



House of Representatives

General Assembly

File No. 202

January Session, 2023

Substitute House Bill No. 6700

House of Representatives, March 23, 2023

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 HEMP LICENSEES AND THE ADULT-USE CANNABIS MARKET.

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

1 Section 1. Section 21a-420 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2023*):

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

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

14 21-1 of the June special session, and the amendments in public act 21-1
15 of the June special session to sections 7-148, 10-221, 12-30a, 12-35b, 12-
16 412, 12-650, 12-704d, 14-44k, 14-111e, 14-227a to 14-227c, inclusive, 14-
17 227j, 15-140q, 15-140r, 18-100h, 19a-342, 19a-342a, 21a-267, 21a-277, 21a-
18 279, 21a-279a, 21a-408 to 21a-408f, inclusive, as amended by this act, 21a-
19 408h to 21a-408p, inclusive, as amended by this act, 21a-408r to 21a-408v,
20 inclusive, 30-89a, 31-40q, 32-39, 46b-120, 51-164n, 53-394, 53a-39c, 54-1m,
21 54-33g, 54-41b, 54-56e, 54-56g, 54-56i, 54-56k, 54-56n, 54-63d, 54-66a [,]
22 and 54-142e, [21a-421hhh and 21a-420j] and sections 2 and 3 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 22-61/;]

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 22-61;]

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, as amended by this act;

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, as amended by this act,
72 or to hospices or other inpatient care facilities licensed by the
73 Department of Public Health pursuant to chapter 368v that have a
74 protocol for the handling and distribution of cannabis that has been
75 approved by the department, or a 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] pursuant to said chapter, to
80 qualifying patients and caregivers, and to which the department has
81 issued a dispensary facility license [under] pursuant to chapter 420f and
82 any regulations adopted [thereunder] pursuant to said chapter;

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

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

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

109 chapter;

110 (20) "Employee" means any person who is not a backer, but is a
111 member of the board of a company with an ownership interest in a
112 cannabis establishment, and any person employed by a cannabis
113 establishment or who otherwise has access to such establishment or the
114 vehicles used to transport cannabis, including, but not limited to, an
115 independent contractor who has routine access to the premises of such
116 establishment or to the cannabis handled by such establishment;

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

127 (22) "Equity joint venture" means a business entity that is at least fifty
128 per cent owned and controlled by an individual or individuals, or such
129 applicant is an individual, who meets the criteria of subparagraphs (A)
130 and (B) of subdivision [(48)] (51) of this section;

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

135 (24) "Financial interest" means any right to, ownership, an investment
136 or a compensation arrangement with another person, directly, through
137 business, investment or family. "Financial interest" does not include
138 ownership of investment securities in a publicly-held corporation that
139 is traded on a national exchange or over-the-counter market, provided
140 the investment securities held by such person and such person's spouse,

141 parent or child, in the aggregate, do not exceed one-half of one per cent
142 of the total number of shares issued by the corporation;

143 (25) "Food and beverage manufacturer" means a person that is
144 licensed to own and operate a place of business that acquires cannabis
145 and creates food and beverages;

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

154 (27) "Hemp" has the same meaning as provided in section 22-61l;

155 (28) "Hemp producer" means producer, as defined in section 22-61l;

156 [(27)] (29) "Historical conviction count for drug-related offenses"
157 means, for a given area, the number of convictions of residents of such
158 area (A) for violations of sections 21a-267, 21a-277, 21a-278, 21a-279 and
159 21a-279a, and (B) who were arrested for such violations between
160 January 1, 1982, and December 31, 2020, inclusive, where such arrest
161 was recorded in databases maintained by the Department of Emergency
162 Services and Public Protection;

163 [(28)] (30) "Historical conviction rate for drug-related offenses"
164 means, for a given area, the historical conviction count for drug-related
165 offenses divided by the population of such area, as determined by the
166 five-year estimates of the most recent American Community Survey
167 conducted by the United States Census Bureau;

168 [(29)] (31) "Hybrid retailer" means a person that is licensed to
169 purchase cannabis and sell cannabis and medical marijuana products;

170 [(30)] (32) "Key employee" means an employee with the following

171 management position or an equivalent title within a cannabis
172 establishment: (A) President or chief officer, who is the top ranking
173 individual at the cannabis establishment and is responsible for all staff
174 and overall direction of business operations; (B) financial manager, who
175 is the individual who reports to the president or chief officer and who is
176 generally responsible for oversight of the financial operations of the
177 cannabis establishment, including, but not limited to, revenue
178 generation, distributions, tax compliance and budget implementation;
179 or (C) compliance manager, who is the individual who reports to the
180 president or chief officer and who is generally responsible for ensuring
181 the cannabis establishment complies with all laws, regulations and
182 requirements related to the operation of the cannabis establishment;

183 [(31)] (33) "Laboratory" means a laboratory located in the state that is
184 licensed by the department to provide analysis of cannabis that meets
185 the licensure requirements set forth in section 21a-246;

186 [(32)] (34) "Laboratory employee" means an individual who is
187 registered as a laboratory employee pursuant to section 21a-408r;

188 [(33)] (35) "Labor peace agreement" means an agreement between a
189 cannabis establishment and a bona fide labor organization under section
190 21a-421d pursuant to which the owners and management of the
191 cannabis establishment agree not to lock out employees and that
192 prohibits the bona fide labor organization from engaging in picketing,
193 work stoppages or boycotts against the cannabis establishment;

194 [(34)] (36) "Manufacture" means to add or incorporate cannabis into
195 other products or ingredients or create a cannabis product;

196 (37) "Manufacturer hemp product" has the same meaning as
197 provided in section 22-61l;

198 [(35)] (38) "Medical marijuana product" means cannabis that may be
199 exclusively sold to qualifying patients and caregivers by dispensary
200 facilities and hybrid retailers and which are designated by the
201 commissioner as reserved for sale to qualifying patients and caregivers

202 and published on the department's Internet web site;

203 [(36)] (39) "Micro-cultivator" means a person licensed to engage in the
204 cultivation, growing and propagation of the cannabis plant at an
205 establishment containing not less than two thousand square feet and not
206 more than ten thousand square feet of grow space, prior to any
207 expansion authorized by the commissioner;

208 [(37)] (40) "Municipality" means any town, city or borough,
209 consolidated town and city or consolidated town and borough;

210 [(38)] (41) "Paraphernalia" means drug paraphernalia, as defined in
211 section 21a-240;

212 [(39)] (42) "Person" means an individual, partnership, limited liability
213 company, society, association, joint stock company, corporation, estate,
214 receiver, trustee, assignee, referee or any other legal entity and any other
215 person acting in a fiduciary or representative capacity, whether
216 appointed by a court or otherwise, and any combination thereof;

217 [(40)] (43) "Producer" means a person that is licensed as a producer
218 pursuant to section 21a-408i and any regulations adopted [thereunder]
219 pursuant to said section;

220 [(41)] (44) "Product manufacturer" means a person that is licensed to
221 obtain cannabis, extract and manufacture products exclusive to such
222 license type;

223 [(42)] (45) "Product packager" means a person that is licensed to
224 package and label cannabis;

225 [(43)] (46) "Qualifying patient" has the same meaning as provided in
226 section 21a-408, as amended by this act;

227 [(44)] (47) "Research program" has the same meaning as provided in
228 section 21a-408, as amended by this act;

229 [(45)] (48) "Retailer" means a person, excluding a dispensary facility
230 and hybrid retailer, that is licensed to purchase cannabis from

231 producers, cultivators, micro-cultivators, product manufacturers and
232 food and beverage manufacturers and to sell cannabis to consumers and
233 research programs;

234 [(46)] (49) "Sale" or "sell" has the same meaning as provided in section
235 21a-240;

236 [(47)] (50) "Social Equity Council" or "council" means the council
237 established under section 21a-420d, as amended by this act;

238 [(48)] (51) "Social equity applicant" means a person that has applied
239 for a license for a cannabis establishment, where such applicant is at
240 least sixty-five per cent owned and controlled by an individual or
241 individuals, or such applicant is an individual, who:

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

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

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

250 [(49)] (52) "THC" has the same meaning as provided in section 21a-
251 240;

252 [(50)] (53) "Third-party lottery operator" means a person, or a
253 constituent unit of the state system of higher education, that conducts
254 lotteries pursuant to section 21a-420g, identifies the cannabis
255 establishment license applications for consideration without
256 performing any review of the applications that are identified for
257 consideration, and that has no direct or indirect oversight of or
258 investment in a cannabis establishment or a cannabis establishment
259 applicant;

260 [(51)] (54) "Transfer" means to transfer, change, give or otherwise
261 dispose of control over or interest in;

262 [(52)] (55) "Transport" means to physically move from one place to
263 another;

264 [(53)] (56) "Transporter" means a person licensed to transport
265 cannabis between cannabis establishments, laboratories and research
266 programs; and

267 [(54)] (57) "Unemployment rate" means, in a given area, the number
268 of people sixteen years of age or older who are in the civilian labor force
269 and unemployed divided by the number of people sixteen years of age
270 or older who are in the civilian labor force.

271 Sec. 2. (NEW) (*Effective July 1, 2023*) (a) During the period beginning
272 October 1, 2023, and ending December 31, 2023, a hemp producer that
273 has been licensed by the Department of Agriculture as a hemp producer
274 for the majority of the period beginning January 1, 2021, and ending
275 January 1, 2023, may apply to the Department of Consumer Protection
276 for a cultivator license or micro-cultivator license without entering the
277 lottery. Such application shall be in a form and manner prescribed by
278 the Commissioner of Consumer Protection, and shall include:

279 (1) An attestation that the applicant hemp producer has not
280 undergone any change in ownership since January 1, 2023;

281 (2) An acknowledgment and affirmation that prior to being awarded
282 a provisional cultivator or micro-cultivator license, the applicant hemp
283 producer shall surrender such hemp producer's license as a hemp
284 producer;

285 (3) The attestation required under subsection (a) of section 3 of this
286 act; and

287 (4) Any other item the commissioner deems relevant for the purposes
288 of this section.

289 (b) The Department of Consumer Protection shall not approve any
290 application submitted pursuant to subsection (a) of this section if
291 approving such application would cause the aggregate grow space of all
292 applicant hemp producers who convert to a cultivator license or micro-
293 cultivator license under this section to exceed two hundred fifty
294 thousand square feet.

