



House of Representatives

General Assembly

File No. 386

February Session, 2026

Substitute House Bill No. 5351

House of Representatives, April 2, 2026

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 CANNABIS REGULATION.***

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

1 Section 1. Section 21a-420d of the 2026 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective from passage*):

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

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

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

12 (2) One appointed by the president pro tempore of the Senate, who

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

79 (5) The chairperson and executive director shall jointly develop, and
80 the council shall review and approve, (A) allocations of moneys in the
81 social equity and innovation account established under section 21a-420f,
82 for the purposes that the council determines under subsection (a) of
83 section 21a-420f, further the principles of equity, and (B) any plans for
84 expenditures to provide (i) access to capital for businesses, (ii) technical
85 assistance for the start-up and operation of a business, (iii) funding for
86 workforce education, (iv) funding for community investments, and (v)
87 funding for investments in disproportionately impacted areas.

88 (d) A majority of the members of the Social Equity Council shall
89 constitute a quorum for the transaction of any business. The members
90 of the council shall serve without compensation, but shall, within
91 available appropriations, be reimbursed for expenses necessarily
92 incurred in the performance of their duties. Any member who fails to
93 attend three consecutive meetings, or who fails to attend fifty per cent
94 of all meetings held during any calendar year, may be removed from
95 office by a simple majority vote of the members of the council. The
96 appointing authority shall fill the vacancy for the unexpired term of any
97 member who is removed from office under this subsection, and shall
98 use best efforts to ensure such appointment reflects the racial, gender
99 and geographic diversity of the population of the state.

100 (e) The Social Equity Council may (1) request, and shall receive, from
101 any state agency such information and assistance as the council may
102 require, (2) use such funds as may be available from federal, state or
103 other sources [and may] to carry out its purposes, (3) enter into contracts
104 or agreements to carry out [the] its purposes, [of the council,] including,
105 but not limited to, contracts or agreements with Connecticut

106 Innovations, Incorporated, constituent units of the state system of
107 higher education, regional workforce development boards and
108 community development financial institutions, [(3)] (4) utilize such
109 voluntary and uncompensated services of private individuals, state or
110 federal agencies and organizations as may, from time to time, be offered
111 and needed, [(4)] (5) accept any gift, donation or bequest for the purpose
112 of performing [the] its duties, [of the council, (5)] (6) conduct such
113 investigations as the council may deem necessary to carry out its duties,
114 (7) hold public hearings, [(6)] (8) establish [such] standing committees,
115 as necessary, to perform [the] its duties, [of the council,] and [(7)] (9)
116 adopt such regulations, in accordance with the provisions of chapter 54,
117 as the council may deem necessary to carry out [the] its duties. [of the
118 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, to comply with an approved
170 workforce development plan to reinvest or provide employment and
171 training opportunities for individuals in disproportionately impacted
172 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;

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 an applicant for a final license. If the Social Equity
223 Council does not approve a workforce development plan for a cannabis
224 establishment on or before July 1, 2025, the cannabis establishment shall
225 submit a workforce development plan to the council not later than
226 October 1, 2025, or sixty days prior to the next renewal date for such
227 cannabis establishment's license, whichever is earlier. Not later than
228 sixty days after the cannabis establishment submits the workforce
229 development plan to the council, the council shall send notice to the
230 cannabis establishment disclosing whether such workforce
231 development plan has been approved, rejected or requires modification.

232 (k) The Social Equity Council shall develop criteria for evaluating the
233 ownership and control of any equity joint venture created under section
234 21a-420j, 21a-420m, 21a-420u, 21a-420aa, [21a-420bbb] 21a-420bb or
235 [21a-420ccc] 21a-420cc and shall review and approve or deny in writing
236 such equity joint venture prior to such equity joint venture being
237 licensed under section 21a-420j, 21a-420m, 21a-420u, 21a-420aa, [21a-
238 420bbb] 21a-420bb or [21a-420ccc] 21a-420cc. The council shall not
239 approve any equity joint venture applicant which shares with an equity
240 joint venture any individual owner who meets the criteria established
241 in subparagraphs (A) and (B) of subdivision (51) of section 21a-420,
242 other than an individual owner in their capacity as a backer licensed
243 under section 21a-420o. Except as provided in the policies and
244 procedures issued, or final regulations adopted, by the council pursuant
245 to section 21a-420h with respect to a sale or change in ownership or
246 control of a cannabis establishment license awarded to a social equity
247 applicant, no change shall be made in the ownership or control of an
248 equity joint venture that has been approved by the council under this
249 subsection during the seven-year period beginning on the date on which
250 such equity joint venture was licensed under section 21a-420j, 21a-420m,
251 21a-420u, 21a-420aa, 21a-420bb or 21a-420cc.

