



General Assembly

Amendment

January Session, 2025

LCO No. 7494



Offered by:

REP. LEMAR, 96th Dist.

SEN. MARONEY, 14th Dist.

REP. RUTIGLIANO, 123rd Dist.

To: Subst. House Bill No. 6930

File No. 592

Cal. No. 366

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

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

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 Section 21a-420d of the general statutes is repealed and the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

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

8 (b) The Social Equity Council shall consist of seventeen members as
9 follows:

10 (1) One appointed by the speaker of the House of Representatives,

11 who has a professional background of not less than five years working
12 in the field of either social justice or civil rights;

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

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

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

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

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

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

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

39 (9) The Commissioner of Consumer Protection, or the commissioner's

40 designee;

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

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

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

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

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

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

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

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

68 (D) In addition to the council's authority under subparagraph (C) of

69 this subdivision, if a final review board consisting of the chairperson
70 and the members of the council appointed under subdivisions (1), (2),
71 (5) and (6) of subsection (b) of this section determines, by a simple
72 majority vote of the members of the final review board, that removing
73 the executive director is in the best interest of serving the council's
74 mission, such final review board shall issue a letter to the council
75 recommending that the council remove the executive director.

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

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

93 (d) A majority of the members of the Social Equity Council shall
94 constitute a quorum for the transaction of any business. The members
95 of the council shall serve without compensation, but shall, within
96 available appropriations, be reimbursed for expenses necessarily
97 incurred in the performance of their duties. Any member who fails to
98 attend three consecutive meetings, [held after May 24, 2022,] or who
99 fails to attend fifty per cent of all meetings held during any calendar
100 year, [beginning on or after January 1, 2023, shall be deemed to have
101 resigned from office] may be removed from office by a simple majority

102 vote of the members of the council. The appointing authority shall fill
103 the vacancy for the unexpired term of any member who is [deemed to
104 have resigned] removed from office under this subsection, and shall use
105 best efforts to ensure such appointment reflects the racial, gender and
106 geographic diversity of the population of the state.

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

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

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

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

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

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

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

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

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

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

165 establishments;

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

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

171 (4) Establishing minimum criteria for any cannabis establishment
172 licensed on or after January 1, 2022, that is not owned by a social equity
173 applicant, to comply with an approved workforce development plan to
174 reinvest or provide employment and training opportunities for
175 individuals in disproportionately impacted areas;

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

179 (6) Recruiting individuals from communities that have been
180 disproportionately harmed by cannabis prohibition and enforcement to
181 enroll in the workforce training program established pursuant to section
182 21a-421g;

183 (7) Potential uses for revenue generated under RERACA to further
184 equity;

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

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

191 (10) Developing a vendor list of women-owned and minority-owned
192 businesses that cannabis establishments may contract with for necessary
193 services, including, but not limited to, office supplies, information

194 technology infrastructure and cleaning services.

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

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

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

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

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

222 (j) After developing criteria for workforce development plans as
223 described in subdivision (4) of subsection (h) of this section, the Social
224 Equity Council shall review and approve or deny in writing any such

225 plan submitted by a producer under section 21a-420l or a hybrid-retailer
226 under section 21a-420u.

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

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

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

253 (2) (A) Each licensed cannabis establishment shall (i) maintain an
254 active social equity plan at all times while such cannabis establishment
255 is in operation, and (ii) not later than March 1, 2026, and annually
256 thereafter, submit to the council a report disclosing the impact such

257 social equity plan had on the disproportionately impacted area in which
258 such cannabis establishment is located during the preceding calendar
259 year.

