
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 disproportionally 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)