252 (l) The Social Equity Council shall, upon receipt of funds from
253 producers in accordance with subdivision (5) of subsection (b) of section
254 21a-420l, develop a program to assist social equity applicants to open
255 not more than two micro-cultivator establishment businesses in total.
256 Producers shall provide mentorship to such social equity applicants.
257 The council shall, with the department, determine a system to select
258 social equity applicants to participate in such program without
259 participating in a lottery or request for proposals.

260 (m) (1) The Social Equity Council shall review and either approve or
261 deny, in writing, any social equity plan submitted by a cannabis
262 establishment as part of the cannabis establishment's final license
263 application. The council shall approve or deny such social equity plan
264 not later than thirty days after such social equity plan is submitted to
265 the council. If the council denies any such social equity plan, the

266 applicant may revise and resubmit such social equity plan without
267 prejudice.

268 (2) (A) Each licensed cannabis establishment shall (i) maintain an
269 active social equity plan at all times while such cannabis establishment
270 is in operation, and (ii) not later than March 1, 2026, and annually
271 thereafter, submit to the council a report disclosing the impact such
272 social equity plan had on the disproportionately impacted area in which
273 such cannabis establishment is located during the preceding calendar
274 year.

275 (B) The council shall review each report submitted pursuant to
276 subparagraph (A)(ii) of this subdivision and may, not later than sixty
277 days after completing such review, request that the licensed cannabis
278 establishment that submitted such report revise such cannabis
279 establishment's social equity plan to ensure that such social equity plan
280 furthers the principles of equity.

281 (3) Not later than July 1, 2024, the council shall update the criteria for
282 social equity plans described in subdivision (5) of subsection (h) of this
283 section to include a specific, points-based rubric to evaluate social equity
284 plans.

285 (n) The Social Equity Council shall approve the amounts, grantees
286 and purposes of any grants made by the council from the social equity
287 and innovation account or the Cannabis Social Equity and Innovation
288 Fund, established under section 21a-420f, and any contract executed by
289 and between the council and a grant maker shall require that the
290 amounts, grantees and purposes of any subgrants made by such grant
291 maker shall be approved by the council.

292 (o) Not later than [July 1, 2024, and quarterly thereafter] the first days
293 of January, April, July and October for the preceding calendar quarter,
294 the Social Equity Council shall prepare and submit a quarterly report,
295 in accordance with the provisions of section 11-4a, to the Governor, the
296 speaker of the House of Representatives, the president pro tempore of
297 the Senate, the majority leader of the House of Representatives, the

298 majority leader of the Senate, the minority leader of the House of
299 Representatives, the minority leader of the Senate, [and] the joint
300 standing committees of the General Assembly having cognizance of
301 matters relating to appropriations and consumer protection and the
302 chairperson of the Black and Puerto Rican Caucus of the General
303 Assembly. The report shall include, but need not be limited to:

304 (1) The fiscal-year-to-date expenditures of the council, which
305 expenditures shall disclose, at a minimum: (A) All expenditures made
306 for personal services and the fringe benefit costs associated therewith;
307 (B) all expenditures made for consultants retained for the purpose of
308 reviewing applications for social equity applicant status; (C) all
309 expenditures made to provide businesses with access to capital and the
310 number of businesses that received access to such capital; (D) all
311 expenditures made to provide technical assistance for the start-up and
312 operation of businesses and the number of businesses that received such
313 assistance; (E) all expenditures made to fund workforce education, the
314 number of persons served by the workforce education programs
315 supported by such expenditures and the number of persons successfully
316 placed in relevant professional roles after completing such workforce
317 education programs; (F) all expenditures made to fund community
318 investment grants, the amounts, grantees and purposes of such grants
319 and, if any of such grants were made to a grant maker, the amounts,
320 grantees and purposes of any subgrants made by such grant maker; (G)
321 all expenditures made for promotional or branding items and which
322 promotional or branding items were purchased; (H) all expenditures
323 made for advertising or marketing campaigns; (I) all expenditures made
324 to advertising or marketing firms; (J) all expenditures made for
325 sponsorships; (K) all expenditures made for other community outreach;
326 (L) all expenditures made for travel; and (M) all other expenditures not
327 described in subparagraphs (A) to (L), inclusive, of this subdivision; and

