



Agency Legislative Proposal – 2024 Session

Document Name:

Document Name	2024 Social Equity Council Legislative Proposal
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Naming Format: AGENCY ACRONYM PROPOSAL NUMBER - TOPIC

Please insert a copy of the fully drafted bill at the end of this document (required for review)

Legislative Liaison	Kristina Diamond 860-513-8481 Kristina.diamond@ct.gov
Division Requesting This Proposal	Social Equity Council
Drafter	Kristina Diamond Komla Matrevi

Title of Proposal	An Act Concerning Responsible and Equitable Regulation of Adult-Use Cannabis
Statutory Reference if any	21a-420d(l) 21a-420g(j) 21a-420d(k)
Brief Summary and Statement of Purpose	The Social Equity Council recommends several changes to the Responsible and Equitable Regulation of Adult-Use Cannabis Act (RERACA) to improve social equity programs. The changes sunsets the timeline for the Section 149 applicants who have not paid the \$3M provisional license fee and allow social equity applicants to create more than one EJV.

SECTION-BY-SECTION SUMMARY

Summarize sections in groups where appropriate



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Section 1 amends Section 21a-420d(l) to allow the Council more flexibility in developing a program to assist social equity applicants when opening micro-cultivator establishment businesses.

Section 2 amends Section 21a-420g(j) to sunset the timeline for the Section 149 applicants who have not paid the \$3M provisional license fee.

Section 3 amends 21a-420d(k) to allow a social equity applicant to partner in more than one Equity Joint Venture (EJV).

BACKGROUND

Origin of Proposal

New Proposal

Resubmission

If this is a resubmission, please share the prior bill number, the reason the bill did not move forward, and any changes made or conversations had since it was last proposed:

Please consider the following, if applicable:

How does this proposal connect to the 10-year vision for the agency’s mission?	The intent of RERACA is to allow those disproportionately impacted by cannabis prohibition, a fair and equitable opportunity to participate in the legalized adult-use cannabis industry. The proposal provides additional opportunities for verified social equity applicants, that have had unexpected changes in backer/investors, the opportunity to enter the cannabis market at a graduated pace in both operational and financial aspects. The proposal helps to ensure the success of social equity cultivators.
How will we measure if the proposal successfully accomplishes its goals?	The start-up costs for adult-use cannabis cultivation are a very expensive venture. Federal restrictions create barriers to limited access to capital. This proposal allows approved social equity cultivators the opportunity to take advantage of their cultivation license at a graduated pace which allows them to raise much needed funds and grow their business in manageable increments.
Have there been changes in federal/state laws or regulations that	



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make this legislation necessary?	
Has this proposal or a similar proposal been implemented in other states? If yes, to what result?	
Have certain constituencies called for this proposal?	

INTERAGENCY IMPACT

List each affected agency. Copy the table as needed.

Check here if this proposal does NOT impact other agencies

1. Agency Name	Department of Consumer Protection
Agency Contact (name, title)	Leslie O’Brien, Legislative Liaison
Date Contacted	9/27/2023
Status	<input type="checkbox"/> Approved <input checked="" type="checkbox"/> Talks Ongoing
Open Issues if any	

FISCAL IMPACT

Include the section number(s) responsible for the fiscal impact and the anticipated impact

Check here if this proposal does NOT have a fiscal impact



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State	
Municipal (Include any municipal mandate that can be found within legislation)	
Federal	
Additional notes	

MONITORING & EVALUATION PLAN

If applicable, please describe the anticipated measurable outcomes and the data that will be used to track those outcomes. Include the section number(s) responsible for those outcomes

[X] Check here if this proposal does NOT lead to any measurable outcomes

ANYTHING ELSE WE SHOULD KNOW?

INSERT FULLY DRAFTED BILL HERE



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Section 1. Section 21a-420d(l) of the general statutes is repealed and the following is substituted in lieu thereof (*Effective upon passage*):

(l) The Social Equity Council shall, upon receipt of funds from producers in accordance with subdivision (5) of subsection (b) of section 21a-420l, develop a program to assist social equity applicants to open not more than two micro-cultivator establishment businesses in total. [Producers shall provide mentorship to such social equity applicants]. The Social Equity Council shall, with the department, determine a system to select social equity applicants to participate in such program [without participating in a lottery or request for proposals].

Section 2. Section 21a-420g (j) of the general statutes is repealed and the following is substituted in lieu thereof (*Effective upon passage*):

(j) All applicants selected in the lottery and not denied shall be provided a provisional license application, which shall be submitted in a form and manner prescribed by the commissioner. Lottery applicants shall have sixty days from the date they receive their provisional application to complete the application. The right to apply for a provisional license is nontransferable. Upon receiving a provisional application from an applicant, the department shall review the application for completeness and to confirm that all information provided is acceptable and in compliance with this section and any regulations adopted under this section. If a provisional application does not meet the standards set forth in this section, the applicant shall not be provided a provisional license. A provisional license issued by the department to an applicant on or before June 30, 2023, other than a provisional license issued pursuant to section 21a-420o, shall expire twenty-four months after the date on which the department issued such provisional license and shall not be renewed. A cultivator approved by the Social Equity Council, pursuant to section 21a-420o, on or after July 12, 2022, shall have one year from the effective date of this subsection to submit a complete provisional license application with associated license fees. A provisional license issued by the department to an applicant on or after July 1, 2023, other than a provisional license issued pursuant to section 21a-420o, shall expire after fourteen months and shall not be renewed. Upon granting a provisional license, the department shall notify the applicant of the project labor agreement requirements of section 21a-421e. A provisional licensee may apply for a final license of the license type for which the licensee applied during the initial application period. A provisional license shall be nontransferable. If the provisional application does not meet the standards set forth in this section or is not completed within sixty days, the applicant shall not receive a provisional license. The decision of the department not to award a provisional license shall be final and may be appealed in accordance with section 4-183. Nothing in this section shall prevent a provisional applicant from submitting an application for a future lottery.



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Section 3. Section 21a-420d(k) of the general statutes is repealed and the following is substituted in lieu thereof (*Effective upon passage*):

(k) The council shall develop criteria for evaluating the ownership and control of any equity joint venture created under section 21a-420m, 21a-420u or section 21a-420j and shall review and approve or deny in writing such equity joint venture prior to such equity joint venture being licensed under section 21a-420m, 21a-420u or section 21a-420j. After developing criteria for social equity plans as described in subdivision (5) of subsection (h) of this section, the council shall review and approve or deny in writing any such plan submitted by a cannabis establishment as part of its final license application. The council shall not approve any equity

joint venture applicant which shares with an equity joint venture any individual owner who meets the criteria established in subparagraphs (A) and (B) of subdivision (48) of section 21a-420, other than an individual owner in their capacity as a backer licensed under section 21a-420o, as amended by this act.