295 (c) No cultivator or micro-cultivator licensee shall hold a hemp
296 producer license. Upon surrender of a hemp producer license as set
297 forth in subsection (a) of this section and licensure as a cultivator or
298 micro-cultivator, all hemp inventory in such cultivator or micro-
299 cultivator licensee's possession shall be deemed to be cannabis and
300 subject to all cannabis reporting, handling, security, testing and other
301 standards as set forth in applicable law.

302 (d) No hemp producer that converts to a cultivator or micro-
303 cultivator under this section shall add any new owner after such
304 cultivator or micro-cultivator receives a provisional license, except such
305 cultivator or micro-cultivator may add any new owner who meets the
306 criteria established in subparagraphs (A) and (B) of subdivision (51) of
307 section 21a-420 of the general statutes, as amended by this act, not later
308 than three years after such cultivator or micro-cultivator receives a final
309 license.

310 Sec. 3. (NEW) (*Effective July 1, 2023*) (a) In order to pay a reduced
311 license fee as described in subdivision (14) or (15) of subsection (d) of
312 section 21a-420e of the general statutes, as amended by this act, a hemp
313 producer that is applying to convert to a cultivator or micro-cultivator
314 under section 2 of this act shall create two equity joint ventures to be
315 approved by the Social Equity Council under section 21a-420d of the
316 general statutes, as amended by this act, and licensed by the department
317 pursuant to this section, which shall be evidenced by filings with the
318 Secretary of the State, organizing documents disclosing the terms of the
319 business relationship between such applicant and such equity joint
320 ventures and an attestation to the creation of such equity joint ventures
321 on the application submitted pursuant to section 2 of this act.

322 (b) Each equity joint venture created pursuant to subsection (a) of this
323 section shall be in any cannabis establishment licensed business, other
324 than a cultivator or micro-cultivator license, provided such equity joint
325 venture is at least fifty per cent owned and controlled by an individual
326 or individuals who meet, or the equity joint venture applicant is an
327 individual who meets, the criteria established in subparagraphs (A) and
328 (B) of subdivision (51) of section 21a-420 of the general statutes, as
329 amended by this act.

330 (c) Each equity joint venture applicant described in subsection (a) of
331 this section shall submit an application to the Social Equity Council that
332 may include, but need not be limited to, evidence of business formation,
333 ownership allocation, terms of ownership and financing and proof of
334 social equity status. The equity joint venture applicant shall submit to
335 the Social Equity Council information including, but not limited to, the
336 organizing documents of the entity that outline the ownership stake of
337 each backer, initial backer investment and payout information to enable
338 the council to determine the terms of ownership.

339 (d) Upon obtaining the written approval of the Social Equity Council
340 for an equity joint venture described in subsection (a) of this section, the
341 equity joint venture applicant shall apply for a license from the
342 department in the same form as required by all other licensees of the
343 same license type, except that such application shall not be subject to the
344 lottery.

345 (e) A converted hemp producer that receives a license as a cultivator
346 or micro-cultivator under section 2 of this act, including the backers
347 listed on the conversion application of such converted hemp producer,
348 shall not increase its ownership in an equity joint venture in excess of
349 fifty per cent during the seven-year period after a license is issued by
350 the department pursuant to this section.

351 (f) Equity joint ventures that are retailers or hybrid retailers shall not
352 be located within twenty miles of another equity joint venture that
353 shares a common backer of a cultivator or micro-cultivator that receives
354 a license under section 2 of this act.

355 (g) If a converted hemp producer has paid a reduced conversion fee,
356 as described in subdivision (14) or (15) of subsection (d) of section 21a-
357 420e of the general statutes, as amended by this act, and subsequently
358 did not create two equity joint ventures under this section that, not later
359 than fourteen months after the department approved the converted
360 hemp producer's cultivator or micro-cultivator license application
361 under section 2 of this act, each received a final license from the
362 department, such (1) cultivator shall be liable for the full conversion fee
363 established in subdivision (14) of subsection (d) of section 21a-420e of
364 the general statutes, as amended by this act, minus such paid reduced
365 conversion fee, or (2) micro-cultivator shall be liable for the full
366 conversion fee established in subdivision (15) of subsection (d) of section
367 21a-420e of the general statutes, as amended by this act, minus such paid
368 reduced conversion fee.

369 (h) No cultivator or micro-cultivator that receives a license under
370 section 2 of this act shall create more than two equity joint ventures. No
371 cultivator or micro-cultivator that receives a license under section 2 of
372 this act shall apply for, or create, any additional equity joint venture if
373 such licensee has created two equity joint ventures that have each
374 received a provisional license.

375 (i) An equity joint venture applicant shall pay fifty per cent of the
376 amount of any applicable fee specified in subsection (d) of section 21a-
377 420e of the general statutes, as amended by this act, for the first three
378 renewal cycles of the applicable cannabis establishment license applied
379 for, and shall pay the full amount of such fee thereafter.

380 Sec. 4. Subsection (a) of section 21a-278b of the general statutes is
381 repealed and the following is substituted in lieu thereof (*Effective July 1,*
382 *2023*):

383 (a) No person may manufacture, distribute, sell, prescribe, dispense,
384 compound, transport with the intent to sell or dispense, possess with
385 the intent to sell or dispense, offer, give or administer to another person
386 cannabis or cannabis products, except as authorized in chapter 420b or
387 420f, [or] sections 21a-420n, as amended by this act, 21a-420p, as

388 amended by this act, 21a-420r to 21a-420t, inclusive, as amended by this
389 act, or 21a-420w to 21a-420z, inclusive, or section 2 of this act.

390 Sec. 5. Section 21a-408 of the general statutes is repealed and the
391 following is substituted in lieu thereof (*Effective July 1, 2023*):

392 As used in this section, sections 21a-408a to 21a-408o, inclusive, and
393 sections 21a-408r to 21a-408v, inclusive, unless the context otherwise
394 requires:

395 (1) "Advanced practice registered nurse" means an advanced practice
396 registered nurse licensed pursuant to chapter 378;

397 (2) "Cannabis establishment" has the same meaning as provided in
398 section 21a-420, as amended by this act;

399 (3) "Caregiver" means a person, other than the qualifying patient and
400 the qualifying patient's physician, physician assistant or advanced
401 practice registered nurse, who is eighteen years of age or older and has
402 agreed to undertake responsibility for managing the well-being of the
403 qualifying patient with respect to the palliative use of marijuana,
404 provided (A) in the case of a qualifying patient who is (i) under eighteen
405 years of age and not an emancipated minor, or (ii) otherwise lacking
406 legal capacity, such person shall be a parent, guardian or person having
407 legal custody of such qualifying patient, and (B) in the case of a
408 qualifying patient who is eighteen years of age or older or an
409 emancipated minor, the need for such person shall be evaluated by the
410 qualifying patient's physician, physician assistant or advanced practice
411 registered nurse and such need shall be documented in the written
412 certification;

413 [(3)] (4) "Cultivation" includes planting, propagating, cultivating,
414 growing and harvesting;

415 [(4)] (5) "Debilitating medical condition" means (A) cancer, glaucoma,
416 positive status for human immunodeficiency virus or acquired immune
417 deficiency syndrome, Parkinson's disease, multiple sclerosis, damage to
418 the nervous tissue of the spinal cord with objective neurological

419 indication of intractable spasticity, epilepsy or uncontrolled intractable
420 seizure disorder, cachexia, wasting syndrome, Crohn's disease,
421 posttraumatic stress disorder, irreversible spinal cord injury with
422 objective neurological indication of intractable spasticity, cerebral palsy,
423 cystic fibrosis or terminal illness requiring end-of-life care, except, if the
424 qualifying patient is under eighteen years of age, "debilitating medical
425 condition" means terminal illness requiring end-of-life care, irreversible
426 spinal cord injury with objective neurological indication of intractable
427 spasticity, cerebral palsy, cystic fibrosis, severe epilepsy or uncontrolled
428 intractable seizure disorder, or (B) any medical condition, medical
429 treatment or disease approved for qualifying patients by the
430 Department of Consumer Protection and posted online pursuant to
431 section 21a-408/;

432 [(5)] (6) "Dispensary facility" means a place of business (A) for which
433 the department has issued a dispensary facility license pursuant to this
434 chapter, and (B) where marijuana may be dispensed, sold or distributed
435 in accordance with this chapter and any regulations adopted
436 [thereunder] pursuant to this chapter to qualifying patients and
437 caregivers; [and for which the department has issued a dispensary
438 facility license pursuant to this chapter;]

439 [(6)] (7) "Employee" has the same meaning as provided in section 21a-
440 420, as amended by this act;

441 (8) "Hemp manufacturer" means manufacturer, as defined in section
442 22-61/;

443 [(7)] (9) "Institutional animal care and use committee" means a
444 committee that oversees an organization's animal program, facilities
445 and procedures to ensure compliance with federal policies, guidelines
446 and principles related to the care and use of animals in research;

447 [(8)] (10) "Institutional review board" means a specifically constituted
448 review body established or designated by an organization to protect the
449 rights and welfare of persons recruited to participate in biomedical,
450 behavioral or social science research;

451 [(9)] (11) "Laboratory" means a laboratory located in the state that is
452 licensed by the department to provide analysis of marijuana and that
453 meets the licensure requirements set forth in section 21a-246;

454 [(10)] (12) "Laboratory employee" means a person who is registered
455 as a laboratory employee pursuant to section 21a-408r;

456 [(11)] (13) "Licensed dispensary" or "dispensary" means an individual
457 who is a licensed pharmacist employed by a dispensary facility or
458 hybrid retailer;

459 [(12) "Producer" means a person who is licensed as a producer
460 pursuant to section 21a-408i;]

461 (14) "Manufacturer hemp product" has the same meaning as
462 provided in section 22-61l;

463 [(13)] (15) "Marijuana" means marijuana, as defined in section 21a-
464 240;

465 [(14)] (16) "Nurse" means a person who is licensed as a nurse [under]
466 pursuant to chapter 378;

467 [(15)] (17) "Palliative use" means the acquisition, distribution,
468 transfer, possession, use or transportation of marijuana or paraphernalia
469 relating to marijuana, including the transfer of marijuana and
470 paraphernalia relating to marijuana from the patient's caregiver to the
471 qualifying patient, to alleviate a qualifying patient's symptoms of a
472 debilitating medical condition or the effects of such symptoms, but does
473 not include any such use of marijuana by any person other than the
474 qualifying patient;

475 [(16)] (18) "Paraphernalia" means drug paraphernalia, as defined in
476 section 21a-240;

