



House of Representatives

General Assembly

File No. 592

January Session, 2025

Substitute House Bill No. 6930

House of Representatives, April 8, 2025

The Committee on General Law reported through REP. LEMAR of the 96th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

**AN ACT CONCERNING THE SOCIAL EQUITY COUNCIL'S
RECOMMENDATIONS REGARDING SOCIAL EQUITY PLANS,
STRATEGIC PLANNING, ETHICS, LICENSE RENEWAL FEES AND
FINANCIAL ASSISTANCE APPLICATIONS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

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 Section 21a-420d of the general statutes is repealed and the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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

66 (D) In addition to the council's authority under subparagraph (C) of
67 this subdivision, if a final review board consisting of the chairperson
68 and the members of the council appointed under subdivisions (1), (2),
69 (5) and (6) of subsection (b) of this section determines, by a simple
70 majority vote of the members of the final review board, that removing
71 the executive director is in the best interest of serving the council's

72 mission, such final review board shall issue a letter to the council
73 recommending that the council remove the executive director.

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

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

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

104 (e) The Social Equity Council may (1) request, and shall receive, from

105 any state agency such information and assistance as the council may
106 require, (2) use such funds as may be available from federal, state or
107 other sources and may enter into contracts to carry out the purposes of
108 the council, including, but not limited to, contracts or agreements with
109 Connecticut Innovations, Incorporated, constituent units of the state
110 system of higher education, regional workforce development boards
111 and community development financial institutions, (3) utilize voluntary
112 and uncompensated services of private individuals, state or federal
113 agencies and organizations as may, from time to time, be offered and
114 needed, (4) accept any gift, donation or bequest for the purpose of
115 performing the duties of the council, (5) hold public hearings, (6)
116 establish such standing committees, as necessary, to perform the duties
117 of the council, and (7) adopt regulations, in accordance with chapter 54,
118 as the council may deem necessary to carry out the duties of the council.

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

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

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

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

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

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

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

150 (h) Not later than January 1, 2022, the Social Equity Council shall,
151 taking into account the results of the study conducted in accordance
152 with subsection (g) of this section, make written recommendations, in
153 accordance with the provisions of section 11-4a, to the Governor and the
154 joint standing committees of the General Assembly having cognizance
155 of matters relating to finance, revenue and bonding, consumer
156 protection and the judiciary regarding legislation to implement the
157 provisions of this section. The council shall make recommendations
158 regarding:

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

163 (2) Specifying additional qualifications for social equity applicants;

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

168 (4) Establishing minimum criteria for any cannabis establishment

169 licensed on or after January 1, 2022, that is not owned by a social equity
170 applicant, to comply with an approved workforce development plan to
171 reinvest or provide employment and training opportunities for
172 individuals in disproportionately impacted areas;

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

176 (6) Recruiting individuals from communities that have been
177 disproportionately harmed by cannabis prohibition and enforcement to
178 enroll in the workforce training program established pursuant to section
179 21a-421g;

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

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

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

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

192 (i) (1) Not later than August 1, 2021, and annually thereafter until July
193 31, 2023, the Social Equity Council shall use the most recent five-year
194 United States Census Bureau American Community Survey estimates
195 or any successor data to determine one or more United States census
196 tracts in the state that are a disproportionately impacted area and shall
197 publish a list of such tracts on the council's Internet web site.

198 (2) Not later than August 1, 2023, the council shall use poverty rate

199 data from the most recent five-year United States Census Bureau
200 American Community Survey estimates, population data from the most
201 recent decennial census and conviction information from databases
202 managed by the Department of Emergency Services and Public
203 Protection to identify all United States census tracts in the state that are
204 disproportionately impacted areas and shall publish a list of such tracts
205 on the council's Internet web site. In identifying which census tracts in
206 this state are disproportionately impacted areas and preparing such list,
207 the council shall:

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

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

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

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

224 (k) The Social Equity Council shall develop criteria for evaluating the
225 ownership and control of any equity joint venture created under section
226 21a-420m, 21a-420u, 21a-420j or 21a-420aa and shall review and approve
227 or deny in writing such equity joint venture prior to such equity joint
228 venture being licensed under section 21a-420m, 21a-420u, 21a-420j or
229 21a-420aa. The council shall not approve any equity joint venture
230 applicant which shares with an equity joint venture any individual

231 owner who meets the criteria established in subparagraphs (A) and (B)
232 of subdivision (51) of section 21a-420, other than an individual owner in
233 their capacity as a backer licensed under section 21a-420o.