328 (2) The status of the council's performance of the council's
329 responsibilities in the licensing process under RERACA, including, but
330 not limited to: (A) The number of applications for social equity applicant
331 status, social equity plans and workforce development plans pending

332 before the council, categorized into the number of applications, social
333 equity plans and workforce development plans pending before the
334 council for (i) less than thirty days, (ii) at least thirty days but less than
335 sixty days, (iii) at least sixty days but less than ninety days, and (iv) at
336 least ninety days; (B) the number of applications for social equity
337 applicant status, social equity plans and workforce development plans
338 approved during the then current fiscal year, broken down by license
339 type; and (C) the number of applications for social equity applicant
340 status, social equity plans and workforce development plans denied
341 during the then current fiscal year, broken down by license type.

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

347 (1) The expenditures the council plans to make during the month
348 immediately following submission of such report, which expenditures
349 shall disclose, at a minimum: (A) All expenditures the council plans to
350 make for consultants retained for the purpose of reviewing applications
351 for social equity applicant status; (B) all expenditures the council plans
352 to make to fund community investment grants, the amounts, grantees
353 and purposes of such grants and, if any of such grants are to be made to
354 a grant maker, the amounts, grantees and purposes of any subgrants to
355 be made by such grant maker; (C) all expenditures the council plans to
356 make for promotional or branding items, for advertising or marketing
357 campaigns, to advertising or marketing firms and for sponsorships; (D)
358 all expenditures the council plans to make for community outreach; and
359 (E) all expenditures the council plans to make for travel; and

360 (2) The status of the council's performance of the council's
361 responsibilities in the licensing process under RERACA, including, but
362 not limited to, the following information for the date of such report: (A)
363 The number of applications for social equity applicant status that are
364 pending before the council and the date each such application was

365 submitted, broken down by license type, municipality, assembly district
366 and senate district; (B) the number of social equity plans that are
367 pending before the council and the date each such social equity plan was
368 submitted, broken down by license type; and (C) the number of
369 workforce development plans that are pending before the council and
370 the date each such workforce development plan was submitted, broken
371 down by license type.]

372 ~~[(q)]~~ ~~(p)~~ Not later than October 1, 2025, the council shall develop and
373 submit a strategic plan to the Governor and the joint standing
374 committees of the General Assembly having cognizance of matters
375 relating to appropriations and consumer protection. The strategic plan
376 shall include a framework that outlines the council's goals, planned
377 actions and priorities for the three-year period beginning October 1,
378 2025, and ending September 30, 2028.

379 ~~[(r)]~~ ~~(q)~~ Not later than October 1, 2025, the council shall develop and
380 adopt an ethical code of conduct for council members and staff.

381 ~~[(s)]~~ ~~(r)~~ Not later than January 1, 2026, and annually thereafter, the
382 members of the council and council staff shall complete an ethics
383 training course focusing on disproportionately impacted areas and the
384 cannabis industry.

385 (s) The council shall adopt regulations, in accordance with the
386 provisions of chapter 54, to implement the provisions of subsection (k)
387 of this section and subsection (a) of section 21a-420g, as amended by this
388 act. Notwithstanding the requirements of sections 4-168 to 4-172,
389 inclusive, in order to implement the provisions of subsection (k) of this
390 section and subsection (a) of section 21a-420g, as amended by this act,
391 prior to adopting such regulations the council shall, not later than
392 October 1, 2026, issue policies and procedures to implement the
393 provisions of subsection (k) of this section and subsection (a) of section
394 21a-420g, as amended by this act, that shall have the force and effect of
395 law. The council shall post all policies and procedures on its Internet
396 web site, and submit such policies and procedures to the Secretary of
397 the State for posting on the eRegulations System, at least fifteen days

398 prior to the effective date of any policy or procedure. Any such policy
399 or procedure shall no longer be effective upon the earlier of either the
400 adoption of such policy or procedure as a final regulation under section
401 4-172 or October 1, 2027, if such regulations have not been submitted to
402 the legislative regulation review committee for consideration under
403 section 4-170. Any violation of such policies and procedures or any
404 violation of such regulations related to any change in ownership or
405 control may be referred by the council to the Department of Consumer
406 Protection for administrative enforcement action, which may result in a
407 fine of not more than ten million dollars or action against the cannabis
408 establishment's license.