477 [(17)] (19) "Physician" means a person who is licensed as a physician
478 [under] pursuant to chapter 370;

479 [(18)] (20) "Physician assistant" means a person who is licensed as a

480 physician assistant [under] pursuant to chapter 370;

481 [(19) "Caregiver" means a person, other than the qualifying patient
482 and the qualifying patient's physician, physician assistant or advanced
483 practice registered nurse, who is eighteen years of age or older and has
484 agreed to undertake responsibility for managing the well-being of the
485 qualifying patient with respect to the palliative use of marijuana,
486 provided (A) in the case of a qualifying patient (i) under eighteen years
487 of age and not an emancipated minor, or (ii) otherwise lacking legal
488 capacity, such person shall be a parent, guardian or person having legal
489 custody of such qualifying patient, and (B) in the case of a qualifying
490 patient eighteen years of age or older or an emancipated minor, the need
491 for such person shall be evaluated by the qualifying patient's physician,
492 physician assistant or advanced practice registered nurse and such need
493 shall be documented in the written certification;]

494 (21) "Producer" means a person who is licensed as a producer
495 pursuant to section 21a-408i;

496 [(20)] (22) "Qualifying patient" means a person who: (A) Is a resident
497 of Connecticut, (B) has been diagnosed by a physician, physician
498 assistant or advanced practice registered nurse as having a debilitating
499 medical condition, and (C) (i) is eighteen years of age or older, (ii) is an
500 emancipated minor, or (iii) has written consent from a custodial parent,
501 guardian or other person having legal custody of such person that
502 indicates that such person has permission from such parent, guardian
503 or other person for the palliative use of marijuana for a debilitating
504 medical condition and that such parent, guardian or other person will
505 (I) serve as a caregiver for the qualifying patient, and (II) control the
506 acquisition and possession of marijuana and any related paraphernalia
507 for palliative use on behalf of such person. "Qualifying patient" does not
508 include an inmate confined in a correctional institution or facility under
509 the supervision of the Department of Correction;

510 [(21)] (23) "Research program" means a study approved by the
511 Department of Consumer Protection in accordance with this chapter
512 and undertaken to increase information or knowledge regarding the

513 growth or processing of marijuana, or the medical attributes, dosage
514 forms, administration or use of marijuana to treat or alleviate symptoms
515 of any medical conditions or the effects of such symptoms;

516 [(22)] (24) "Research program employee" means a person who (A) is
517 registered as a research program employee [under] pursuant to section
518 21a-408t, or (B) holds a temporary certificate of registration issued
519 pursuant to section 21a-408t;

520 [(23)] (25) "Research program subject" means a person registered as a
521 research program subject pursuant to section 21a-408v;

522 [(24)] (26) "Usable marijuana" means the dried leaves and flowers of
523 the marijuana plant, and any mixtures or preparations of such leaves
524 and flowers, that are appropriate for the palliative use of marijuana, but
525 does not include the seeds, stalks and roots of the marijuana plant; and

526 [(25)] (27) "Written certification" means a written certification issued
527 by a physician, physician assistant or advanced practice registered
528 nurse pursuant to section 21a-408c.

529 Sec. 6. Section 21a-408h of the general statutes is repealed and the
530 following is substituted in lieu thereof (*Effective July 1, 2023*):

531 (a) No person may act as a dispensary or represent that such person
532 is a licensed dispensary unless such person has obtained a license from
533 the Commissioner of Consumer Protection pursuant to this section.

534 (b) No person may act as a dispensary facility or represent that such
535 person is a licensed dispensary facility unless such person has obtained
536 a license from the Commissioner of Consumer Protection pursuant to
537 this section.

538 (c) (1) The Commissioner of Consumer Protection shall determine the
539 number of dispensary facilities appropriate to meet the needs of
540 qualifying patients in this state and shall adopt regulations, in
541 accordance with chapter 54, to provide for the licensure and standards
542 for dispensary facilities in this state and specify the maximum number

543 of dispensary facilities that may be licensed in this state. On and after
544 the effective date of such regulations, the commissioner may license any
545 person who applies for a license in accordance with such regulations,
546 provided the commissioner deems such applicant qualified to acquire,
547 possess, distribute and dispense marijuana pursuant to sections 21a-408
548 to 21a-408m, inclusive, as amended by this act. At a minimum, such
549 regulations shall:

550 [(1)] (A) Indicate the maximum number of dispensary facilities that
551 may be licensed in this state;

552 [(2)] (B) Provide that no marijuana may be dispensed from, obtained
553 from or transferred to a location outside of this state;

554 [(3)] (C) Establish a licensing fee and renewal fee for each dispensary
555 facility, provided such fees shall not be less than the amount necessary
556 to cover the direct and indirect cost of licensing and regulating
557 dispensary facilities pursuant to sections 21a-408 to 21a-408m, inclusive,
558 as amended by this act;

559 [(4)] (D) Provide for renewal of such dispensary facility licenses at
560 least every two years;

561 [(5)] (E) Describe areas in this state where dispensary facilities may
562 not be located, after considering the criteria for the location of retail
563 liquor permit premises set forth in subsection (a) of section 30-46;

564 [(6)] (F) Establish health, safety and security requirements for
565 dispensary facilities, which may include, but need not be limited to:
566 [(A)] (i) The ability to maintain adequate control against the diversion,
567 theft and loss of marijuana acquired or possessed by the dispensary
568 facility, and [(B)] (ii) the ability to maintain the knowledge,
569 understanding, judgment, procedures, security controls and ethics to
570 ensure optimal safety and accuracy in the distributing, dispensing and
571 use of palliative marijuana;

572 [(7)] (G) Establish standards and procedures for revocation,
573 suspension, summary suspension and nonrenewal of dispensary facility

574 licenses, provided such standards and procedures are consistent with
575 the provisions of subsection (c) of section 4-182; and

576 [(8)] (H) Establish other licensing, renewal and operational standards
577 deemed necessary by the commissioner.

578 (2) Notwithstanding the requirements of sections 4-168 to 4-172,
579 inclusive, in order to effectuate the purposes of this subsection and
580 protect public health and safety, the commissioner, prior to amending
581 any regulations adopted pursuant to subdivision (1) of this subsection,
582 shall issue policies and procedures to implement the provisions of this
583 subsection, which policies and procedures shall have the force and effect
584 of law. The commissioner shall post each such policy or procedure on
585 the department's Internet web site, and submit such policy or procedure
586 to the Secretary of the State for posting on the eRegulations System, at
587 least fifteen days prior to the effective date of such policy or procedure.
588 Any such policy or procedure shall no longer be effective upon the
589 earlier of either the adoption of such policy or procedure as a final
590 regulation pursuant to section 4-172 or June 30, 2027, if such regulations
591 have not been submitted to the legislative regulation review committee
592 for consideration under section 4-170. Not later than January 1, 2024, the
593 commissioner shall issue policies and procedures to permit dispensary
594 facilities licensed pursuant to this chapter to acquire manufacturer
595 hemp products from hemp manufacturers, and sell such manufacturer
596 hemp products to qualifying patients and caregivers in accordance with
597 this chapter, chapter 424 and any regulations adopted pursuant to said
598 chapters. At a minimum, such regulations shall require that each such
599 manufacturer hemp product be:

600 (A) Labeled in a manner that indicates that such manufacturer hemp
601 product is (i) a manufacturer hemp product, (ii) subject to different
602 testing standards than marijuana, and (iii) not marijuana; and

603 (B) Stored separately from marijuana and displayed with signage
604 approved by the department.

605 (d) Any fees collected by the Department of Consumer Protection

606 under this section shall be paid to the State Treasurer and credited to the
607 General Fund.

608 [(e) On or before January 1, 2017, and annually thereafter, each
609 dispensary facility shall report data to the Department of Consumer
610 Protection relating to the types, mixtures and dosages of palliative
611 marijuana dispensed by such dispensary facility. A report prepared
612 pursuant to this subsection shall be in such form as may be prescribed
613 by the Commissioner of Consumer Protection.]

614 Sec. 7. Section 21a-409 of the general statutes is repealed and the
615 following is substituted in lieu thereof (*Effective July 1, 2023*):

616 (a) As used in this section, "producer" has the same meaning as
617 provided in section 21a-408, as amended by this act, and "manufacture",
618 "market", "cultivate", "hemp", "hemp products", [and] "manufacturer
619 hemp products" and "producer hemp products" have the same
620 meanings as provided in section 22-61l. Any producer licensed [under]
621 pursuant to section 21a-408, as amended by this act, shall manufacture,
622 market, cultivate or store hemp and manufacturer hemp products in
623 accordance with the provisions of this chapter and any regulations
624 adopted [under] pursuant to this chapter. Producers may obtain hemp
625 and manufacturer hemp products from a person authorized under the
626 laws of this state or another state, territory or possession of the United
627 States or another sovereign entity to possess and sell such hemp and
628 manufacturer hemp products.

629 (b) Hemp or manufacturer hemp products purchased by producers
630 from third parties shall be tracked as a separate batch throughout the
631 manufacturing process in order to document the disposition of such
632 hemp or manufacturer hemp products. Hemp or manufacturer hemp
633 products obtained, manufactured, marketed, cultivated or stored by a
634 producer shall be deemed marijuana and shall comply with the
635 requirements for marijuana contained in the applicable provisions of the
636 general statutes and any regulations adopted [under] pursuant to such
637 provisions. Producers shall retain a copy of the certificate of analysis for
638 purchased hemp or manufacturer hemp products and invoice and

639 transport documents that evidence the quantity purchased and date
640 received.

641 (c) (1) No hemp or producer hemp products shall be sold or
642 distributed within a dispensary facility that is licensed [under] pursuant
643 to this chapter.

644 (2) Notwithstanding subdivision (1) of this subsection, manufacturer
645 hemp products may be sold within a dispensary facility that is licensed
646 pursuant to this chapter, provided such manufacturer hemp products
647 are (A) sold from a location within the dispensary facility that is separate
648 from the area within such dispensary facility where marijuana is sold,
649 (B) labeled as hemp products that are not subject to marijuana testing
650 standards, and (C) sold in accordance with this chapter, chapter 424 and
651 any regulations adopted pursuant to said chapters.