234 (l) The Social Equity Council shall, upon receipt of funds from
235 producers in accordance with subdivision (5) of subsection (b) of section
236 21a-420l, develop a program to assist social equity applicants to open
237 not more than two micro-cultivator establishment businesses in total.
238 Producers shall provide mentorship to such social equity applicants.
239 The council shall, with the department, determine a system to select
240 social equity applicants to participate in such program without
241 participating in a lottery or request for proposals.

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

250 (2) (A) Each licensed cannabis establishment shall (i) maintain an
251 active social equity plan at all times while such cannabis establishment
252 is in operation, and (ii) not later than March 1, 2026, and annually
253 thereafter, submit to the council a report disclosing the impact such
254 social equity plan had on the disproportionately impacted area in which
255 such cannabis establishment is located during the preceding calendar
256 year.

257 (B) The council shall review each report submitted pursuant to
258 subparagraph (A)(ii) of this subdivision and may, not later than sixty
259 days after completing such review, request that the licensed cannabis
260 establishment that submitted such report revise such cannabis
261 establishment's social equity plan to ensure that such social equity plan
262 furtheres the principles of equity.

263 [(2)] (3) Not later than July 1, 2024, the council shall update the criteria
264 for social equity plans described in subdivision (5) of subsection (h) of
265 this section to include a specific, points-based rubric to evaluate social
266 equity plans.

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

274 (o) Not later than July 1, 2024, and quarterly thereafter, the Social
275 Equity Council shall prepare and submit a report, in accordance with
276 the provisions of section 11-4a, to the Governor, the speaker of the
277 House of Representatives, the president pro tempore of the Senate, the
278 majority leader of the House of Representatives, the majority leader of
279 the Senate, the minority leader of the House of Representatives, the
280 minority leader of the Senate and the joint standing committees of the
281 General Assembly having cognizance of matters relating to
282 appropriations and consumer protection. The report shall include, but
283 need not be limited to:

284 (1) The fiscal-year-to-date expenditures of the council, which
285 expenditures shall disclose, at a minimum: (A) All expenditures made
286 for personal services and the fringe benefit costs associated therewith;
287 (B) all expenditures made for consultants retained for the purpose of
288 reviewing applications for social equity applicant status; (C) all
289 expenditures made to provide businesses with access to capital and the
290 number of businesses that received access to such capital; (D) all
291 expenditures made to provide technical assistance for the start-up and
292 operation of businesses and the number of businesses that received such
293 assistance; (E) all expenditures made to fund workforce education, the
294 number of persons served by the workforce education programs
295 supported by such expenditures and the number of persons successfully

296 placed in relevant professional roles after completing such workforce
297 education programs; (F) all expenditures made to fund community
298 investment grants, the amounts, grantees and purposes of such grants
299 and, if any of such grants were made to a grant maker, the amounts,
300 grantees and purposes of any subgrants made by such grant maker; (G)
301 all expenditures made for promotional or branding items and which
302 promotional or branding items were purchased; (H) all expenditures
303 made for advertising or marketing campaigns; (I) all expenditures made
304 to advertising or marketing firms; (J) all expenditures made for
305 sponsorships; (K) all expenditures made for other community outreach;
306 (L) all expenditures made for travel; and (M) all other expenditures not
307 described in subparagraphs (A) to (L), inclusive, of this subdivision; and

308 (2) The status of the council's performance of the council's
309 responsibilities in the licensing process under RERACA, including, but
310 not limited to: (A) The number of applications for social equity applicant
311 status, social equity plans and workforce development plans pending
312 before the council, categorized into the number of applications, social
313 equity plans and workforce development plans pending before the
314 council for (i) less than thirty days, (ii) at least thirty days but less than
315 sixty days, (iii) at least sixty days but less than ninety days, and (iv) at
316 least ninety days; (B) the number of applications for social equity
317 applicant status, social equity plans and workforce development plans
318 approved during the then current fiscal year, broken down by license
319 type; and (C) the number of applications for social equity applicant
320 status, social equity plans and workforce development plans denied
321 during the then current fiscal year, broken down by license type.

