



Agency Legislative Proposal – 2025 Session

Document Name: SEC 2025 Legislative Proposal

Document Name	Social Equity Council 2025 Legislative Proposal
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Division Requesting This Proposal	Social Equity Council
Drafter	Kristina Diamond, Communications & Legislative Manager Mariedy Collazo Cruz, Legal Director

Title of Proposal	An Act Concerning Recommendations of the Social Equity Council
Statutory Reference, if any	21a-420d 21a-420h 21a-421i
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.
How does this proposal relate to the agency's mission?	According to the statutes above, this proposal will enhance program effectiveness and provide clarity and consistent procedures for SEC/the Council and applicants, ultimately creating equitable access to the cannabis industry and supporting economic reinvestment.



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SECTION-BY-SECTION SUMMARY

Summarize sections in groups where appropriate

Section 1 amends Section 21a-420d to require:

- (1) Cannabis establishments to maintain social equity plans in place for the duration of the cannabis establishment's operation and submit annual impact reports;
- (2) Council to draft a strategic plan by October 1, 2025;
- (3) Council to develop and adopt an ethical code of conduct by October 1, 2025;
- (4) Council to receive ethics training by January 1, 2026, and annually thereafter.

Section 2 amends Section 21a-420h to clarify that if the sale or change in ownership and control of a cannabis establishment license is approved to a nonsocial equity applicant, the cannabis establishment will no longer have social equity status.

Section 3 amends Section 21a-421i to establish a one-hundred twenty days' timeframe for the Canna-Business Revolving Loan Program.

BACKGROUND

Origin of Proposal

☒ New Proposal

☐ Resubmission

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Please consider the following, if applicable:

Have there been changes in federal/state laws or regulations that make this	
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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?	The Council has incorporated several of the legislative recommendations that derived from the Office of the State Comptroller's special examination.

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)	CJ Strand, Legislative Director
Date Contacted	9/11/2024
Status	[] Approved [x] Talks Ongoing
Open Issues, if any	



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FISCAL IMPACT

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

[X] Check here if this proposal does NOT have a fiscal impact

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

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ANYTHING ELSE WE SHOULD KNOW?

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INSERT FULLY DRAFTED BILL HERE

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

(a) There is established a Social Equity Council, which shall be within the Department of Economic and Community Development for administrative purposes only.

(b) The Social Equity Council shall consist of seventeen members as follows:

(1) One appointed by the speaker of the House of Representatives, who has a professional background of not less than five years working in the field of either social justice or civil rights;

(2) One appointed by the president pro tempore of the Senate, who has a professional background of not less than five years working in the field of either social justice or civil rights;

(3) One appointed by the majority leader of the House of Representatives, who has a professional background of not less than five years working in the field of economic development to help minority-owned businesses;

(4) One appointed by the majority leader of the Senate, who has a professional background of not less than five years in providing access to capital to minorities, as defined in section 32-9n;

(5) One appointed by the minority leader of the House of Representatives, who is from a community that has been disproportionately harmed by cannabis prohibition and enforcement;

(6) One appointed by the minority leader of the Senate, who has a professional background of not less than five years in providing access to capital to minorities, as defined in section 32-9n;

(7) Two appointed by the chairperson of the Black and Puerto Rican Caucus of the General Assembly, one of whom shall be designated by the chairperson of the Black Caucus of the General Assembly and one of whom shall be designated by the chairperson of the Puerto Rican and Latino Caucus of the General Assembly;



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(8) Five appointed by the Governor, one who is from a community that has been disproportionately harmed by cannabis prohibition and enforcement, one who has a professional background of not less than five years working in the field of economic development and one who is an executive branch official focused on workforce development;

(9) The Commissioner of Consumer Protection, or the commissioner's designee;

(10) The Commissioner of Economic and Community Development, or the commissioner's designee;

(11) The State Treasurer, or the State Treasurer's designee; and

(12) The Secretary of the Office of Policy and Management, or the secretary's designee.

(c)(1) In making the appointments in subsection (b) of this section, the appointing authority shall use best efforts to make appointments that reflect the racial, gender and geographic diversity of the population of the state.

(2) Members appointed by the Governor shall serve a term of four years from the time of appointment and members appointed by any other appointing authority shall serve a term of three years from the time of appointment. The appointing authority shall fill any vacancy for the unexpired term.