652 Sec. 8. Subsections (d) and (e) of section 21a-420b of the general
653 statutes are repealed and the following is substituted in lieu thereof
654 (*Effective July 1, 2023*):

655 (d) No law enforcement officer employed by an agency that receives
656 state or local government funds shall expend state or local resources,
657 including the officer's time, to effect any arrest or seizure of cannabis, or
658 conduct any investigation, on the sole basis of activity the officer
659 believes to constitute a violation of federal law if the officer has reason
660 to believe that such activity is in compliance with this section and
661 sections 21a-420a, 21a-420c to 21a-420i, inclusive, 21a-420l to 21a-420n,
662 inclusive, as amended by this act, 21a-420p, as amended by this act, to
663 21a-420t, inclusive, 21a-420v to 21a-421c, inclusive, 21a-421f, as
664 amended by this act, 21a-421g, 21a-421j to 21a-421q, inclusive, 21a-421aa
665 to 21a-421dd, inclusive, 21a-422k and 53-247a₂ [and] sections 23, 60 and
666 63 to 65, inclusive, of public act 21-1 of the June special session₂ [or]
667 chapter 420f or section 2 of this act.

668 (e) An officer may not expend state or local resources, including the
669 officer's time, to provide any information or logistical support to any
670 federal law enforcement authority or prosecuting entity related to

671 activity the officer believes to constitute a violation of federal law if the
672 officer has reason to believe that such activity is in compliance with the
673 provisions of this section and sections 21a-420a, 21a-420c to 21a-420i,
674 inclusive, 21a-420l to 21a-420n, inclusive, as amended by this act, 21a-
675 420p to 21a-420t, inclusive, as amended by this act, 21a-420v to 21a-421c,
676 inclusive, 21a-421f, 21a-421g, 21a-421j to 21a-421q, inclusive, 21a-421aa to
677 21a-421dd, inclusive, 21a-422k and 53-247a, [and] sections 23, 60 and 63
678 to 65, inclusive, of public act 21-1 of the June special session, [or] chapter
679 420f or section 2 of this act.

680 Sec. 9. Subsection (k) of section 21a-420d of the general statutes is
681 repealed and the following is substituted in lieu thereof (*Effective July 1,*
682 *2023*):

683 (k) The council shall develop criteria for evaluating the ownership
684 and control of any equity joint venture created under section 21a-420m,
685 as amended by this act, 21a-420u, as amended by this act, or [section]
686 21a-420j, as amended by this act, or section 3 of this act and shall review
687 and approve or deny in writing such equity joint venture prior to such
688 equity joint venture being licensed [under] pursuant to section 21a-
689 420m, as amended by this act, 21a-420u, as amended by this act, or
690 [section] 21a-420j, as amended by this act, or section 3 of this act. After
691 developing criteria for social equity plans as described in subdivision
692 (5) of subsection (h) of this section, the council shall review and approve
693 or deny in writing any such plan submitted by a cannabis establishment
694 as part of its final license application. The council shall not approve any
695 equity joint venture applicant which shares with an equity joint venture
696 any individual owner who meets the criteria established in
697 subparagraphs (A) and (B) of subdivision [(48)] (51) of section 21a-420,
698 as amended by this act.

699 Sec. 10. Section 21a-420e of the general statutes is repealed and the
700 following is substituted in lieu thereof (*Effective July 1, 2023*):

701 (a) Not later than thirty days after the date that the Social Equity
702 Council identifies the criteria and the necessary supporting
703 documentation for social equity applicants and posts such information

704 on its Internet web site, the department may accept applications for the
705 following cannabis establishment license types: (1) Retailer, (2) hybrid
706 retailer, (3) cultivator, (4) micro-cultivator, (5) product manufacturer, (6)
707 food and beverage manufacturer, (7) product packager, (8) delivery
708 service, and (9) transporter. Each application for licensure shall require
709 the applicant to indicate whether the applicant wants to be considered
710 for treatment as a social equity applicant.

711 (b) On and after July 1, 2021, the department may accept applications
712 from any dispensary facility to convert its license to a hybrid-retailer
713 license and any producer for expanded authorization to engage in the
714 adult use cannabis market under its license issued pursuant to section
715 21a-408i.

716 (c) During the period beginning October 1, 2023, and ending
717 December 31, 2023, the department shall accept applications from any
718 hemp producer to become licensed as a cultivator or micro-cultivator
719 under section 2 of this act.

720 ~~[(c)]~~ (d) Except as provided in subsection ~~[(e)]~~ (f) of this section, the
721 following fees shall be paid by each applicant:

722 (1) For a retailer license, the fee to enter the lottery shall be five
723 hundred dollars, the fee to receive a provisional license shall be five
724 thousand dollars and the fee to receive a final license or a renewal of a
725 final license shall be twenty-five thousand dollars.

726 (2) For a hybrid retailer license, the fee to enter the lottery shall be five
727 hundred dollars, the fee to receive a provisional license shall be five
728 thousand dollars and the fee to receive a final license or a renewal of a
729 final license shall be twenty-five thousand dollars.

730 (3) For a cultivator license, the fee to enter the lottery shall be one
731 thousand dollars, the fee to receive a provisional license shall be twenty-
732 five thousand dollars and the fee to receive a final license or a renewal
733 of a final license shall be seventy-five thousand dollars.

734 (4) For a micro-cultivator license, the fee to enter the lottery shall be

735 two hundred fifty dollars, the fee to receive a provisional license shall
736 be five hundred dollars and the fee to receive a final license or a renewal
737 of a final license shall be one thousand dollars.

738 (5) For a product manufacturer license, the fee to enter the lottery
739 shall be seven hundred fifty dollars, the fee to receive a provisional
740 license shall be five thousand dollars and the fee to receive a final license
741 or a renewal of a final license shall be twenty-five thousand dollars.

742 (6) For a food and beverage manufacturer license, the fee to enter the
743 lottery shall be two hundred fifty dollars, the fee to receive a provisional
744 license shall be one thousand dollars and the fee to receive a final license
745 or a renewal of a final license shall be five thousand dollars.

746 (7) For a product packager license, the fee to enter the lottery shall be
747 five hundred dollars, the fee to receive a provisional license shall be five
748 thousand dollars and the fee to receive a final license or a renewal of a
749 final license shall be twenty-five thousand dollars.

750 (8) For a delivery service or transporter license, the fee to enter the
751 lottery shall be two hundred fifty dollars, the fee to receive a provisional
752 license shall be one thousand dollars and the fee to receive a final license
753 or a renewal of a final license shall be five thousand dollars.

754 (9) For an initial or renewal of a backer license, the fee shall be one
755 hundred dollars.

756 (10) For an initial or renewal of a key employee license, the fee shall
757 be one hundred dollars.

758 (11) For an initial or renewal of a registration of an employee who is
759 not a key employee, the fee shall be fifty dollars.

760 (12) The license conversion fee for a dispensary facility to become a
761 hybrid retailer shall be one million dollars, except as provided in section
762 21a-420u, as amended by this act.

763 (13) The license conversion fee for a producer to engage in the adult

764 use cannabis market shall be three million dollars, except as provided in
765 section 21a-420l.

766 (14) For a hemp producer that converts to a cultivator license under
767 section 2 of this act, (A) the fee to receive an initial license shall be twelve
768 dollars per square foot of grow space, provided, if the hemp producer
769 participates in two approved equity joint ventures as described in
770 section 3 of this act, such fee shall be six dollars per square foot of grow
771 space, and (B) the fee to receive a renewal of a license shall be the same
772 as the renewal fee established in subdivision (3) of this subsection.

773 (15) For a hemp producer that converts to a micro-cultivator license
774 under section 2 of this act, (A) the fee to receive an initial license shall be
775 twelve dollars per square foot of grow space, provided, if the hemp
776 producer participates in two approved equity joint ventures as
777 described in section 3 of this act, such fee shall be six dollars per square
778 foot of grow space, and (B) the fee to receive renewal of a final license
779 shall be the same as the renewal fee established in subdivision (4) of this
780 subsection.

781 ~~[(d)]~~ (e) For any dispensary facility that has become a hybrid retailer,
782 the renewal fee shall be the same as the fee for a hybrid retailer set forth
783 in subdivision (2) of subsection [(c)] (d) of this section. For any producer,
784 the renewal fee shall be the same as set forth in section 21a-408i. A social
785 equity applicant shall pay fifty per cent of the amount of any of the fees
786 specified in subsection [(c)] (d) of this section for the first three renewal
787 cycles of the applicable cannabis establishment license applied for, and
788 the full amount thereafter, provided in the case of the fees set forth in
789 subdivisions (12) and (13) of subsection [(c)] (d) of this section, a social
790 equity applicant shall pay the full amount of the fee.

791 ~~[(e)]~~ (f) (1) For the fiscal year ending June 30, 2023, [and thereafter,]
792 the fees collected by the department under this section shall be paid to
793 the State Treasurer and credited to the General Fund, except that the fees
794 collected under subdivisions (12) and (13) of subsection [(c)] (d) of this
795 section shall be deposited in the Social Equity and Innovation Fund
796 established under section 21a-420f, as amended by this act.

797 (2) For the fiscal year ending June 30, 2024, and thereafter, the fees
798 collected by the department under this section shall be paid to the State
799 Treasurer and credited to the General Fund, except that the fees
800 collected under subdivisions (12) to (15), inclusive, of subsection (d) of
801 this section shall be deposited in the Social Equity and Innovation Fund
802 established under section 21a-420f, as amended by this act.

803 ~~[(f)]~~ (g) For each license type:

804 (1) Applicants shall apply on a form and in a manner prescribed by
805 the commissioner, which form shall include a method for the applicant
806 to request consideration as a social equity applicant; and

807 (2) The department shall post on its Internet web site the application
808 period, which shall specify the first and last date that the department
809 will accept applications for that license type. The first date that the
810 department shall accept applications shall be no sooner than thirty days
811 after the date the Social Equity Council posts the criteria and supporting
812 documentation necessary to qualify for consideration as a social equity
813 applicant as set forth in section 21a-420g. Only complete license
814 applications received by the department during the application period
815 shall be considered.

816 Sec. 11. Subsections (a) and (b) of section 21a-420f of the general
817 statutes are repealed and the following is substituted in lieu thereof
818 (*Effective July 1, 2023*):

819 (a) (1) There is established an account to be known as the "cannabis
820 regulatory and investment account" which shall be a separate,
821 nonlapsing account within the General Fund. The account shall contain
822 any moneys required by law to be deposited in the account. Moneys in
823 the account shall be allocated by the Secretary of the Office of Policy and
824 Management, in consultation with the Social Equity Council, as defined
825 in section 21a-420, as amended by this act, to state agencies for the
826 purpose of paying costs incurred to implement the activities authorized
827 under RERACA, as defined in section 21a-420, as amended by this act.