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

327 (1) The expenditures the council plans to make during the month
328 immediately following submission of such report, which expenditures

329 shall disclose, at a minimum: (A) All expenditures the council plans to
330 make for consultants retained for the purpose of reviewing applications
331 for social equity applicant status; (B) all expenditures the council plans
332 to make to fund community investment grants, the amounts, grantees
333 and purposes of such grants and, if any of such grants are to be made to
334 a grant maker, the amounts, grantees and purposes of any subgrants to
335 be made by such grant maker; (C) all expenditures the council plans to
336 make for promotional or branding items, for advertising or marketing
337 campaigns, to advertising or marketing firms and for sponsorships; (D)
338 all expenditures the council plans to make for community outreach; and
339 (E) all expenditures the council plans to make for travel; and

340 (2) The status of the council's performance of the council's
341 responsibilities in the licensing process under RERACA, including, but
342 not limited to, the following information for the date of such report: (A)
343 The number of applications for social equity applicant status that are
344 pending before the council and the date each such application was
345 submitted, broken down by license type, municipality, assembly district
346 and senate district; (B) the number of social equity plans that are
347 pending before the council and the date each such social equity plan was
348 submitted, broken down by license type; and (C) the number of
349 workforce development plans that are pending before the council and
350 the date each such workforce development plan was submitted, broken
351 down by license type.

352 (q) Not later than October 1, 2025, the council shall develop and
353 submit a strategic plan to the Governor and the joint standing
354 committees of the General Assembly having cognizance of matters
355 relating to appropriations and consumer protection. The strategic plan
356 shall include a framework that outlines the council's goals, planned
357 actions and priorities for the three-year period beginning October 1,
358 2025, and ending September 30, 2028.

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

361 (s) Not later than January 1, 2026, and annually thereafter, the

362 members of the council and council staff shall complete an ethics
363 training course focusing on disproportionately impacted areas and the
364 cannabis industry.

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

367 The Social Equity Council shall adopt regulations, in accordance with
368 the provisions of chapter 54, to prevent the sale or change in ownership
369 or control of a cannabis establishment license awarded to a social equity
370 applicant to someone other than another qualifying social equity
371 applicant during the period of provisional licensure, and for three years
372 following the issuance of a final license, unless the backer of such
373 licensee has died or has a condition, including, but not limited to, a
374 physical illness or loss of skill or deterioration due to the aging process,
375 emotional disorder or mental illness that would interfere with the
376 backer's ability to operate. If the council approves any sale or change in
377 ownership or control of a cannabis establishment license awarded to a
378 social equity applicant during the three-year period following issuance
379 of a final license, and such sale or change in ownership or control is
380 made to anyone other than another qualifying social equity applicant,
381 the cannabis establishment licensee shall be treated as a cannabis
382 establishment licensee without social equity status beginning on the
383 date of such approval and such cannabis licensee shall no longer be
384 eligible to pay a reduced license renewal fee. Notwithstanding the
385 requirements of sections 4-168 to 4-172, inclusive, in order to effectuate
386 this section, prior to adopting such regulations and not later than
387 October 1, 2021, the council shall issue policies and procedures to
388 implement the provisions of this section that shall have the force and
389 effect of law. The council shall post all policies and procedures on its
390 Internet web site and submit such policies and procedures to the
391 Secretary of the State for posting on the eRegulations System, at least
392 fifteen days prior to the effective date of any policy or procedure. Any
393 such policy or procedure shall no longer be effective upon the earlier of
394 either the adoption of the policy or procedure as a final regulation under
395 section 4-172 or forty-eight months from July 1, 2021, if such regulations

396 have not been submitted to the legislative regulation review committee
397 for consideration under section 4-170. Any violation of such policies and
398 procedures or any violation of such regulations related to the sale or
399 change in ownership may be referred by the Social Equity Council to the
400 department for administrative enforcement action, which may result in
401 a fine of not more than ten million dollars or action against the
402 establishment's license.