(3)(A) The Governor shall appoint an interim executive director to operationalize and support the Social Equity Council until, notwithstanding the provisions of section 4-9a, the council appoints an executive director. Subject to the provisions of chapter 67, and within available appropriations, the council may thereafter appoint an executive director and such other employees as may be necessary for the discharge of the duties of the council.

(B) Not later than July 1, 2024, the council shall adopt bylaws specifying which duties are retained by the members of the council and which duties are delegated to the executive director.

(C) The council may, by a simple majority vote of the members of the council, take any formal personnel action concerning the executive director for any reason.

(D) In addition to the council's authority under subparagraph (C) of this subdivision, if a final review board consisting of the chairperson and the members of the council appointed under subdivisions (1), (2), (5) and (6) of subsection (b) of this section determines, by a simple majority



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vote of the members of the final review board, that removing the executive director is in the best interest of serving the council's mission, such final review board shall issue a letter to the council recommending that the council remove the executive director.

(4) The Governor shall appoint the chairperson of the council from among the members of the council. The chairperson shall directly supervise, establish annual goals for and conduct an annual performance review of the executive director.

(5) The chairperson and executive director shall jointly develop, and the council shall review and approve, (A) the budgetary information that the council is required to annually submit to the Secretary of the Office of Policy and Management pursuant to subdivision (2) of subsection (c) of section 21a-420f, (B) allocations of moneys in the social equity and innovation account, established under section 21a-420f, that the council determines, under subparagraph (B) of subdivision (1) of subsection (b) of section 21a-420f, further the principles of equity, as defined in section 21a-420, and (C) any plans for expenditures to provide (i) access to capital for businesses, (ii) technical assistance for the start-up and operation of a business, (iii) funding for workforce education, (iv) funding for community investments, and (v) funding for investments in disproportionately impacted areas.

(d) A majority of the members of the Social Equity Council shall constitute a quorum for the transaction of any business. The members of the council shall serve without compensation, but shall, within available appropriations, be reimbursed for expenses necessarily incurred in the performance of their duties. Any member who fails to attend three consecutive meetings held after May 24, 2022, or who fails to attend fifty per cent of all meetings held during any calendar year beginning on or after January 1, 2023, shall be deemed to have resigned from office. The appointing authority shall fill the vacancy for the unexpired term of any member who is deemed to have resigned from office under this subsection, and shall use best efforts to ensure such appointment reflects the racial, gender and geographic diversity of the population of the state.

(e) The Social Equity Council may (1) request, and shall receive, from any state agency such information and assistance as the council may require, (2) use such funds as may be available from federal, state or other sources and may enter into contracts to carry out the purposes of the council, including, but not limited to, contracts or agreements with Connecticut Innovations, Incorporated, constituent units of the state system of higher education, regional workforce development boards and community development financial institutions, (3) utilize voluntary and uncompensated services of private individuals, state or federal agencies and organizations



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as may, from time to time, be offered and needed, (4) accept any gift, donation or bequest for the purpose of performing the duties of the council, (5) hold public hearings, (6) establish such standing committees, as necessary, to perform the duties of the council, and (7) adopt regulations, in accordance with chapter 54, as the council may deem necessary to carry out the duties of the council.

(f) The Social Equity Council shall promote and encourage full participation in the cannabis industry by persons from communities that have been disproportionately harmed by cannabis prohibition and enforcement.

(g) Not later than forty-five days after June 22, 2021, or at a later date determined by the Social Equity Council, the council shall establish criteria for proposals to conduct a study under this section and the Secretary of the Office of Policy and Management shall post on the State Contracting Portal a request for proposals to conduct a study, and shall select an independent third party to conduct such study and provide detailed findings of fact regarding the following matters in the state or other matters determined by the council:

(1) Historical and present-day social, economic and familial consequences of cannabis prohibition, the criminalization and stigmatization of cannabis use and related public policies;

(2) Historical and present-day structures, patterns, causes and consequences of intentional and unintentional racial discrimination and racial disparities in the development, application and enforcement of cannabis prohibition and related public policies;

(3) Foreseeable long-term social, economic and familial consequences of unremedied past racial discrimination and disparities arising from past and continued cannabis prohibition, stigmatization and criminalization;

(4) Existing patterns of racial discrimination and racial disparities in access to entrepreneurship, employment and other economic benefits arising in the lawful palliative use cannabis sector as established pursuant to chapter 420f; and

(5) Any other matters that the council deems relevant and feasible for study for the purpose of making reasonable and practical recommendations for the establishment of an equitable and lawful adult-use cannabis business sector in this state.