828 (2) Notwithstanding the provisions of section 21a-420e, as amended
829 by this act, for the fiscal years ending June 30, 2022, and June 30, 2023,
830 the following shall be deposited in the cannabis regulatory and
831 investment account: (A) All fees received by the state pursuant to
832 section 21a-421b and subdivisions (1) to (11), inclusive, of subsection
833 [(c)] (d) of section 21a-420e, as amended by this act; (B) the tax received
834 by the state under section 12-330ll; and (C) the tax received by the state
835 under chapter 219 from a cannabis retailer, hybrid retailer or micro-
836 cultivator, as those terms are defined in section 12-330ll.

837 (3) At the end of the fiscal year ending June 30, 2023, all moneys
838 remaining in the cannabis regulatory and investment account shall be
839 transferred to the General Fund.

840 (b) (1) There is established an account to be known as the "social
841 equity and innovation account" which shall be a separate, nonlapsing
842 account within the General Fund. The account shall contain any moneys
843 required by law to be deposited in the account. Moneys in the account
844 shall be allocated by the Secretary of the Office of Policy and
845 Management, in consultation with the Social Equity Council, to state
846 agencies for the purpose of (A) paying costs incurred by the Social
847 Equity Council, (B) administering programs under RERACA to provide
848 (i) access to capital for businesses, (ii) technical assistance for the start-
849 up and operation of a business, (iii) funding for workforce education,
850 and (iv) funding for community investments, and (C) paying costs
851 incurred to implement the activities authorized under RERACA.

852 (2) Notwithstanding the provisions of sections 21a-420e, as amended
853 by this act, and 21a-420o, for the fiscal years ending June 30, 2022, and
854 June 30, 2023, the following shall be deposited in the social equity and
855 innovation account: All fees received by the state pursuant to sections
856 21a-420l, 21a-420o and 21a-420u, as amended by this act, and
857 subdivisions (12) and (13) of subsection [(c)] (d) of section 21a-420e, as
858 amended by this act.

859 (3) At the end of the fiscal year ending June 30, 2023, five million
860 dollars shall be transferred from the social equity and innovation

861 account to the General Fund, or, if the account contains less than five
862 million dollars, all remaining moneys in the account. All moneys in the
863 account not transferred to the General Fund pursuant to this
864 subdivision shall be transferred to the Social Equity and Innovation
865 Fund established under subsection (c) of this section.

866 Sec. 12. Subsection (f) of section 21a-420j of the general statutes is
867 repealed and the following is substituted in lieu thereof (*Effective July 1,*
868 *2023*):

869 (f) An equity joint venture applicant shall pay fifty per cent of the
870 amount of any applicable fee specified in subsection [(c)] (d) of section
871 21a-420e, as amended by this act, for the first three renewal cycles of the
872 applicable cannabis establishment license applied for, and shall pay the
873 full amount of such fee thereafter.

874 Sec. 13. Subsections (b) to (i), inclusive, of section 21a-420m of the
875 general statutes are repealed and the following is substituted in lieu
876 thereof (*Effective July 1, 2023*):

877 (b) The equity joint venture shall be in any cannabis establishment
878 licensed business, other than a cultivator license, provided such equity
879 joint venture is at least fifty per cent owned and controlled by an
880 individual or individuals who meet, or the equity joint venture
881 applicant is an individual who meets, the criteria established in
882 subparagraphs (A) and (B) of subdivision [(48)] (51) of section 21a-420,
883 as amended by this act.

884 (c) The equity joint venture applicant shall submit an application to
885 the Social Equity Council that may include, but need not be limited to,
886 evidence of business formation, ownership allocation, terms of
887 ownership and financing and proof of social equity status. The equity
888 joint venture applicant shall submit to the Social Equity Council
889 information including, but not limited to, the organizing documents of
890 the entity that outline the ownership stake of each backer, initial backer
891 investment and payout information to enable the council to determine
892 the terms of ownership.

893 (d) Upon obtaining the written approval of the Social Equity Council
894 for an equity joint venture, the equity joint venture applicant shall apply
895 for a license from the department in the same form as required by all
896 other licensees of the same license type, except that such application
897 shall not be subject to the lottery.

898 (e) A producer, including the backer of such producer, shall not
899 increase its ownership in an equity joint venture in excess of fifty per
900 cent during the seven-year period after a license is issued by the
901 department [under] pursuant to this section.

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

905 (g) If a producer has paid a reduced conversion fee, as described in
906 subsection (b) of section 21a-420l, and subsequently did not create two
907 equity joint ventures under this section that, not later than fourteen
908 months after the Department of Consumer Protection approved the
909 producer's license expansion application under section 21a-420l, each
910 received a final license from the department, the producer shall be liable
911 for the full conversion fee of three million dollars established in section
912 21a-420l minus such paid reduced conversion fee.

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

919 (i) An equity joint venture applicant shall pay fifty per cent of the
920 amount of any applicable fee specified in subsection ~~[(c)]~~ (d) of section
921 21a-420e, as amended by this act, for the first three renewal cycles of the
922 applicable cannabis establishment license applied for, and shall pay the
923 full amount of such fee thereafter.

924 Sec. 14. Subsection (b) of section 21a-420n of the general statutes is
925 repealed and the following is substituted in lieu thereof (*Effective July 1,*
926 *2023*):

927 (b) A cultivator is authorized to cultivate, grow and propagate
928 cannabis at an establishment containing not less than fifteen thousand
929 square feet of grow space, provided such cultivator complies with the
930 provisions of any regulations adopted under section 21a-420q, as
931 amended by this act, concerning grow space. A cultivator establishment
932 shall meet physical security controls and protocols set forth and
933 required by the commissioner. A cultivator that converts under section
934 2 of this act shall not cultivate, grow or propagate cannabis at an
935 establishment containing more than eighty thousand square feet of
936 grow space.

937 Sec. 15. Subsection (c) of section 21a-420p of the general statutes is
938 repealed and the following is substituted in lieu thereof (*Effective July 1,*
939 *2023*):

940 (c) A micro-cultivator may apply for expansion of its grow space, in
941 increments of five thousand square feet, on an annual basis, from the
942 date of initial licensure, if such licensee is not subject to any pending or
943 final administrative actions or judicial findings. If there are any pending
944 or final administrative actions or judicial findings against the licensee,
945 the department shall conduct a suitability review to determine whether
946 such expansion shall be granted, which determination shall be final and
947 appealable only to the Superior Court. The micro-cultivator may apply
948 for an expansion of its business annually upon renewal of its credential
949 until such licensee reaches a maximum of twenty-five thousand square
950 feet of grow space or, if such licensee converted under section 2 of this
951 act, a maximum of ten thousand square feet of grow space. If a micro-
952 cultivator desires to expand beyond twenty-five thousand square feet of
953 grow space, the micro-cultivator licensee may apply for a cultivator
954 license one year after its last expansion request. The micro-cultivator
955 licensee shall not be required to apply through the lottery application
956 process to convert its license to a cultivator license. If a micro-cultivator

957 maintains its license and meets all of the application and licensure
958 requirements for a cultivator license, including payment of the
959 cultivator license fee established under section 21a-420e, as amended by
960 this act, the micro-cultivator licensee shall be granted a cultivator
961 license.

962 Sec. 16. Section 21a-420q of the general statutes is repealed and the
963 following is substituted in lieu thereof (*Effective July 1, 2023*):

964 The commissioner shall adopt regulations, in accordance with the
965 provisions of chapter 54, to establish the maximum grow space
966 permitted by a cultivator and micro-cultivator. Such regulations shall
967 not permit a cultivator or micro-cultivator that converts under section 2
968 of this act to cultivate more than eighty thousand square feet or ten
969 thousand square feet of grow space, respectively, or the aggregate grow
970 space of all cultivators and micro-cultivators that convert under said
971 section 2 of this act to exceed two hundred fifty thousand square feet. In
972 adopting such regulations, the commissioner shall seek to ensure an
973 adequate supply of cannabis for the market. Notwithstanding the
974 requirements of sections 4-168 to 4-172, inclusive, in order to effectuate
975 this section, prior to adopting such regulations, the commissioner shall
976 issue policies and procedures to implement the provisions of this section
977 that shall have the force and effect of law. The commissioner shall post
978 all policies and procedures on the department's Internet web site and
979 submit such policies and procedures to the Secretary of the State for
980 posting on the eRegulations System, at least fifteen days prior to the
981 effective date of any policy or procedure. Any such policy or procedure
982 shall no longer be effective upon the earlier of either the adoption of the
983 policy or procedure as a final regulation under section 4-172 or forty-
984 eight months from July 1, 2021, if such regulations have not been
985 submitted to the legislative regulation review committee for
986 consideration under section 4-170.

987 Sec. 17. Section 21a-420r of the general statutes is repealed and the
988 following is substituted in lieu thereof (*Effective July 1, 2023*):

989 (a) On and after July 1, 2021, the department may issue or renew a

990 license for a person to be a retailer. No person may act as a retailer or
991 represent that such person is a retailer unless such person has obtained
992 a license from the department pursuant to this section.

993 (b) A retailer may obtain cannabis from a cultivator, micro-cultivator,
994 producer, product packager, food and beverage manufacturer, product
995 manufacturer or transporter or an undeliverable return from a delivery
996 service. A retailer may sell, transport or transfer cannabis or cannabis
997 products to a delivery service, laboratory or research program. A retailer
998 may sell cannabis to a consumer or research program. A retailer may
999 not conduct sales of medical marijuana products nor offer discounts or
1000 other inducements to qualifying patients or caregivers. A retailer shall
1001 not gift or transfer cannabis at no cost to a consumer as part of a
1002 commercial transaction.

1003 (c) Retailers shall maintain a secure location, in a manner approved
1004 by the commissioner, at the licensee's premises where cannabis that is
1005 unable to be delivered by an employee or delivery service may be
1006 returned to the retailer. Such secure cannabis return location shall meet
1007 specifications set forth by the commissioner and published on the
1008 department's Internet web site or included in regulations adopted by
1009 the department.

1010 (d) A retailer may deliver cannabis through a delivery service or by
1011 utilizing its own employees, subject to the provisions of subsection (b)
1012 of section 21a-420c.

