



House of Representatives

File No. 811

General Assembly

January Session, 2025

(Reprint of File No. 592)

Substitute House Bill No. 6930
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
April 30, 2025

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

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 Section 21a-420d of the general statutes is repealed and the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
97 fails to attend fifty per cent of all meetings held during any calendar
98 year, [beginning on or after January 1, 2023, shall be deemed to have
99 resigned from office] may be removed from office by a simple majority
100 vote of the members of the council. The appointing authority shall fill
101 the vacancy for the unexpired term of any member who is [deemed to

102 have resigned] removed from office under this subsection, and shall use
103 best efforts to ensure such appointment reflects the racial, gender and
104 geographic diversity of the population of the state.

105 (e) The Social Equity Council may (1) request, and shall receive, from
106 any state agency such information and assistance as the council may
107 require, (2) use such funds as may be available from federal, state or
108 other sources and may enter into contracts to carry out the purposes of
109 the council, including, but not limited to, contracts or agreements with
110 Connecticut Innovations, Incorporated, constituent units of the state
111 system of higher education, regional workforce development boards
112 and community development financial institutions, (3) utilize voluntary
113 and uncompensated services of private individuals, state or federal
114 agencies and organizations as may, from time to time, be offered and
115 needed, (4) accept any gift, donation or bequest for the purpose of
116 performing the duties of the council, (5) hold public hearings, (6)
117 establish such standing committees, as necessary, to perform the duties
118 of the council, and (7) adopt regulations, in accordance with chapter 54,
119 as the council may deem necessary to carry out the duties of the council.

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

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

132 (1) Historical and present-day social, economic and familial
133 consequences of cannabis prohibition, the criminalization and

134 stigmatization of cannabis use and related public policies;

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

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

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

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

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

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

- 164 (2) Specifying additional qualifications for social equity applicants;
- 165 (3) Providing for expedited or priority license processing for each
166 license as a retailer, hybrid retailer, cultivator, micro-cultivator, product
167 manufacturer, food and beverage manufacturer, product packager,
168 transporter and delivery service license for social equity applicants;
- 169 (4) Establishing minimum criteria for any cannabis establishment
170 licensed on or after January 1, 2022, that is not owned by a social equity
171 applicant, to comply with an approved workforce development plan to
172 reinvest or provide employment and training opportunities for
173 individuals in disproportionately impacted areas;
- 174 (5) Establishing criteria for a social equity plan for any cannabis
175 establishment licensed on or after January 1, 2022, to further the
176 principles of equity; [, as defined in section 21a-420;]
- 177 (6) Recruiting individuals from communities that have been
178 disproportionately harmed by cannabis prohibition and enforcement to
179 enroll in the workforce training program established pursuant to section
180 21a-421g;
- 181 (7) Potential uses for revenue generated under RERACA to further
182 equity;
- 183 (8) Encouraging participation of investors, cannabis establishments,
184 and entrepreneurs in the cannabis business accelerator program
185 established pursuant to section 21a-421f;
- 186 (9) Establishing a process to best ensure that social equity applicants
187 have access to the capital and training needed to own and operate a
188 cannabis establishment; and
- 189 (10) Developing a vendor list of women-owned and minority-owned
190 businesses that cannabis establishments may contract with for necessary
191 services, including, but not limited to, office supplies, information
192 technology infrastructure and cleaning services.

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

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

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

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

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

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

225 (k) The Social Equity Council shall develop criteria for evaluating the
226 ownership and control of any equity joint venture created under section
227 21a-420m, 21a-420u, 21a-420j or 21a-420aa and shall review and approve
228 or deny in writing such equity joint venture prior to such equity joint
229 venture being licensed under section 21a-420m, 21a-420u, 21a-420j or
230 21a-420aa. The council shall not approve any equity joint venture
231 applicant which shares with an equity joint venture any individual
232 owner who meets the criteria established in subparagraphs (A) and (B)
233 of subdivision (51) of section 21a-420, other than an individual owner in
234 their capacity as a backer licensed under section 21a-420o.

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

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

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

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

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

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

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

285 (1) The fiscal-year-to-date expenditures of the council, which
286 expenditures shall disclose, at a minimum: (A) All expenditures made
287 for personal services and the fringe benefit costs associated therewith;
288 (B) all expenditures made for consultants retained for the purpose of
289 reviewing applications for social equity applicant status; (C) all

290 expenditures made to provide businesses with access to capital and the
291 number of businesses that received access to such capital; (D) all
292 expenditures made to provide technical assistance for the start-up and
293 operation of businesses and the number of businesses that received such
294 assistance; (E) all expenditures made to fund workforce education, the
295 number of persons served by the workforce education programs
296 supported by such expenditures and the number of persons successfully
297 placed in relevant professional roles after completing such workforce
298 education programs; (F) all expenditures made to fund community
299 investment grants, the amounts, grantees and purposes of such grants
300 and, if any of such grants were made to a grant maker, the amounts,
301 grantees and purposes of any subgrants made by such grant maker; (G)
302 all expenditures made for promotional or branding items and which
303 promotional or branding items were purchased; (H) all expenditures
304 made for advertising or marketing campaigns; (I) all expenditures made
305 to advertising or marketing firms; (J) all expenditures made for
306 sponsorships; (K) all expenditures made for other community outreach;
307 (L) all expenditures made for travel; and (M) all other expenditures not
308 described in subparagraphs (A) to (L), inclusive, of this subdivision; and

