



Summary of HB 7371, the bill to regulate cannabis for adult use in Connecticut

Bill Summary:

- **Regulatory framework:** HB 7371 sets up a framework for the legal, regulated production and sale of cannabis and cannabis products for adults 21 and older in Connecticut. It creates a five-member, governor-appointed Cannabis Commission within the Department of Consumer Protection (DCP) to license and regulate the industry.
 - Two commissioners must have a background in civil rights or social justice and one must have a background in economic development.
 - The DCP commissioner chairs the commission.
 - Commission employees include an executive director, three staff to review and process applications, two staff to assist applicants, and an attorney to ensure compliance with the provisions, including equity applicants and reinvestment.
- **Social equity:** The bill includes robust social equity provisions, including:
 - Creating preferences for equity applicants, which are defined as businesses where 51% or more of the ownership and control consists of individuals:
 - 1) who were arrested for a cannabis offense;
 - 2) whose parent or child was arrested for a cannabis offense; or
 - 3) who lived for at least five of the last 10 years in a census tract with higher than average rates of poverty and unemployment.
 - Equity applicants may apply at least three months in advance of other applicants for each license type, except that medical cannabis businesses may apply at the same time. (The ownership must remain at least 50% equity applicants for at least two years.)
 - The bill implements a lower fee structure for equity applicants.
 - Requires each business to report annually on diversity in its workplace and ownership and the commission to report annually on aggregate numbers.
 - Individuals with past marijuana convictions cannot be prohibited from participating in the cannabis industry.
 - Requires all licensees to establish and adhere to policies to encourage diversity in the workplace, contracts, and other professional opportunities.
 - Requires any non-equity applicant to comply with an approved plan to provide reinvestment and employment opportunities in disproportionately impacted census tract areas or areas with disproportionate amounts of marijuana arrests.
- **Implementing legislation:** The commission must make recommendations — in many cases by January 15, 2020 — regarding implementing legislation, including to:
 - prevent an overconcentration (or a lack of retailers) in any area of the state;
 - establish priority applicant status for retailers and cultivation facility applicants that

- promote economic empowerment in disproportionately impacted areas;
 - impose requirements for licensees regarding health, safety, security, storage, transportation, employment, and training;
 - impose requirements on delivery by retailers and their staff, after considering methods to increase delivery employment opportunities for persons from communities disproportionately impacted by high rates of arrests and convictions;
 - restrict advertising, marketing, and signage, including a prohibition on mass-market campaigns that have a high likelihood of reaching children;
 - ensure advertising, products, and packaging are not designed to appeal to minors; toys, animals, cartoons, and products that look like a specific trademarked food must be forbidden, as well as addictive and toxic additives;
 - require a warning handout or label, after consulting with knowledgeable researchers, regarding impaired driving, the need to keep cannabis away from minors and pets, and warnings about possible risks such as cannabis use disorder, risks specific to younger adults with developing minds, those specific to pregnancy and breastfeeding, and any risks of exacerbating psychosis;
 - require childproof packaging along with labels that include how long it takes cannabis to take effect, its ingredients, nutritional information, and allergens;
 - require individual childproof packaging of edibles and concentrates, limited to no more than five milligrams of THC per individually packaged serving;
 - limit cannabis products to 50% THC, unless the commissioner makes an exception;
 - require licensees to use an electronic inventory control and tracking system;
 - set licensing standards for cannabis cultivation facilities, including determining the number of facilities that may be licensed to meet consumer needs;
 - define small, medium, and large cultivation licenses;
 - set financial requirements for cultivation facilities;
 - establish the following fees, except that equity fees shall be lower: retailer fees of at least \$2,500 for applications, licensing, and renewals; cultivation fees of at least \$25,000 for applications and at least \$35,000 for licensing and renewals; product manufacturing application fees of no more than \$12,000 and licensing/renewal fees of no more than \$35,000;
 - set standards for random sample lab testing, including for potency, residual solvents, toxins, harmful chemicals, molds, and pesticides; and
 - require cannabis employees to be at least 21 and to register with the commission.
- **Vertical integration:** A cultivation facility may also hold a product manufacturing license, but it cannot operate a retailer.
 - **Penalties:** The commissioner may suspend or revoke licenses or issue fines for cause.
 - **Local control:** Allows towns to prohibit or restrict cannabis businesses.
 - **Medical cannabis:** Stops charging medical cannabis patient registry fees and requires a study on the feasibility of subsidizing medical cannabis purchases Requires businesses selling to adults and patients to expedite medical sales. Patients will be allowed higher potency cannabis products.
 - **Further study:** Requires an RFP for a study on the feasibility of allowing microbusinesses and

whether to allow home cultivation. It is due by January 1, 2021.

MPP stance: MPP strongly supports HB 7371, which contains robust provisions to ensure an equitable industry, along with strong public health measures. It could be improved with following changes:

- Rather than requiring a study on whether to allow micro-businesses and home cultivation, MPP urges that both be allowed from the outset.
- There should be revisions to ensure small farmers and other small businesses have an opportunity to secure cultivation licenses. Fees for small cultivators should be far lower than at least \$25,000 for non-refundable application fees and at least \$35,000. Also, either the financial requirement for small cultivation facilities should be stricken or language should be included to ensure real property is counted and that the requirements are not more onerous than is reasonably necessary to ensure the business can successfully launch.
- Up to one million dollars for a *study* on subsidizing medical cannabis is excessive.