(h) Not later than January 1, 2022, the Social Equity Council shall, taking into account the results of the study conducted in accordance with subsection (g) of this section, make written



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recommendations, in accordance with the provisions of section 11-4a, to the Governor and the joint standing committees of the General Assembly having cognizance of matters relating to finance, revenue and bonding, consumer protection and the judiciary regarding legislation to implement the provisions of this section. The council shall make recommendations regarding:

(1) Creating programs to ensure that individuals from communities that have been disproportionately harmed by cannabis prohibition and enforcement are provided equal access to licenses for cannabis establishments;

(2) Specifying additional qualifications for social equity applicants;

(3) Providing for expedited or priority license processing for each license as a retailer, hybrid retailer, cultivator, micro-cultivator, product manufacturer, food and beverage manufacturer, product packager, transporter and delivery service license for social equity applicants;

(4) Establishing minimum criteria for any cannabis establishment licensed on or after January 1, 2022, that is not owned by a social equity applicant, to comply with an approved workforce development plan to reinvest or provide employment and training opportunities for individuals in disproportionately impacted areas;

(5) Establishing criteria for a social equity plan for any cannabis establishment licensed on or after January 1, 2022, to further the principles of equity, as defined in section 21a-420;

(6) Recruiting individuals from communities that have been disproportionately harmed by cannabis prohibition and enforcement to enroll in the workforce training program established pursuant to section 21a-421g;

(7) Potential uses for revenue generated under RERACA to further equity;

(8) Encouraging participation of investors, cannabis establishments, and entrepreneurs in the cannabis business accelerator program established pursuant to section 21a-421f;

(9) Establishing a process to best ensure that social equity applicants have access to the capital and training needed to own and operate a cannabis establishment; and

(10) Developing a vendor list of women-owned and minority-owned businesses that cannabis establishments may contract with for necessary services, including, but not limited to, office supplies, information technology infrastructure and cleaning services.



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(i)(1) Not later than August 1, 2021, and annually thereafter until July 31, 2023, the Social Equity Council shall use the most recent five-year United States Census Bureau American Community Survey estimates or any successor data to determine one or more United States census tracts in the state that are a disproportionately impacted area and shall publish a list of such tracts on the council's Internet web site.

(2) Not later than August 1, 2023, the council shall use poverty rate data from the most recent five-year United States Census Bureau American Community Survey estimates, population data from the most recent decennial census and conviction information from databases managed by the Department of Emergency Services and Public Protection to identify all United States census tracts in the state that are disproportionately impacted areas and shall publish a list of such tracts on the council's Internet web site. In identifying which census tracts in this state are disproportionately impacted areas and preparing such list, the council shall:

(A) Not deem any census tract with a poverty rate that is less than the state-wide poverty rate to be a disproportionately impacted area;

(B) After eliminating the census tracts described in subparagraph (A) of this subdivision, rank the remaining census tracts in order from the census tract with the greatest historical conviction rate for drug-related offenses to the census tract with the lowest historical conviction rate for drug-related offenses; and

(C) Include census tracts in the order of rank described in subparagraph (B) of this subdivision until including the next census tract would cause the total population of all included census tracts to exceed twenty-five per cent of the state's population.

(j) After developing criteria for workforce development plans as described in subdivision (4) of subsection (h) of this section, the Social Equity Council shall review and approve or deny in writing any such plan submitted by a producer under section 21a-420l or a hybrid-retailer under section 21a-420u.

(k) The Social Equity Council shall develop criteria for evaluating the ownership and control of any equity joint venture created under section 21a-420m, 21a-420u , 21a-420j or section 5 of this act 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 , 21a-420 j or section 5 of this act. 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



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(A) and (B) of subdivision (51) of section 21a-420, other than an individual owner in their capacity as a backer licensed under section 21a-420o .

(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 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.