1013 (e) Notwithstanding the requirements of sections 4-168 to 4-172,
1014 inclusive, in order to effectuate the purposes of this section and protect
1015 public health and safety, the commissioner, prior to amending any
1016 regulations adopted pursuant to chapter 54 to implement the provisions
1017 of this section, shall issue policies and procedures to implement the
1018 provisions of this section, which policies and procedures shall have the
1019 force and effect of law. The commissioner shall post each such policy or
1020 procedure on the department's Internet web site, and submit such policy
1021 or procedure to the Secretary of the State for posting on the eRegulations
1022 System, at least fifteen days prior to the effective date of such policy or

1023 procedure. Any such policy or procedure shall no longer be effective
1024 upon the earlier of either the adoption of such policy or procedure as a
1025 final regulation pursuant to section 4-172 or June 30, 2027, if such
1026 regulations have not been submitted to the legislative regulation review
1027 committee for consideration under section 4-170. At a minimum, such
1028 policies, procedures and regulations shall require that each
1029 manufacturer hemp product be:

1030 (1) Labeled in a manner that indicates that such manufacturer hemp
1031 product is (A) a manufacturer hemp product, (B) subject to different
1032 testing standards than cannabis, and (C) not cannabis or a cannabis
1033 product; and

1034 (2) Stored separately from cannabis and cannabis products and
1035 displayed with signage approved by the department.

1036 Sec. 18. Section 21a-420s of the general statutes is repealed and the
1037 following is substituted in lieu thereof (*Effective July 1, 2023*):

1038 (a) On and after July 1, 2021, the department may issue or renew a
1039 license for a hybrid retailer. No person may act as a hybrid retailer or
1040 represent that such person is a hybrid retailer unless such person has
1041 obtained a license from the department pursuant to this section.

1042 (b) A hybrid retailer may obtain cannabis from a cultivator, micro-
1043 cultivator, producer, product packager, food and beverage
1044 manufacturer, product manufacturer or transporter. In addition to the
1045 activities authorized under section 21a-420t, a hybrid retailer may sell,
1046 transport or transfer cannabis to a delivery service, laboratory or
1047 research program. A hybrid retailer may sell cannabis products to a
1048 consumer or research program. A hybrid retailer shall not gift or
1049 transfer cannabis at no cost to a consumer, qualifying patient or
1050 caregiver as part of a commercial transaction.

1051 (c) In addition to conducting general retail sales, a hybrid retailer may
1052 sell cannabis and medical marijuana products, to qualifying patients
1053 and caregivers. Any cannabis or medical marijuana products sold to

1054 qualifying patients and caregivers shall be dispensed by a licensed
1055 pharmacist and shall be recorded in the electronic prescription drug
1056 monitoring program, established pursuant to section 21a-254, in real-
1057 time or immediately upon completion of the transaction, unless not
1058 reasonably feasible for a specific transaction, but in no case longer than
1059 one hour after completion of the transaction. Only a licensed pharmacist
1060 or dispensary technician may upload or access data in the prescription
1061 drug monitoring program.

1062 (d) A hybrid retailer shall maintain a licensed pharmacist on premises
1063 at all times when the hybrid retail location is open to the public or to
1064 qualifying patients and caregivers.

1065 (e) The hybrid retailer location shall include a private consultation
1066 space for pharmacists to meet with qualifying patients and caregivers.
1067 Additionally, the hybrid retailer premises shall accommodate an
1068 expedited method of entry that allows for priority entrance into the
1069 premises for qualifying patients and caregivers.

1070 (f) Hybrid retailers shall maintain a secure location, in a manner
1071 approved by the commissioner, at the licensee's premises where
1072 cannabis that is unable to be delivered may be returned to the hybrid
1073 retailer. Such secure cannabis return location shall meet specifications
1074 set forth by the commissioner and published on the department's
1075 Internet web site or included in regulations adopted by the department.

1076 (g) Cannabis dispensed to a qualifying patient or caregiver that are
1077 unable to be delivered and are returned by the delivery service to the
1078 hybrid retailer shall be returned to the licensee inventory system and
1079 removed from the prescription drug monitoring program not later than
1080 forty-eight hours after receipt of the cannabis from the delivery service.

1081 (h) A hybrid retailer may not convert its license to a retailer license.
1082 To obtain a retailer license, a hybrid retailer shall apply through the
1083 lottery application process. A hybrid retailer may convert to a
1084 dispensary facility if the hybrid retailer complies with all applicable
1085 provisions of chapter 420f, and upon written approval by the

1086 department.

1087 (i) Notwithstanding the requirements of sections 4-168 to 4-172,
1088 inclusive, in order to effectuate the purposes of this section and protect
1089 public health and safety, the commissioner, prior to amending any
1090 regulations adopted pursuant to chapter 54 to implement the provisions
1091 of this section, shall issue policies and procedures to implement the
1092 provisions of this section, which policies and procedures shall have the
1093 force and effect of law. The commissioner shall post each such policy or
1094 procedure on the department's Internet web site, and submit such policy
1095 or procedure to the Secretary of the State for posting on the eRegulations
1096 System, at least fifteen days prior to the effective date of such policy or
1097 procedure. Any such policy or procedure shall no longer be effective
1098 upon the earlier of either the adoption of such policy or procedure as a
1099 final regulation pursuant to section 4-172 or June 30, 2027, if such
1100 regulations have not been submitted to the legislative regulation review
1101 committee for consideration under section 4-170. At a minimum, such
1102 policies, procedures and regulations shall require that each
1103 manufacturer hemp product be:

1104 (1) Labeled in a manner that indicates that such manufacturer hemp
1105 product is (A) a manufacturer hemp product, (B) subject to different
1106 testing standards than cannabis, and (C) not cannabis or a cannabis
1107 product; and

1108 (2) Stored separately from cannabis and cannabis products and
1109 displayed with signage approved by the department.

1110 Sec. 19. Subsections (b) to (i), inclusive, of section 21a-420u of the
1111 general statutes are repealed and the following is substituted in lieu
1112 thereof (*Effective July 1, 2023*):

1113 (b) Any equity joint venture created under this section shall be
1114 created for the development of a cannabis establishment, other than a
1115 cultivator, provided such equity joint venture is at least fifty per cent
1116 owned and controlled by an individual or individuals who meet, or the
1117 equity joint venture applicant is an individual who meets, the criteria

1118 established in subparagraphs (A) and (B) of subdivision [(48)] (51) of
1119 section 21a-420, as amended by this act.

1120 (c) An equity joint venture applicant shall submit an application to
1121 the Social Equity Council that may include, but need not be limited to,
1122 evidence of business formation, ownership allocation, terms of
1123 ownership and financing and proof of social equity status. The equity
1124 joint venture applicant shall submit to the Social Equity Council
1125 information including, but not limited to, the organizing documents of
1126 the entity that outline the ownership stake of each backer, initial backer
1127 investment and payout information to enable the council to determine
1128 the terms of ownership.

1129 (d) Upon receipt of written approval of the equity joint venture by
1130 the Social Equity Council, the equity joint venture applicant shall apply
1131 for a license from the department in the same form as required by all
1132 other licensees of the same license type and subject to the same fees as
1133 required by all other licensees of the same license type.

1134 (e) A dispensary facility, including the backers of such dispensary
1135 facility, shall not increase its ownership in an equity joint venture in
1136 excess of fifty per cent during the seven-year period after a license is
1137 issued by the department [under] pursuant to this section.

1138 (f) Equity joint ventures that are retailers or hybrid retailers that share
1139 a common dispensary facility or dispensary facility backer owner shall
1140 not be located within twenty miles of another commonly owned equity
1141 joint venture.

1142 (g) If a dispensary facility has paid the reduced conversion fee, in
1143 accordance with subsection (a) of this section, and did not subsequently
1144 create one equity joint venture under this section that, not later than
1145 fourteen months after the Department of Consumer Protection
1146 approved the dispensary facility's license conversion application under
1147 section 21a-420t, receives a final license from the department, the
1148 dispensary facility shall be liable for the full conversion fee of one
1149 million dollars established in section 21a-420e, as amended by this act,

1150 minus such paid reduced conversion fee.

1151 (h) No dispensary facility that receives approval to convert the
1152 dispensary facility's license to a hybrid-retailer license under section
1153 21a-420t shall create more than two equity joint ventures. No such
1154 dispensary facility shall apply for, or create, any additional equity joint
1155 venture if [, on the effective date of this section,] such dispensary facility
1156 has created at least two equity joint ventures that have each received a
1157 provisional license.

1158 (i) An equity joint venture applicant shall pay fifty per cent of the
1159 amount of any applicable fee specified in subsection [(c)] (d) of section
1160 21a-420e, as amended by this act, for the first three renewal cycles of the
1161 applicable cannabis establishment license applied for, and shall pay the
1162 full amount of such fee thereafter.

1163 Sec. 20. Section 21a-421f of the general statutes is repealed and the
1164 following is substituted in lieu thereof (*Effective July 1, 2023*):

1165 (a) The Social Equity Council, in coordination with the Departments
1166 of Consumer Protection and Economic and Community Development,
1167 shall develop a cannabis business accelerator program to provide
1168 technical assistance to participants by partnering participants with a
1169 cannabis establishment. The Social Equity Council may partner with a
1170 constituent unit of the state system of higher education in developing
1171 the program.

1172 (b) Any individual who would qualify as a social equity applicant
1173 may apply to participate in the accelerator program under this section.

1174 (c) [On and after October 1, 2021, the] The Social Equity Council may
1175 accept applications from an individual described in subsection (b) of this
1176 section for the component of the accelerator program corresponding to
1177 each of the following license types: (1) Retailer, (2) cultivator, (3) product
1178 manufacturer, (4) food and beverage manufacturer, and (5) product
1179 packager.

1180 (d) [On and after July 1, 2022, the] The council may accept

1181 applications from (1) retailers, (2) cultivators, (3) product
1182 manufacturers, (4) food and beverage manufacturers, (5) product
1183 packagers, (6) hybrid-retailers, and (7) micro-cultivators, licensed
1184 pursuant to section 21a-420e, as amended by this act, to partner with
1185 participants in the accelerator program component corresponding to the
1186 same license type, provided an accelerator retailer participant may be
1187 partnered with either a retailer or hybrid retailer and an accelerator
1188 cultivator participant may be partnered with either a cultivator or
1189 micro-cultivator.

1190 (e) As part of the cannabis business accelerator program, accelerator
1191 participants may be required to participate in training on accounting
1192 methods, business services, how to access capital markets and financing
1193 opportunities and on regulatory compliance. Social equity applicants
1194 who have been awarded either a provisional license or a final license for
1195 a cannabis establishment may participate in the training programs made
1196 available under this section.