409 Sec. 2. Subsections (a) to (g), inclusive, of section 21a-420g of the 2026
410 supplement to the general statutes are repealed and the following is
411 substituted in lieu thereof (*Effective from passage*):

412 (a) The Social Equity Council shall review the ownership information
413 and any other information necessary to confirm that an applicant
414 qualifies as a social equity applicant for all cannabis establishment
415 license type applications submitted to the department and designated
416 by the applicant as a social equity applicant. The Social Equity Council
417 shall prescribe the documentation necessary for applicants to submit to
418 establish that the ownership, residency and income requirements for
419 social equity applicants are met. On or before September 1, 2021, the
420 Social Equity Council shall post such necessary documentation
421 requirements on its Internet web site to inform applicants of such
422 requirements prior to the start of the application period. Except as
423 provided in the policies and procedures issued, or final regulations
424 adopted, by the council pursuant to section 21a-420h, no change shall be
425 made in the ownership or control of a social equity applicant that has
426 been approved by the council during the period of provisional licensure
427 and for three years following issuance of a final license.

428 (b) Except as provided in sections 21a-420o and 21a-420aa to 21a-
429 420cc, inclusive, prior to the first date that the department begins
430 accepting applications for a license type, the department shall determine

431 the maximum number of applications that shall be considered for such
432 license type and post such information on its Internet web site. Fifty per
433 cent of the maximum number of applications that shall be considered
434 for each license type (1) shall be selected through a social equity lottery
435 for such license type, and (2) shall be reserved by the department for
436 social equity applicants. If, upon the close of the application period for
437 a license type, the department receives more applications than the
438 maximum number to be considered in total or to be reserved for social
439 equity applicants as set forth in this subsection, a third-party lottery
440 operator shall conduct a lottery to identify applications for review by
441 the department and the Social Equity Council.

442 (c) (1) The third-party lottery operator shall:

443 (A) Not be provided any application received after the close of the
444 application period;

445 (B) Give equal weight to every complete application submitted
446 during the application period; and

447 (C) Conduct multiple, separate geographic lotteries if required by the
448 department.

449 (2) For purposes of the lottery, the third-party lottery operator shall:

450 (A) Conduct an independent social equity lottery and general lottery
451 for each license type that results in each application being randomly
452 ranked starting with one and continuing sequentially; and

453 (B) Rank all applications in each lottery numerically according to the
454 order in which they were drawn, including those that exceed the
455 number to be considered, and identify for the department all
456 applications to be considered.

457 (d) (1) Prior to submitting an application, an applicant that is a
458 business entity shall register such business entity with the Secretary of
459 the State to do business in this state, and include with such application
460 an attestation that such applicant has so registered.

461 (2) No applicant shall apply more than once in any application period
462 to the social equity lottery round, if applicable, or the general lottery
463 round. The department shall review the list of all lottery applicants in
464 the social equity lottery round and the general lottery round,
465 independently for each such round, to determine whether any applicant
466 has submitted more than one application under the same applicant
467 name. Except as provided in subdivision (3) of this subsection, if the
468 department determines that any applicant has submitted more than one
469 application in the social equity lottery round or the general lottery
470 round, all applications submitted in such round by such applicant shall
471 be disqualified and the department shall remove all such applications
472 from the pool of eligible applications the department provides to the
473 third-party lottery operator for selection in such round.

474 (3) If a social equity application is entered into the general lottery
475 round pursuant to subdivision (4) of subsection (e) of this section,
476 thereby resulting in two entries by the same social equity applicant in
477 the general lottery round, such entries shall not result in disqualification
478 under subdivision (2) of this subsection. Such social equity applicant
479 shall not be eligible to receive more than one license from any round of
480 the general lottery. If such social equity applicant is selected twice for
481 consideration in any general lottery round, the department shall
482 disqualify the second such selection and request that the third-party
483 lottery operator identify the next-ranked application in the applicable
484 lottery.

485 (4) No disqualification under this subsection shall result in any
486 refund of lottery fees.

487 (5) For the purpose of this subsection: (A) "Application period" means
488 the established period of time within which the department may accept
489 applications for a specific license type for the social equity or general
490 lottery; and (B) "round" means each time a lottery is run to determine
491 the ranking of applicants after the conclusion of an application period,
492 either for the social equity lottery or the general lottery.