(m)(1) The Social Equity Council shall review and either approve or deny, in writing, any social equity plan submitted by a cannabis establishment as part of the cannabis establishment's final license application. The council shall approve or deny such social equity plan not later than thirty days after such social equity plan is submitted to the council. If the council denies any such social equity plan, the applicant may revise and resubmit such social equity plan without prejudice.

(2) Each licensed cannabis establishment shall maintain a social equity plan in place while the establishment is in operation and must submit, to the Social Equity Council, an annual report on the impact of its social equity plan in the disproportionately impacted area as part of the license renewal process. Upon review of the annual report, the Social Equity Council may, within sixty days, request that cannabis establishments revise social equity plans to ensure such social equity plans further the principles of equity, as defined in section 21a-420;

[(2)] (3) Not later than July 1, 2024, the council shall update the criteria for social equity plans described in subdivision (5) of subsection (h) of this section to include a specific, points-based rubric to evaluate social equity plans.

(n) The Social Equity Council shall approve the amounts, grantees and purposes of any grants made by the council from the social equity and innovation account or the Cannabis Social Equity and Innovation Fund, established under section 21a-420f, and any contract executed by and between the council and a grant maker shall require that the amounts, grantees and purposes of any subgrants made by such grant maker shall be approved by the council.

(o) Not later than July 1, 2024, and quarterly thereafter, the Social Equity Council shall prepare and submit a report, in accordance with the provisions of section 11-4a, to the Governor, the speaker of the House of Representatives, the president pro tempore of the Senate, the



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majority leader of the House of Representatives, the majority leader of the Senate, the minority leader of the House of Representatives, the minority leader of the Senate and the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and consumer protection. The report shall include, but need not be limited to:

(1) The fiscal-year-to-date expenditures of the council, which expenditures shall disclose, at a minimum:

(A) All expenditures made for personal services and the fringe benefit costs associated therewith;

(B) all expenditures made for consultants retained for the purpose of reviewing applications for social equity applicant status;

(C) all expenditures made to provide businesses with access to capital and the number of businesses that received access to such capital;

(D) all expenditures made to provide technical assistance for the start-up and operation of businesses and the number of businesses that received such assistance;

(E) all expenditures made to fund workforce education, the number of persons served by the workforce education programs supported by such expenditures and the number of persons successfully placed in relevant professional roles after completing such workforce education programs;

(F) all expenditures made to fund community investment grants, the amounts, grantees and purposes of such grants and, if any of such grants were made to a grant maker, the amounts, grantees and purposes of any subgrants made by such grant maker;

(G) all expenditures made for promotional or branding items and which promotional or branding items were purchased;

(H) all expenditures made for advertising or marketing campaigns;

(I) all expenditures made to advertising or marketing firms;

(J) all expenditures made for sponsorships;

(K) all expenditures made for other community outreach;



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(L) all expenditures made for travel; and

(M) all other expenditures not described in subparagraphs (A) to (L), inclusive, of this subdivision; and

(2) The status of the council's performance of the council's responsibilities in the licensing process under RERACA, including, but not limited to:

(A) The number of applications for social equity applicant status, social equity plans and workforce development plans pending before the council, categorized into the number of applications, social equity plans and workforce development plans pending before the council for (i) less than thirty days, (ii) at least thirty days but less than sixty days, (iii) at least sixty days but less than ninety days, and (iv) at least ninety days;

(B) the number of applications for social equity applicant status, social equity plans and workforce development plans approved during the then current fiscal year, broken down by license type; and

(C) the number of applications for social equity applicant status, social equity plans and workforce development plans denied during the then current fiscal year, broken down by license type.

