternatives in the area around the

- applicant, before the proposed relocation, where qualifying patients can get medical marijuana products;
3. whether the applicant will provide delivery services to the qualifying patients it serves before the proposed relocation and, if so, the length of time and geographic scope of the services; and
  4. a plan to communicate (a) the proposed relocation to the qualifying patients, including the communication methods and timeframes, and (b) with nearby dispensary facilities and hybrid retailers on the proposed relocation and the needs of the qualifying patients the applicant serves.

Current law allows the DCP commissioner to deny a dispensary facility's or hybrid retailer's change of location application based on the needs of qualifying patients until June 30, 2023. The bill eliminates this sunset date.

## **BACKGROUND**

### ***Related Bill***

sHB 6699, §§ 19, 21 & 27, as amended by House "A" and passed by the House (File 764), modifies the (1) criteria and procedure used to identify disproportionately impacted areas and (2) amount of control individuals must have in a cannabis business to qualify as a "social equity applicant," and "equity joint venture."

## **COMMITTEE ACTION**

General Law Committee

Joint Favorable

Yea 23    Nay 0    (03/02/2023)