1197 (f) The Social Equity Council shall facilitate opportunities for
1198 participants in the cannabis business accelerator program to meet with
1199 potential investors.

1200 (g) A participant who has partnered with a cannabis establishment
1201 pursuant to subsection (d) of this section shall be allowed to participate
1202 in any activity of the cannabis establishment with the same privileges
1203 afforded by the cannabis establishment's license to employees of such
1204 cannabis establishment.

1205 (h) Each participant shall annually apply for and obtain a registration,
1206 on a form and in a manner prescribed by the commissioner, prior to
1207 participating in any activity of a cannabis establishment. The Social
1208 Equity Council may charge a registration fee to participants.

1209 (i) The Social Equity Council may determine the duration of the
1210 program and number of participants under this section.

1211 Sec. 21. Section 22-61n of the general statutes is repealed and the

1212 following is substituted in lieu thereof (*Effective July 1, 2023*):

1213 (a) As used in this section: [, "producer", "cultivator", "micro-
1214 cultivator", "product manufacturer", "hybrid retailer" and "retailer" have
1215 the same meanings as provided in section 21a-420; and "hemp" and
1216 "hemp products" have the same meanings as provided in section 22-61l.]

1217 (1) "Cultivator" has the same meaning as provided in section 21a-420,
1218 as amended by this act;

1219 (2) "Dispensary facility" has the same meaning as provided in section
1220 21a-420, as amended by this act;

1221 (3) "Hemp" has the same meaning as provided in section 22-61l;

1222 (4) "Hemp products" has the same meaning as provided in section 22-
1223 61l;

1224 (5) "Hybrid retailer" has the same meaning as provided in section 21a-
1225 420, as amended by this act;

1226 (6) "Micro-cultivator" has the same meaning as provided in section
1227 21a-420, as amended by this act;

1228 (7) "Producer" has the same meaning as provided in section 21a-420,
1229 as amended by this act;

1230 (8) "Producer hemp product" has the same meaning as provided in
1231 section 22-61l;

1232 (9) "Product manufacturer" has the same meaning as provided in
1233 section 21a-420, as amended by this act; and

1234 (10) "Retailer" has the same meaning as provided in section 21a-420,
1235 as amended by this act.

1236 (b) Any producer, cultivator, micro-cultivator and product
1237 manufacturer may manufacture, market, cultivate or store hemp and
1238 hemp products in accordance with the provisions of this chapter and

1239 any regulations adopted [under] pursuant to said chapter, except that a
 1240 producer, cultivator, micro-cultivator and product manufacturer may
 1241 obtain hemp and hemp products from a person authorized under the
 1242 laws of this state or another state, territory or possession of the United
 1243 States or another sovereign entity to possess and sell such hemp and
 1244 hemp products.

1245 (c) Hemp or hemp products purchased by a producer, cultivator,
 1246 micro-cultivator or product manufacturer from a third party shall be
 1247 tracked as a separate batch throughout the manufacturing process in
 1248 order to document the disposition of such hemp or hemp products.
 1249 Once hemp or hemp products are received by a producer, cultivator,
 1250 micro-cultivator or product manufacturer, such hemp or hemp products
 1251 shall be deemed cannabis and shall comply with the requirements for
 1252 cannabis contained in the applicable provisions of the general statutes
 1253 and any regulations adopted [under] pursuant to such provisions. A
 1254 producer, cultivator, micro-cultivator and product manufacturer shall
 1255 retain a copy of the certificate of analysis for purchased hemp or hemp
 1256 products and invoice and transport documents that evidence the
 1257 quantity purchased and date received.

1258 (d) No hemp or producer hemp [products shall] product may be
 1259 dispensed, sold or distributed within a dispensary facility that is
 1260 licensed [under] pursuant to chapter 420f or the business premises of a
 1261 retailer or hybrid retailer. [or a retailer.]

| | | |
|---|--------------|---------------------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | July 1, 2023 | 21a-420 |
| Sec. 2 | July 1, 2023 | New section |
| Sec. 3 | July 1, 2023 | New section |
| Sec. 4 | July 1, 2023 | 21a-278b(a) |
| Sec. 5 | July 1, 2023 | 21a-408 |
| Sec. 6 | July 1, 2023 | 21a-408h |
| Sec. 7 | July 1, 2023 | 21a-409 |
| Sec. 8 | July 1, 2023 | 21a-420b(d) and (e) |
| Sec. 9 | July 1, 2023 | 21a-420d(k) |

| | | |
|---------|--------------|---------------------|
| Sec. 10 | July 1, 2023 | 21a-420e |
| Sec. 11 | July 1, 2023 | 21a-420f(a) and (b) |
| Sec. 12 | July 1, 2023 | 21a-420j(f) |
| Sec. 13 | July 1, 2023 | 21a-420m(b) to (i) |
| Sec. 14 | July 1, 2023 | 21a-420n(b) |
| Sec. 15 | July 1, 2023 | 21a-420p(c) |
| Sec. 16 | July 1, 2023 | 21a-420q |
| Sec. 17 | July 1, 2023 | 21a-420r |
| Sec. 18 | July 1, 2023 | 21a-420s |
| Sec. 19 | July 1, 2023 | 21a-420u(b) to (i) |
| Sec. 20 | July 1, 2023 | 21a-421f |
| Sec. 21 | July 1, 2023 | 22-61n |

Statement of Legislative Commissioners:

Section 1(1) was rewritten for consistency with standard drafting conventions and accuracy; in Section 4(a), "420f or" was changed to "420f, [or]" and "[or] as amended by this act," was changed to "as amended by this act, or" for consistency with standard drafting conventions; in Sections 5(3)(A) and (B), "who is" was added for clarity; in Sections 8(d) and (e), "53-247a and" was changed to "53-247a, [and]" for consistency with standard drafting conventions; and in Section 9(k), "section 21a-420j" was changed to "[section] 21a-420j" and "or" was unbracketed for consistency with standard drafting conventions.

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 24 \$ | FY 25 \$ |
|--|--|-----------|-----------------------|
| Consumer Protection, Dept. | GF - Cost | 107,259 | 107,715 |
| State Comptroller - Fringe Benefits ¹ | GF - Cost | 42,075 | 43,126 |
| Department of Revenue Services | Various - Revenue Gain | Potential | Potential Significant |
| Department of Revenue Services | Social Equity and Innovation Fund - Potential Revenue Gain | See Below | See Below |
| Resources of the General Fund | GF - Potential Revenue Gain | See Below | See Below |

Note: GF=General Fund; Various=Various

Municipal Impact:

| Municipalities | Effect | FY 24 \$ | FY 25 \$ |
|------------------------|------------------------|----------|-----------|
| Various Municipalities | Potential Revenue Gain | None | See Below |

Explanation

The bill allows hemp producers to convert their license to a cultivator or micro-cultivator cannabis license resulting in the various costs and revenue gains described below.

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 42.82% of payroll in FY 24.

Cost:

To meet the requirements of the bill DCP will have to hire one drug control agent for a salary and other expenses cost of \$107,259 in FY 24 and \$107,715 in FY 25, along with corresponding fringe benefits costs of \$42,075 in FY 24 and \$43,126 in FY 25. The additional employee is needed to regulate this new market through inspections, monitoring compliance and security, employee licensing, and investigating complaints.

Revenue Impact:

State and Municipal Tax Impact. The bill results in a potential significant revenue gain to the state anticipated to begin in FY 25 by allowing hemp producers to apply for licensure to cultivate cannabis.

The actual revenue gain to the state would depend upon the number of hemp cultivator licenses approved and the total volume of product that is produced and sold per year. The state's sales tax and cannabis excise tax would apply to the cannabis sold.

The bill also results in a potential revenue gain to municipalities in which the retailer selling the cannabis permitted under this bill is located. Under current law, there is a 3% municipal sales tax imposed on the retail sale of cannabis.

The bill also results in a potential revenue gain in sales tax to the state by allowing the sale of manufactured hemp products in licensed dispensary facilities and cannabis retailers. Any tax revenue impact would be only to the extent that there is an increase in hemp products sales rather than a shift from currently allowed transactions for hemp products.

Currently there are 78 hemp producers licensed in the state.

Licensing fees. The bill results in a potential revenue gain of up to \$3 million by charging a fee of \$12 per square foot of growing space to hemp producers converting to cultivators or micro-cultivators. The total

aggregate allowable grow space for hemp producers under the bill is 250,000 square feet.

Under the bill, the conversion fee revenue generated is to be deposited into the Social Equity and Innovation Fund.

The bill also results in a potential revenue gain to the General Fund to the extent additional cultivator and micro-cultivator licenses are applied for. The annual renewal fee for a cultivator license is \$75,000 and the annual renewal fee for a micro-cultivator license is \$1,000.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of permits applied for and inflation.

OLR Bill Analysis**sHB 6700*****AN ACT CONCERNING HEMP LICENSEES AND THE ADULT-USE CANNABIS MARKET.*****SUMMARY**

This bill allows licensed hemp producers to convert their license to an adult-use cannabis cultivator or micro-cultivator license and establishes a process for them to do so. It also allows for sales of manufacturer hemp products (intended for human consumption) in licensed dispensary facilities and cannabis retailers and hybrid retailers.

The bill allows converted licensees to pay a reduced fee if they create two equity joint ventures and subjects them to similar requirements as those under existing law for other licenses. By law, 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 and is not subject to the lottery system for awarding most licenses to operate in the legal market.

Under the bill, the initial license fee for a converted cultivator or micro-cultivator is \$12 per square foot of grow space. But if the hemp producer participates in two approved equity joint ventures, the reduced fee is \$6 per square foot. It also limits a converted (1) cultivator licensee to 80,000 square feet of grow space and (2) micro-cultivator licensee to 10,000 square feet of grow space.

The bill also makes various minor, technical, and conforming changes, such as adding license conversions to certain cannabis-related conversions (e.g., prohibition on manufacturing and using law enforcement resources).

Finally, the bill also eliminates the reporting requirement that each dispensary facility annually provide the Department of Consumer Protection (DCP) with data relating to the types, mixtures, and dosages of medical marijuana the facility dispenses.

EFFECTIVE DATE: July 1, 2023

§§ 1-2, 10 & 14-16 — CULTIVATOR OR MICRO-CULTIVATOR CONVERSION

Under the bill, a hemp producer that has been licensed by the Department of Agriculture for the majority of the period beginning January 1, 2021, and ending January 1, 2023, may apply, between October 1, 2023, and December 31, 2023, to DCP for an adult-use cannabis cultivator license or micro-cultivator license without entering the lottery.

