



## Condensed Summary of Connecticut's S.B. 1118 — Equitable Cannabis Legalization

S.B. 1118 — An Act Concerning Responsible and Equitable Regulation of Adult-use Cannabis — would legalize possession and cultivation of cannabis for adults 21 and older and expunge thousands of past records. It replaces the unregulated illicit market with a taxed and regulated system of licensed cultivators, retailers, manufacturers, and delivery services and invests the bulk of tax revenues into disproportionately impacted communities. Half of new cannabis business licenses would be issued to social equity applicants, who could receive technical assistance, start-up funding, assistance from an accelerator program, and workforce training. S.B. 1118 also includes strong protections for public safety and deterrents for underage use.

The bill is sponsored by Sen. President Martin Looney and Speaker of the House Matt Ritter. It incorporates ideas from Gov. Ned Lamont's S.B. 888, along with concepts from Rep. Robyn Porter's H.B. 6377 and input from lawmakers and advocates.

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### **Personal Liberty and Possession Limits**

Beginning on July 1, 2021, it allows adults 21 and over to possess up to 1.5 ounces of cannabis, or an equivalent amount of cannabis products or concentrates, and up to five ounces of cannabis or an equivalent amount in a locked container in the person's residence, the person's locked glove box, or their vehicle's trunk.

Starting October 1, 2021, it allows qualifying medical marijuana patients who are at least 18 to securely cultivate up to three mature and three immature plants in their homes.

Starting July 1, 2023, it allows all adults 21 and older to securely cultivate up to three mature and three immature plants in their homes, with a household cap of 12 plants. It decriminalizes the first two offenses for cultivating the same amounts until then.

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### **Expungement and Criminal Justice Reforms**

- Provides for automatic erasures of convictions from January 1, 2000 through September 15, 2015 for possession of fewer than four ounces.
- Allows individuals to petition for expungement and release for possession, sale, and cultivation convictions of the legal amounts at no cost to the individual.
- Prohibits state-legal cannabis possession or use from being grounds for revoking parole, special parole, or probation except in cases where there is an individualized basis for finding that the person's cannabis use would pose a danger.

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## **State Regulation and Licensing**

The Department of Consumer Protection (DCP) would be charged with licensing and regulating cannabis businesses. It will issue nine types of cannabis licenses: retailer, hybrid retailer (which sells both adult-use and medical cannabis), cultivator (which cultivate 15,000 square feet or more), micro-cultivator (which start between 2,000 and 10,000 square feet), product manufacturer, food and beverage manufacturer, product packager, delivery service, and transporter.

DCP would also develop comprehensive rules governing security, laboratory testing, packaging, labeling, record keeping, inspections, prohibiting dangerous pesticides and additives, and restricting advertising.

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## **Social Equity and Inclusion in the Industry**

DCP must reserve 50% of the maximum number of applications that must be considered for eligible license types for social equity applicants. The vast majority of new licenses will be issued by lottery to provide an equal opportunity to all who qualify and avoid requiring large sums of money to apply.

The bill creates \$50 million in bonding for initial funding for start-up capital for social equity applicants, the cannabis business accelerator program, and workforce training developed by the Social Equity Council.

Beginning on July 1, 2023, 60% to 75% of the cannabis excise tax revenue will be directed to the Social Equity and Innovation Fund. Social Equity and Innovation Fund money can be used to promote social equity in relation to access to capital for businesses, funding workforce education, and funding for community investments.

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## **Taxation and Revenue**

In addition to standard sales tax, the bill imposes an excise tax based on potency at the point of retail sale. It exempts medical cannabis. The rate is:

- \$0.00625 per milligram of THC in flower cannabis
- \$0.0275 per milligram of THC in edibles
- \$0.009 per milligram of THC for other cannabis products

Until June 30, 2023, 100% of the excise tax would be directed to the General Fund.

Starting on July 1, 2023 and thereafter, 25% of the excise tax would go to the Prevention and Recovery Services Fund.

From July 1, 2023 until June 30, 2026, 60% of the excise tax would go to the Social Equity and Innovation Fund. On July 1, 2026, that would increase to 65%. Beginning on July 1, 2028, it would

increase again and would remain at 75%.

The remainder of the tax (starting at 15%, ending at 0%) would go to the General Fund.

The bill imposes a 3% point-of-sale tax that goes to the host municipality for specific purposes, such as re-entry services, mental health or addiction services, youth services bureaus, and streetscape improvements near cannabis retailers.

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