493 (e) (1) Upon receipt of an application for social equity consideration

494 or, in the case where a social equity lottery is conducted, after such
495 lottery applicants are selected, the department shall provide to the
496 Social Equity Council the documentation received by the department
497 during the application process that is required under subsection (a) of
498 this section. No identifying information beyond what is necessary to
499 establish social equity status shall be provided to the Social Equity
500 Council. The Social Equity Council shall review the social equity
501 applications to be considered as identified by the third-party lottery
502 operator to determine whether the applicant meets the criteria for a
503 social equity applicant. If the Social Equity Council determines that an
504 applicant does not qualify as a social equity applicant, the application
505 shall not be reviewed further for purposes of receiving a license
506 designated for social equity applicants. The application shall be entered
507 into the general lottery for the applicable license type and may be
508 reviewed further if selected through such lottery, provided the
509 applicant pays the additional amount necessary to pay the full fee for
510 entry into such lottery within five business days of being notified by the
511 Social Equity Council that such applicant does not qualify as a social
512 equity applicant. Not later than thirty days after the Social Equity
513 Council notifies an applicant of the Social Equity Council's
514 determination that the applicant does not meet the criteria for a social
515 equity applicant, the applicant may appeal from such determination to
516 the Superior Court in accordance with section 4-183.

517 (2) Upon determination by the Social Equity Council that an
518 application selected through the lottery process does not qualify for
519 consideration as a social equity applicant, the department shall request
520 that the third-party lottery operator identify the next-ranked application
521 in the social equity lottery. This process may continue until the Social
522 Equity Council has identified for further consideration the number of
523 applications set forth on the department's web site pursuant to
524 subsection (b) of this section or until there are no remaining social equity
525 applications to be considered.

526 (3) For each license type, the Social Equity Council shall identify for
527 the department the social equity applications that qualify as social

528 equity applicants and that should be reviewed by the department for
529 purposes of awarding a provisional license.

530 (4) Any application entered into, but not selected through, the social
531 equity lottery shall not be reviewed as a social equity application, but
532 shall be entered into the general lottery for the applicable license type.

533 (5) After receiving the list of selected social equity applications
534 reviewed and approved by the Social Equity Council, the department
535 shall notify the third-party lottery operator, which shall then conduct
536 the independent general lottery for all remaining applicants for each
537 license type, rank all general lottery applications numerically including
538 those that exceed the number to be considered, and identify for the
539 department all of the selected applications to be reviewed. The number
540 of applications to be reviewed by the department shall consist of the
541 applications ranked numerically one through the maximum number
542 necessary to ensure that fifty per cent of the applications for each license
543 type identified through the lottery process are selected from the social
544 equity lottery and approved by the Social Equity Council.

545 (6) The numerical rankings created by the third-party lottery operator
546 shall be confidential and shall not be subject to disclosure under the
547 Freedom of Information Act, as defined in section 1-200.

548 (f) The department shall review each application to be considered, as
549 identified by the third-party lottery operator or Social Equity Council,
550 as applicable, to confirm such application is complete and to determine
551 whether any application: (1) Includes a backer with a disqualifying
552 conviction; (2) exceeds the cap set forth in section 21a-420i; or (3) has a
553 backer who individually or in connection with a cannabis business in
554 another state or country has an administrative finding or judicial
555 decision that may substantively compromise the integrity of the
556 cannabis program, as determined by the department, or that precludes
557 its participation in this state's cannabis program.

558 (g) (1) No additional backers may be added to a cannabis
559 establishment application between the time of lottery entry, or any

560 initial application for a license, and when a final license is awarded to
561 the cannabis establishment, except: [, if]

562 (A) If a backer of an applicant or provisional licensee dies, the
563 applicant or provisional licensee may apply to the commissioner, in a
564 form and manner prescribed by the commissioner, to replace the
565 deceased backer, provided if such applicant or provisional licensee is a
566 social equity applicant, the Social Equity Council shall review
567 ownership to ensure such replacement would not [cause the applicant
568 to no longer qualify] disqualify such applicant or provisional licensee as
569 a social equity applicant; and

570 (B) An applicant or provisional licensee that is a social equity
571 applicant may apply to the commissioner, in a form and manner
572 prescribed by the commissioner, for a one-time replacement of an
573 original backer, provided the original backer to be replaced is not an
574 individual who meets the criteria of subparagraphs (A) and (B) of
575 subdivision (51) of section 21a-420.

576 (2) A backer may be removed from a cannabis establishment
577 application selected through the general lottery at any time upon notice
578 to the department.

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-420g(a) to (g)

Statement of Legislative Commissioners:

In Section 1(e)(3), "or agreements" was added for internal consistency; in Section 1(k), "on which such equity venture is licensed" was changed to "on which such equity joint venture was licensed" for accuracy and consistency; and in Section 1(o), "quarterly" was added for clarity.