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

323 (p) Not later than July 1, 2024, and monthly thereafter, the executive

324 director of the council shall prepare and submit a report, in accordance
325 with the provisions of section 11-4a, to the council and the Black and
326 Puerto Rican Caucus of the General Assembly. The report shall include,
327 but need not be limited to:

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

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

353 (q) Not later than October 1, 2025, the council shall develop and
354 submit a strategic plan to the Governor and the joint standing
355 committees of the General Assembly having cognizance of matters
356 relating to appropriations and consumer protection. The strategic plan

357 shall include a framework that outlines the council's goals, planned
358 actions and priorities for the three-year period beginning October 1,
359 2025, and ending September 30, 2028.

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

362 (s) Not later than January 1, 2026, and annually thereafter, the
363 members of the council and council staff shall complete an ethics
364 training course focusing on disproportionately impacted areas and the
365 cannabis industry.

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

368 The Social Equity Council shall adopt regulations, in accordance with
369 the provisions of chapter 54, to prevent the sale or change in ownership
370 or control of a cannabis establishment license awarded to a social equity
371 applicant to someone other than another qualifying social equity
372 applicant during the period of provisional licensure, and for three years
373 following the issuance of a final license, unless the backer of such
374 licensee has died or has a condition, including, but not limited to, a
375 physical illness or loss of skill or deterioration due to the aging process,
376 emotional disorder or mental illness that would interfere with the
377 backer's ability to operate. If the council approves any sale or change in
378 ownership or control of a cannabis establishment license awarded to a
379 social equity applicant during the three-year period following issuance
380 of a final license, and such sale or change in ownership or control is
381 made to anyone other than another qualifying social equity applicant,
382 the cannabis establishment licensee shall be treated as a cannabis
383 establishment licensee without social equity status beginning on the
384 date of such approval and such cannabis licensee shall no longer be
385 eligible to pay a reduced license renewal fee. Notwithstanding the
386 requirements of sections 4-168 to 4-172, inclusive, in order to effectuate
387 this section, prior to adopting such regulations and not later than
388 October 1, 2021, the council shall issue policies and procedures to

389 implement the provisions of this section that shall have the force and
390 effect of law. The council shall post all policies and procedures on its
391 Internet web site and submit such policies and procedures to the
392 Secretary of the State for posting on the eRegulations System, at least
393 fifteen days prior to the effective date of any policy or procedure. Any
394 such policy or procedure shall no longer be effective upon the earlier of
395 either the adoption of the policy or procedure as a final regulation under
396 section 4-172 or [forty-eight] sixty months from July 1, 2021, if such
397 regulations have not been submitted to the legislative regulation review
398 committee for consideration under section 4-170. Any violation of such
399 policies and procedures or any violation of such regulations related to
400 the sale or change in ownership may be referred by the Social Equity
401 Council to the department for administrative enforcement action, which
402 may result in a fine of not more than ten million dollars or action against
403 the establishment's license.

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

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

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

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

420 (B) Application forms, applicant requirements and any other

421 provisions the department and the council deem necessary for the
422 purposes of subdivisions (2) to (4), inclusive, of subsection (b) of section
423 21a-421h.

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

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

434 (2) If the department and the council deny an application as set forth
435 in subdivision (1) of this subsection, the applicant may reapply without
436 prejudice by submitting a new application as set forth in subdivision (1)
437 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

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.

House "A" has no fiscal impact by (1) modifying the process for which members may be removed from the SEC and (2) modifying the time frame for which SEC policies and procedures remain in effect.

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 (as amended by House "A")******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 makes various changes related to the Social Equity Council and social equity applicants (in relation to certain cannabis licenses).

The bill removes a provision that currently deems council members to have resigned if they miss a certain number of meetings, and instead allows the council to remove these members by majority vote.

The bill also 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. The bill also extends, by one year, the maximum effective period of the council's policies and procedures on ownership changes for social equity applicants.

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.

*House Amendment “A” adds the provisions (1) allowing the council to remove a member by majority vote, and (2) extending the maximum effective period of certain policies and procedures.

EFFECTIVE DATE: Upon passage

§ 1 — SOCIAL EQUITY COUNCIL MEMBER REMOVAL

Under current law, Social Equity Council members are deemed as having resigned if they miss three consecutive meetings or 50% of the meetings in a calendar year. The bill instead allows them to be removed from office for these reasons by a simple majority vote of the council members. As under current law for resigned members, the appointing authority must fill the vacancy.

§ 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.

Existing law requires the council to issue policies and procedures to implement the change in ownership provisions before final regulations are adopted. The bill extends the maximum effective period of these policies and procedures from July 1, 2025, to July 1, 2026, if regulations have not been submitted to the Regulation Review Committee. As under existing law, the policies and procedures are no longer effective once regulations are adopted.

§ 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 (File 631), 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)