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

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

408 [(b)] (a) (1) The Department of Economic and Community
409 Development and the Social Equity Council shall jointly develop and
410 establish:

411 (A) A revolving loan program for the purposes of subdivision (1) of
412 subsection (b) of section 21a-421h, including (i) requirements for loan
413 eligibility under the program, (ii) an application form and the
414 information and documentation required to be submitted with such
415 application, (iii) the terms of the loans to be offered, including the rates
416 of interest to be charged and the length of the loans, (iv) a plan for
417 publicizing and marketing the program, and (v) any other requirements
418 necessary to implement the program; and

419 (B) Application forms, applicant requirements and any other
420 provisions the department and the council deem necessary for the
421 purposes of subdivisions (2) to (4), inclusive, of subsection (b) of section
422 21a-421h.

423 (2) The department and the council shall post on the Internet web
424 sites of the Department of Economic and Community Development and
425 the Department of Consumer Protection information concerning the
426 loan program and other available funding under this section.

427 **(b) (1) The Department of Economic and Community Development**
428 **and the Social Equity Council shall approve or deny an application**
429 **described in subdivision (1) of subsection (a) of this section not later**
430 **than one hundred twenty days after the department and the council**
431 **receive a completed application form and all information and**
432 **documentation required to be submitted with such application form.**

433 **(2) If the department and the council deny an application as set forth**
434 **in subdivision (1) of this subsection, the applicant may reapply without**
435 **prejudice by submitting a new application as set forth in subdivision (1)**
436 **of subsection (a) of this section.**

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	21a-420d
Sec. 2	<i>from passage</i>	21a-420h
Sec. 3	<i>from passage</i>	21a-421i

Statement of Legislative Commissioners:

In Section 1(c)(5)(B), "as defined in section 21a-420," was bracketed for consistency; in Section 1(h)(5), "equity, as defined in section 21a-420;" was changed to "equity; [, as defined in section 21a-420;]" for consistency; and in Section 1(q), "ending on September" was changed to "ending September" for consistency.

GL *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Social Equity Council	CSEIF - Potential Cost	Minimal	Minimal
Resources of the General Fund	GF - Potential Revenue Gain	Minimal	Minimal

Note: CSEIF=Cannabis Social Equity and Innovation Fund; GF=General Fund

Municipal Impact: None

Explanation

The bill makes various changes regarding the Social Equity Council (SEC) which result in the following impacts.

Section 1 results in a potential minimal cost to the SEC by requiring council members and staff to complete an ethics training course focused on disproportionately impacted areas and the cannabis industry. The cost may be mitigated to the extent that the Office of State Ethics can provide these services.

This section has no fiscal impact by requiring the SEC to develop a strategic plan and adopt a code of ethics. The SEC can accommodate these requirements within existing resources.

Section 2 results in a potential minimal revenue gain to the General Fund by allowing the SEC to approve a sale or change of ownership of a business from one with social equity status to one without social equity status. In such a case, the new licensee without social equity status would no longer be eligible to pay reduced license renewal fees.

Any revenue gain is dependent upon the number of approvals the

SEC makes under this provision.

Section 3 has no fiscal impact by requiring the Department of Economic and Community Development and the SEC to approve or deny a completed application for the canna-business revolving loan fund within 120 days after receiving the application.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and subject to the number of approved licensee status changes.

OLR Bill Analysis**sHB 6930*****AN ACT CONCERNING THE SOCIAL EQUITY COUNCIL'S RECOMMENDATIONS REGARDING SOCIAL EQUITY PLANS, STRATEGIC PLANNING, ETHICS, LICENSE RENEWAL FEES AND FINANCIAL ASSISTANCE APPLICATIONS.*****SUMMARY**

This bill requires each cannabis establishment to maintain an active social equity plan and submit an annual report on the plan to the Social Equity Council for review. It also requires the council to (1) develop a three-year strategic plan outlining its goals, planned actions, and priorities for the period, and (2) adopt a code of ethics and require its staff to complete an annual ethics training course.