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 27 \$	FY 28 \$
Resources of the General Fund	GF - Potential Revenue Gain	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill allows the Social Equity Council (SEC) to adopt regulations and issue certain policies and procedures and refer violations to the Department of Consumer Protection, who can issue a fine of up to \$10 million. This could result in a potential revenue gain to the General Fund to the extent violations occur.

The bill also makes various modifications to the SECs reporting requirements and administrative duties which do not result in a fiscal impact. It is anticipated that the SEC can accommodate these changes within existing resources.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of violations.

OLR Bill Analysis**sHB 5351*****AN ACT CONCERNING THE SOCIAL EQUITY COUNCIL'S
RECOMMENDATIONS REGARDING CANNABIS REGULATION.*****SUMMARY**

This bill makes several changes related to the Social Equity Council, including:

1. allowing the council to conduct investigations it deems needed to carry out its duties;
2. specifically prohibiting the change of ownership and control of equity joint ventures and social equity applicants for seven and three years after final licensure, respectively, but letting the council allow otherwise through policies and procedures and regulations;
3. consolidating reporting requirements by eliminating the monthly report to the Black and Puerto Rican Caucus (BPRC) and instead adding them to the required quarterly report; and
4. allowing an applicant or provisional licensee that is a social equity applicant to replace an original backer, as long as the backer is not a social equity applicant.

The bill also makes various minor, technical, and conforming changes, including correcting certain statutory citations.

EFFECTIVE DATE: Upon passage

CHANGE IN OWNERSHIP OR CONTROL

Under existing law, cultivators, producers, dispensary facilities, and micro-cultivators are prohibited from increasing their ownership in an

equity joint venture by more than 50% for seven years after receiving final licensure. The law also requires the Social Equity Council to develop criteria for evaluating ownership and control of any equity joint venture. The bill specifically prohibits a sale or change in ownership or control of a cannabis establishment license awarded to a social equity applicant for the seven-year period beginning when the equity joint venture is licensed, unless the council's policies and procedures or regulations allow it.

The bill (1) codifies the prohibition in changing ownership or control of a social equity applicant for three years following final licensure and (2) allows the council to make exceptions through policies and procedures or regulations. Existing law requires the council to adopt regulations and issue policies and procedures to prevent these changes.

Additionally, the bill requires the council to adopt regulations to implement these provisions. Regardless of the Uniform Administrative Procedure Act's regulation adoption process, to carry out this provision and before adopting the required regulations, the council must issue policies and procedures, by October 1, 2026, to implement the bill's provisions. These policies and procedures have the force and effect of law. At least 15 days before the policies and procedures take effect, the bill requires the council to post them on its website and submit them to the secretary of the state (SOTS) to be posted on the eRegulations system. A policy or procedure is no longer effective once SOTS codifies the final regulation or, if the regulations have not been submitted to the Regulation Review Committee, October 1, 2027, whichever occurs earlier.

Under the bill, the council may refer any violation of these policies or procedures or regulations to the Department of Consumer Protection (DCP) for administrative enforcement action, which may result in a fine of up to \$10 million or action against the cannabis establishment's license.

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.

REPORT CONSOLIDATION

Under current law, the Social Equity Council must submit (1) a monthly report to the BPRC and (2) quarterly reports to the governor, legislative leaders, and Appropriations and General Law chairpersons.

The bill consolidates the reporting by eliminating the monthly reporting requirement and instead adds the BPRC to the quarterly report. These reports have similar requirements, except the monthly report requires the council to report on planned expenditures for the following month while the quarterly report covers expenditures already made. The monthly report also requires the pending social equity applicant applications to be broken down by municipality, assembly district, and senate district, while the quarterly report requires pending social equity applicant applications, social equity plans, and workforce development plans to be broken down by how long they have been pending.

ADDING BACKERS OR PROVISIONAL LICENSEES

Existing law generally prohibits additional backers from being added to a cannabis establishment application between the lottery entry or initial license application and when the final license is awarded.

The bill allows an applicant or provisional licensee that is a social equity applicant to apply to the DCP commissioner, in a way he prescribes, for a one-time replacement of an original backer, if the backer is not a social equity applicant.

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 5350, § 54, favorably reported by the General Law Committee, generally prohibits a social equity applicant issued a cannabis license from changing ownership or control for three years after final licensure.

COMMITTEE ACTION

General Law Committee

Joint Favorable

Yea 16 Nay 5 (03/16/2026)