

## Legislative Update

A few bills of interest to the Social Equity Council were adopted during the 2022 Legislative Session. The summaries of the bills are as follows:

### ***HB 5329 – An Act Concerning Cannabis.***

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

The Social Equity Council related highlights of HB 5329 include:

- Allows a cultivator to create up to two equity joint ventures, subject to approval by the Social Equity Council and licensed by the Department of Consumer Protection. The equity joint venture must be in any cannabis establishment licensed business other than a cultivator license.
- Sets a deadline of 14 months from when the Department of Consumer Protection granted the license for certain producers or dispensary facilities to create the needed equity joint ventures before being liable for the full conversion fee.
- Requires a licensed cultivator applying for an equity joint venture to submit to the Social Equity Council information that enables the council to determine the venture's ownership terms.
- Requires an equity joint venture applicant to pay 50% of any applicable fee for the first three renewal cycles and the full amount of such fee thereafter.
- Requires that the equity joint venture be at least 50% owned and controlled by an individual or individuals who meet the social equity applicant criteria or the equity joint venture applicant is an individual who meets the social equity applicant criteria.
- Prohibits a licensed cultivator, including its backer, from increasing its ownership in an equity joint venture in excess of 50% during the seven year period after a license is issued by the Department of Consumer Protection.
- Prohibits equity joint ventures that share a common cultivator or backer from being located within 20 miles of another commonly owned equity joint venture.
- Prohibits the Social Equity Council from approving any equity joint venture applicant that shares any individual owner with another equity joint venture that meets the social equity applicant criteria.
- Prohibits out-of-state entities and individuals from advertising any cannabis or services; limits cannabis billboard advertisements to between 11:00 p.m. and 6:00 a.m.; and exempts certain outdoor business signs posted at cannabis establishments from certain signage requirements.
- Limits producers and dispensary facilities that receive approval to expand or convert to creating two equity joint ventures.

- Eliminates the density cap that prohibits a municipality from granting zoning approval for more retailers or micro-cultivators based on the number of municipal residents. Allows the Department of Consumer Protection commissioner to set a cap after July 1, 2024.
- Establishes a working group to study regulating hemp and the possibility of including it in the state's cannabis program.
- Imposes additional limitations on when cannabis may be gifted, sold, or transferred and establishes penalties for violating these restrictions.
- Deems Social Equity Council members as having resigned from the Council if they miss three consecutive meetings or fails to attend 50% of all meetings in a calendar year beginning on and after January 1, 2023. The appointing authority shall fill the vacancy for the unexpired term of any member who is deemed to have resigned.

***HB 5506 – An Act Adjusting the State Budget for the Biennium Ending June 30, 2023, Concerning Provisions Related to Revenue, School Construction and Other Items to Implement the State Budget and Authorizing and Adjusting Bonds of the State.***

This bill updates the directives for the Cannabis General Fund Accounts and Appropriated Fund. Highlights of the bill include:

- Allows the Social Equity Council to make recommendations to any relevant state agency regarding the expenditures from the Prevention and Recovery Services Fund.
- Requires the Office of Policy and Management secretary to consult with the Social Equity Council when allocating the money from the cannabis regulatory and investment account, the social equity and innovation account or the Social Equity and Innovation Fund.
- Expands the permitted purposes of the social equity and innovation account and fund to include paying costs incurred to implement activities authorized under the 2021 cannabis law.

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