Application

The bill requires the application to be in a form and manner the DCP commissioner chooses and include the following:

1. an attestation that the applicant hemp producer has not undergone any ownership change since January 1, 2023;
2. an acknowledgment and affirmation that before being awarded a provisional cultivator or micro-cultivator license, the applicant will surrender their license as a hemp producer;
3. an attestation to the creation of equity joint ventures; and
4. any other item the commissioner deems relevant for a license conversion application.

Limit on Application Approvals

The bill prohibits DCP from approving any submitted application if approval would cause the aggregate grow space of all applicant hemp producers who convert to a cultivator or micro-cultivator license to exceed 250,000 square feet.

Prohibitions

Under the bill a cultivator or micro-cultivator licensee is prohibited from also holding a hemp producer license. Upon surrendering a hemp producer license and being licensed as a cultivator or micro-cultivator, all hemp inventory in the cultivator or micro-cultivator licensee's possession must be deemed to be cannabis and subject to all cannabis reporting, handling, security, testing, and other standards as required by law.

The bill prohibits hemp producers that convert to a cultivator or micro-cultivator license from adding a new owner after receiving a provisional license with one exception. Within three years after receiving a final license, the cultivator or micro-cultivator may add a new owner who meets the criteria of a social equity applicant.

By law, a "social equity applicant" for a cannabis establishment license is either at least 65% owned and controlled by an individual or individuals, or is an individual who meets the following income and residency requirements:

1. has an average household income that was less than 300% of the state median over the three tax years immediately before the application and
2. has been a resident of a disproportionately impacted area for at least (a) five of the 10 years immediately before applying for the license or (b) nine years before they turned age 18.

Initial & Renewal License Fees

Under the bill, the initial license fee for a converted cultivator or micro-cultivator is \$12 per square foot of grow space. But if the hemp producer participates in two approved equity joint ventures, this fee is reduced to \$6 per square foot. The renewal fee is then the same as a cultivator (\$75,000) or micro-cultivator (\$1,000).

Grow Space Limits

The bill prohibits a hemp producer that converts its license from cultivating, growing, or propagating cannabis at an establishment containing more than 80,000 square feet under a cultivator license and 10,000 square feet under a micro-cultivator license.

Current law requires the DCP commissioner to adopt regulations and issue policies and procedures to establish the maximum grow space allowed for a cultivator and micro-cultivator. In adopting these regulations, the commissioner must seek to ensure an adequate supply of cannabis for the market. The bill prohibits these regulations from allowing a converted cultivator or micro-cultivator to cultivate more than the grow space allowed under the bill.

Under current law and operational policies and procedures, a cultivator must have between 15,000 and 250,000 square feet of grow space and outdoor grow in total; a micro-cultivator must have between 2,000 and 10,000 square feet of grow space and outdoor grow in total but can apply for an expansion of up to 25,000 square feet (CGS §§ 21a-420n(b) & -420p(b); Conn. Agencies Regs. § 21a-421j-24(c)).

§§ 3, 9, 11-12 & 21 — EQUITY JOINT VENTURES

Under the bill, to qualify for a reduced license fee, a hemp producer applying to convert to a cultivator or micro-cultivator license must create two equity joint ventures. These ventures must (1) be approved by the Social Equity Council, (2) be licensed by DCP, (3) be demonstrated by filings with the Secretary of the State (SOTS) with organizing documents disclosing the terms of the business relationship between the applicant and the equity joint ventures, and (4) have an attestation to the creation of the equity joint ventures on the submitted license application.

Qualifications

Under the bill, each equity joint venture created must be in any cannabis establishment-licensed business other than a licensed cultivator or micro-cultivator. In addition, the equity joint venture must

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 “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, product packager, delivery service, or transporter.

Application Procedures and Contents

Similar to existing law for equity joint ventures, the bill requires each equity joint venture applicant to submit an application to the Social Equity Council that may include evidence of business formation, ownership allocation, terms of ownership and financing, and proof of social equity status. The applicant must submit information to the council that enables it to determine the ownership terms. This information includes the entity’s organizing documents that outline the ownership stake of each backer, initial backer investment, and payout information.

Upon receiving the council’s written approval for an equity joint venture, the applicant must apply for a DCP license in the same form as required by all other licensees of the same license type, except that the application is not subject to the lottery.

Ownership and Proximity Limits

The bill prohibits a converted hemp producer that receives a cultivator or micro-cultivator license, including the backers listed on their conversion application, 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 are retailers or hybrid retailers from being located within 20 miles of another equity joint venture that shares a common backer of a converted cultivator or micro-cultivator.

Fee Liability

Under the bill, a converted hemp producer that paid a reduced license fee is liable for the balance of the full fee if it fails to create its two equity joint ventures, so long as each of the ventures received their final licenses within 14 months of DCP approving the cultivator or micro-cultivator license.

Limitations

The bill limits converted cultivators or micro-cultivators to creating two equity joint ventures. They may not apply for, or create, any additional equity joint ventures once their two created equity joint ventures have each received a provisional license.

Reduced License Renewal Fees

The bill requires an equity joint venture applicant to pay 50% of any applicable licensing fees for the first three renewals and then the full amount after that.

Social Equity and Innovation Fund

For FY 24 and thereafter, the bill requires the license fees DCP collects from these hemp conversions to be paid to the Social Equity and Innovation Fund. By law, dispensary facility and producer conversion fees are already paid into this fund, while the other license fees are paid to the State Treasurer and credited to the General Fund.

By law, the Social Equity and Innovation Fund must be appropriated for the following purposes:

1. paying costs incurred by the Social Equity Council;
2. administering programs under the cannabis law to provide (a) access to capital for businesses, (b) technical assistance for the start-up and operation of a business, (c) funding for workforce education, and (d) funding for community investments; and
3. paying costs incurred to implement the activities authorized under the cannabis law.

§§ 5-7 & 17-18 — MANUFACTURED HEMP SOLD IN ADDITIONAL VENUES***Regulations, Procedures, and Policies***

The bill requires the DCP commissioner to amend regulations to implement the bill's provisions. Regardless of the Uniform Administrative Procedure Act's regulation adoption process, to carry out the bill's purposes and protect public health and safety the commissioner, before amending the required regulations, must issue policies and procedures which have the force and effect of law.

At least 15 days before the policies and procedures take effect, the bill requires the commissioner to post them on DCP's website and submit them to SOTS to be posted on the eRegulations system. A policy or procedure is no longer effective once SOTS codifies the final regulation or on June 30, 2027, if the regulations have not been submitted to the Regulation Review Committee.

By January 1, 2024, the DCP commissioner must issue policies and procedures to allow licensed dispensary facilities to acquire manufacturer hemp products from hemp manufacturers and sell these products to qualifying patients and caregivers in accordance with the medical marijuana laws and regulations. At a minimum these regulations must require that each manufacturer hemp product meet the following criteria:

1. be labeled to indicate that it is (a) a manufacturer hemp product, (b) subject to different testing standards than marijuana, and (c) not marijuana; and
2. be stored separately from marijuana, depending on the store, and displayed with DCP-approved signage.

By law, "manufacturer hemp product" means a commodity manufactured from the hemp plant, for commercial or research purposes, that is intended for human ingestion, inhalation, absorption, or other internal consumption, and contains a delta-9 tetrahydrocannabinol (THC) concentration of up to 0.3% on a dry

weight basis or per volume or weight of the manufacturer hemp product.

The bill also provides substantially similar requirements for retailers and hybrid retailers to sell manufacturer hemp products. However, the requirements apply to cannabis and cannabis products and only require the commissioner to adopt regulations and issue policies and procedures on labeling and storage requirements and not on acquiring and selling.

Dispensary, Retailer, and Hybrid Retailer Sales

Current law prohibits a dispensary facility from selling or distributing hemp or hemp products. The bill specifies that the prohibition relates to producer hemp products and allows sales under certain conditions.

Under the bill, manufacturer hemp products may be sold within a licensed dispensary facility if the products are (1) sold from a separate location within the dispensary facility from where the medical marijuana is sold, (2) labeled as hemp products that are not subject to marijuana testing standards, and (3) sold in accordance with the medical marijuana and hemp laws and any regulations adopted under them.

Producer Hemp Product

Current law prohibits hemp or hemp products from being sold or distributed within a dispensary facility or the business premises of a cannabis retailer or hybrid retailer. Under the bill, this ban applies only to producer hemp products. (Manufacturer hemp products are intended for human consumption, while producer hemp products are not.)

By law, a “producer hemp product” means any of the following produced in the state: raw hemp products, fiber-based hemp products, or animal hemp food products, each containing a THC concentration of less than 0.3% on a dry weight basis or per volume or weight of the product.

BACKGROUND***Hemp and Cannabis***

By law and federal law, “hemp” is the plant *Cannabis sativa* L. and any part of it, including seeds and derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a THC concentration of not more than 0.3% on a dry weight basis.

By law, “cannabis” means marijuana as defined in state law, which means all parts of a plant or species of the genus *cannabis*, whether growing or not, and including its seeds and resin; its compounds, manufactures, salts, derivatives, mixtures, and preparations; and cannabimon, cannabimol, cannabidiol (CBD), and similar compounds unless derived from hemp as defined in state law; any product made using hemp, as defined in state law, with more than 0.3% total THC concentration on a dry-weight basis, manufactured cannabinoids, and certain synthetic cannabinoids, except those not included below; or cannabimon, cannabimol, CBD, and similar compounds unless derived from hemp, except CBD derived from hemp with THC with more than 0.3% on a dry-weight basis.

Cannabis does not include the following:

1. a plant’s mature stalks; fiber made from the stalks; oil or cake made from the seeds; a compound, manufacture, salt, derivative, mixture, or preparation made from the stalks, except the extracted resin;
2. sterilized seeds which are incapable of germination;
3. hemp with a total THC concentration of up to 0.3% on a dry-weight basis;
4. any substance the federal Food and Drug Administration approves as a drug and that is reclassified in any controlled substance schedule, or that the federal Drug Enforcement Administration unclassifies; or

5. synthetic cannabinoids that the DCP commissioner designates as controlled substances and classifies in the appropriate schedule through regulations.

COMMITTEE ACTION

General Law Committee

Joint Favorable Substitute

Yea 18 Nay 4 (03/07/2023)