(p) Not later than July 1, 2024, and monthly thereafter, the executive director of the council shall prepare and submit a report, in accordance with the provisions of section 11-4a, to the council and the Black and Puerto Rican Caucus of the General Assembly. The report shall include, but need not be limited to:

(1) The expenditures the council plans to make during the month immediately following submission of such report, which expenditures shall disclose, at a minimum:

(A) All expenditures the council plans to make for consultants retained for the purpose of reviewing applications for social equity applicant status;

(B) all expenditures the council plans to make to fund community investment grants, the amounts, grantees and purposes of such grants and, if any of such grants are to be made to a grant maker, the amounts, grantees and purposes of any subgrants to be made by such grant maker;



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(C) all expenditures the council plans to make for promotional or branding items, for advertising or marketing campaigns, to advertising or marketing firms and for sponsorships;

(D) all expenditures the council plans to make for community outreach; and

(E) all expenditures the council plans to make for travel; and

(2) The status of the council's performance of the council's responsibilities in the licensing process under RERACA, including, but not limited to, the following information for the date of such report:

(A) The number of applications for social equity applicant status that are pending before the council and the date each such application was submitted, broken down by license type, municipality, assembly district and senate district;

(B) the number of social equity plans that are pending before the council and the date each such social equity plan was submitted, broken down by license type; and

(C) the number of workforce development plans that are pending before the council and the date each such workforce development plan was submitted, broken down by license type.

(q) Not later than October 1, 2025, the Social Equity Council shall draft and submit a strategic plan to the Governor and the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and consumer protection. The strategic plan shall and include a framework that outlines the Social Equity Council's goals, actions, and priorities over a three-year period.

(r) Not later than October 1, 2025, the Social Equity Council shall develop and adopt an ethical code of conduct for Council members and staff.

(s) Not later than January 1, 2026, and annually thereafter the Social Equity Council and staff shall receive ethics training with a focus on disproportionately impacted areas and the cannabis industry.



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

The Social Equity Council shall adopt regulations, in accordance with the provisions of chapter 54, to prevent the sale or change in ownership or control of a cannabis establishment license awarded to a social equity applicant to someone other than another qualifying social equity applicant during the period of provisional licensure, and for three years following the issuance of a final license, unless the backer of such licensee has died or has a condition, including, but not limited to, a physical illness or loss of skill or deterioration due to the aging process, emotional disorder or mental illness that would interfere with the backer's ability to operate. If the sale or change in ownership or control of a cannabis establishment license during the restricted period is approved by the Social Equity Council to anyone other than a qualifying social equity applicant, the cannabis establishment shall be treated as a cannabis establishment license without the social equity status as of the date of approval by the Social Equity Council of the sale or change in ownership or control. Upon withdrawal of social equity status by the Social Equity Council, the cannabis establishment licensee shall no longer qualify for the reduced license renewal fees. Notwithstanding the requirements of sections 4-168 to 4-172, inclusive, in order to effectuate this section, prior to adopting such regulations and not later than October 1, 2021, the council shall issue policies and procedures to implement the provisions of this section that shall have the force and effect of law. The council shall post all policies and procedures on its Internet web site and submit such policies and procedures to the Secretary of the State for posting on the eRegulations System, at least fifteen days prior to the effective date of any policy or procedure. Any such policy or procedure shall no longer be effective upon the earlier of either the adoption of the policy or procedure as a final regulation under section 4-172 or forty-eight months from July 1, 2021, if such regulations have not been submitted to the legislative regulation review committee for consideration under section 4-170. Any violation of such policies and procedures or any violation of such regulations related to the sale or change in ownership may be referred by the Social Equity Council to the department for administrative enforcement action, which may result in a fine of not more than ten million dollars or action against the establishment's license.



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Section 3. Section 21a-421i of the general statutes is repealed and the following is substituted in lieu thereof (*Effective upon passage*):

(a) As used in this section, "Social Equity Council", "cannabis establishment" and "social equity applicant" have the same meanings as provided in section 21a-420.

(b) (1) The Department of Economic and Community Development and the Social Equity Council shall jointly develop and establish:

(A) A revolving loan program for the purposes of subdivision (1) of subsection (b) of section 134 of this act, including (i) requirements for loan eligibility under the program, (ii) an application form and the information and documentation required to be submitted with such application, (iii) the terms of the loans to be offered, including the rates of interest to be charged and the length of the loans, (iv) a plan for publicizing and marketing the program, and (v) any other requirements necessary to implement the program; and

(B) Application forms, applicant requirements and any other provisions the department and the council deem necessary for the purposes of subdivisions (2) to (4), inclusive, of subsection (b) of section 134 of this act.

(C) The Social Equity Council shall approve or deny applications for funding within one hundred and twenty days of the application submission date. If the Social Equity Council denies any such applications, the applicant may re-apply without prejudice by submitting a new application.