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

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

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

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

287 (1) The fiscal-year-to-date expenditures of the council, which

288 expenditures shall disclose, at a minimum: (A) All expenditures made
289 for personal services and the fringe benefit costs associated therewith;
290 (B) all expenditures made for consultants retained for the purpose of
291 reviewing applications for social equity applicant status; (C) all
292 expenditures made to provide businesses with access to capital and the
293 number of businesses that received access to such capital; (D) all
294 expenditures made to provide technical assistance for the start-up and
295 operation of businesses and the number of businesses that received such
296 assistance; (E) all expenditures made to fund workforce education, the
297 number of persons served by the workforce education programs
298 supported by such expenditures and the number of persons successfully
299 placed in relevant professional roles after completing such workforce
300 education programs; (F) all expenditures made to fund community
301 investment grants, the amounts, grantees and purposes of such grants
302 and, if any of such grants were made to a grant maker, the amounts,
303 grantees and purposes of any subgrants made by such grant maker; (G)
304 all expenditures made for promotional or branding items and which
305 promotional or branding items were purchased; (H) all expenditures
306 made for advertising or marketing campaigns; (I) all expenditures made
307 to advertising or marketing firms; (J) all expenditures made for
308 sponsorships; (K) all expenditures made for other community outreach;
309 (L) all expenditures made for travel; and (M) all other expenditures not
310 described in subparagraphs (A) to (L), inclusive, of this subdivision; and

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

322 type; and (C) the number of applications for social equity applicant
323 status, social equity plans and workforce development plans denied
324 during the then current fiscal year, broken down by license type.

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

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

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

355 (q) Not later than October 1, 2025, the council shall develop and
356 submit a strategic plan to the Governor and the joint standing
357 committees of the General Assembly having cognizance of matters
358 relating to appropriations and consumer protection. The strategic plan
359 shall include a framework that outlines the council's goals, planned
360 actions and priorities for the three-year period beginning October 1,
361 2025, and ending September 30, 2028.

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

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

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

370 The Social Equity Council shall adopt regulations, in accordance with
371 the provisions of chapter 54, to prevent the sale or change in ownership
372 or control of a cannabis establishment license awarded to a social equity
373 applicant to someone other than another qualifying social equity
374 applicant during the period of provisional licensure, and for three years
375 following the issuance of a final license, unless the backer of such
376 licensee has died or has a condition, including, but not limited to, a
377 physical illness or loss of skill or deterioration due to the aging process,
378 emotional disorder or mental illness that would interfere with the
379 backer's ability to operate. If the council approves any sale or change in
380 ownership or control of a cannabis establishment license awarded to a
381 social equity applicant during the three-year period following issuance
382 of a final license, and such sale or change in ownership or control is
383 made to anyone other than another qualifying social equity applicant,
384 the cannabis establishment licensee shall be treated as a cannabis
385 establishment licensee without social equity status beginning on the
386 date of such approval and such cannabis licensee shall no longer be

387 eligible to pay a reduced license renewal fee. Notwithstanding the
388 requirements of sections 4-168 to 4-172, inclusive, in order to effectuate
389 this section, prior to adopting such regulations and not later than
390 October 1, 2021, the council shall issue policies and procedures to
391 implement the provisions of this section that shall have the force and
392 effect of law. The council shall post all policies and procedures on its
393 Internet web site and submit such policies and procedures to the
394 Secretary of the State for posting on the eRegulations System, at least
395 fifteen days prior to the effective date of any policy or procedure. Any
396 such policy or procedure shall no longer be effective upon the earlier of
397 either the adoption of the policy or procedure as a final regulation under
398 section 4-172 or [forty-eight] sixty months from July 1, 2021, if such
399 regulations have not been submitted to the legislative regulation review
400 committee for consideration under section 4-170. Any violation of such
401 policies and procedures or any violation of such regulations related to
402 the sale or change in ownership may be referred by the Social Equity
403 Council to the department for administrative enforcement action, which
404 may result in a fine of not more than ten million dollars or action against
405 the establishment's license.

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

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

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

414 (A) A revolving loan program for the purposes of subdivision (1) of
415 subsection (b) of section 21a-421h, including (i) requirements for loan
416 eligibility under the program, (ii) an application form and the
417 information and documentation required to be submitted with such
418 application, (iii) the terms of the loans to be offered, including the rates

419 of interest to be charged and the length of the loans, (iv) a plan for
420 publicizing and marketing the program, and (v) any other requirements
421 necessary to implement the program; and

422 (B) Application forms, applicant requirements and any other
423 provisions the department and the council deem necessary for the
424 purposes of subdivisions (2) to (4), inclusive, of subsection (b) of section
425 21a-421h.

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

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

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

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|---|---------------------|----------|
| 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 |