By law, certain social equity applicants pay 50% of the renewal fees of other cannabis establishments for the first three renewal cycles. Under the bill, a cannabis establishment licensee is not entitled to pay a reduced license renewal fee if (1) the business is sold or ownership changes during the three years after a final license is issued, and (2) the sale or change is made to anyone other than a social equity applicant.

Finally, the bill sets a 120-day deadline for the Department of Economic and Community Development (DECD) and the council to approve or deny an application for financial assistance for certain low-interest loans to social equity applicants under the Canna-Business Revolving Loan Fund.

EFFECTIVE DATE: Upon passage

§ 1 — ACTIVE SOCIAL EQUITY PLANS

The bill requires each licensed cannabis establishment to (1) maintain an active social equity plan while the establishment is in operation and (2) starting by March 1, 2026, annually submit to the Social Equity

Council a report on the plan's impact during the prior year on the disproportionately impacted area where the establishment is located.

By law, all cannabis establishments seeking to apply for a final license must submit a social equity plan to the council for review and approval. Generally, a cannabis establishment's social equity plan must address social, economic, and cultural needs in locations identified as being disproportionately impacted by drug laws.

Under the bill, the council must review each submitted report and may, within 60 days of completing the review, request that an establishment revise its social equity plan to ensure that the plan furthers the principles of equity.

By law, a "cannabis establishment" is a cannabis producer, dispensary facility, cultivator, micro-cultivator, retailer, hybrid retailer (one licensed to sell both recreational cannabis and medical marijuana), food and beverage manufacturer, product manufacturer or packager, delivery service, or transporter.

§ 1 — STRATEGIC PLAN AND ETHICAL CODE OF CONDUCT

The bill requires the Social Equity Council, by October 1, 2025, to develop and submit a strategic plan to the governor and the Appropriations and General Law committees. The plan must include a framework that outlines the council's goals, planned actions, and priorities for the three-year period from October 1, 2025, through September 30, 2028.

The bill also requires the council, by October 1, 2025, to develop and adopt an ethical code of conduct for council members and staff. Starting by January 1, 2026, the council members and staff must annually complete an ethics training course on disproportionately impacted areas and the cannabis industry.

§ 2 — SALE OR CHANGE IN OWNERSHIP

Existing law requires the Social Equity Council to adopt regulations to prevent a cannabis establishment license awarded to a social equity

applicant from being sold to someone other than another social equity applicant during the provisional licensure period and for three years after final licensure, except where the backer has died or has a condition (e.g., a physical or mental illness) that would interfere with the backer's ability to operate.

Under the bill, if the council approves any sale or change of ownership or control of a license awarded to a social equity applicant during the three years following a final license issuance, and the sale or change in ownership or control is to someone other than a social equity applicant, then the licensee must be treated like one without social equity status starting on the approval date. The new licensee is no longer eligible to pay reduced license renewal fees.

§ 3 — CANNA-BUSINESS REVOLVING LOAN FUND

Existing law requires DECD and the council to jointly establish a revolving loan program to provide, among other things, low-interest loans to social equity applicants, municipalities, or nonprofits to rehabilitate, renovate, or develop unused or underused real property for use as a cannabis establishment.

The bill requires DECD and the council to approve or deny a completed application within 120 days after receiving the application with all the required information and documentation. If DECD and the council deny an application, the applicant may reapply without prejudice and may submit a new application.

BACKGROUND

Social Equity Council

By law, the Social Equity Council is charged with, among other duties, promoting and encouraging full participation in the cannabis industry by people from communities disproportionately harmed by cannabis prohibition.

Related Bill

sHB 7178, favorably reported by the General Law Committee, among

other things, allows certain cannabis establishments backers to increase their ownership in an equity joint venture to more than 50% if at least three years have passed and with the Social Equity Council's approval.

COMMITTEE ACTION

General Law Committee

Joint Favorable

Yea 21 Nay 0 (03/21/2025)