



# House of Representatives

General Assembly

**File No. 585**

January Session, 2019

Substitute House Bill No. 7371

*House of Representatives, April 10, 2019*

The Committee on General Law reported through REP. D'AGOSTINO of the 91st Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING THE RETAIL SALE OF CANNABIS.**

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

1 Section 1. (NEW) (*Effective from passage*) As used in this section, and  
2 sections 2 to 18, inclusive, of this act, unless the context otherwise  
3 requires:

4 (1) "Cannabis" means marijuana, as defined in section 21a-240 of the  
5 general statutes, except that marijuana does not include chemical  
6 compounds that are similar to cannabimon, cannabimol or cannabidiol  
7 in chemical structure;

8 (2) "Consumer" means an individual who is twenty-one years of age  
9 or older;

10 (3) "Cultivation" means cultivation, as defined in section 21a-408 of  
11 the general statutes;

12 (4) "Dispense" means dispense, as defined in section 21a-240 of the

13 general statutes;

14 (5) "Distribute" means distribute, as defined in section 21a-240 of the  
15 general statutes;

16 (6) "Laboratory" means a laboratory located in this state that is  
17 licensed by the department to provide analysis of controlled  
18 substances pursuant to section 21a-246 of the general statutes or  
19 section 10 of this act;

20 (7) "Laboratory employee" means an individual who is (A) licensed  
21 as a laboratory employee pursuant to section 21a-408r of the general  
22 statutes or section 10 of this act, or (B) holds a temporary license issued  
23 pursuant to section 21a-408r of the general statutes or section 10 of this  
24 act;

25 (8) "Cannabis concentrate" includes tinctures and extracts;

26 (9) "Cannabis cultivation facility" means a facility licensed to  
27 cultivate, prepare and package cannabis and sell cannabis to cannabis  
28 product manufacturing facilities, cannabis retailers and other cannabis  
29 cultivation facilities;

30 (10) "Cannabis establishment" means a cannabis cultivation facility,  
31 cannabis product manufacturing facility or cannabis retailer;

32 (11) "Cannabis product" means a cannabis concentrate or a product  
33 that contains cannabis, which may be combined with other  
34 ingredients, and is intended for use or consumption;

35 (12) "Cannabis product manufacturing facility" means a facility  
36 licensed to purchase cannabis, manufacture, prepare and package  
37 cannabis products and sell cannabis and cannabis products to cannabis  
38 product manufacturing facilities and cannabis retailers;

39 (13) "Cannabis retailer" means a person registered to purchase  
40 cannabis from cannabis cultivation facilities as well as to purchase  
41 cannabis and cannabis products from cannabis product manufacturing

42 facilities and to sell cannabis and cannabis products to consumers;

43 (14) "Sale" or "Sell" means a sale, as defined in section 21a-240 of the  
44 general statutes;

45 (15) "Commission" means the Cannabis Commission established  
46 pursuant to section 2 of this act; and

47 (16) "Department" means the Department of Consumer Protection.

48 Sec. 2. (NEW) (*Effective from passage*) There shall be a Cannabis  
49 Commission composed of five commissioners, one of whom shall be  
50 the Commissioner of Consumer Protection. The remaining four  
51 commissioners shall be appointed by the Governor in accordance with  
52 section 4-9a of the general statutes, and two of whom shall have a  
53 professional background of not less than five years working in the  
54 fields of either social justice or civil rights and one of whom shall have  
55 a professional background of not less than five years working in the  
56 field of economic development. The Commissioner of Consumer  
57 Protection shall be the chairperson of the commission. The  
58 commissioners, other than any commissioner already employed by the  
59 state, shall be compensated and shall work not less than twenty hours  
60 per week. The Governor shall fill any vacancy for the unexpired  
61 portion of the term. Not more than three commissioners shall be of the  
62 same political party. Each commissioner shall take the oath prescribed  
63 for executive officers. The Governor may remove any commissioner as  
64 provided in section 4-12 of the general statutes.

65 Sec. 3. (NEW) (*Effective from passage*) The Cannabis Commission  
66 established pursuant to section 2 of this act shall be part of the  
67 Department of Consumer Protection and shall have regulatory  
68 oversight of the retail sale of cannabis in this state pursuant to sections  
69 1 to 18, inclusive, of this act. At a minimum, the commission shall  
70 employ an executive director, two staff members to review and process  
71 license applications submitted pursuant to sections 1 to 18, inclusive,  
72 of this act, two staff members dedicated to assisting applicants who  
73 submit applications pursuant to sections 1 to 18, inclusive, of this act

74 and four staff members to oversee enforcement pursuant to sections 1  
75 to 18, inclusive, of this act. The commission may employ such  
76 additional clerks, inspectors, agents and other assistants as it requires.  
77 The moneys received from permit fees collected pursuant to sections 1  
78 to 18, inclusive, of this act shall be allocated to the Department of  
79 Consumer Protection for the purposes of carrying out the provisions of  
80 this section.

81 Sec. 4. (NEW) (*Effective from passage*) The Cannabis Commission  
82 established pursuant to section 2 of this act shall promote and  
83 encourage full participation in the cannabis industry by people from  
84 communities that have been disproportionately harmed by cannabis  
85 prohibition and enforcement. The commission shall be provided a  
86 budget of not less than five hundred thousand dollars per year to  
87 engage in outreach to educate such persons regarding ownership and  
88 employment opportunities regarding cannabis establishments and to  
89 assist such applicants in a preapplication process, as established by the  
90 commission. The commission shall adopt policies and procedures,  
91 including, but not limited to:

92 (1) Establishing an "equity" applicant status for potential owners of  
93 cannabis establishments, to include individual persons from  
94 communities disproportionately impacted by high rates of arrest and  
95 conviction, as well as individuals who can demonstrate, via affidavit  
96 and other documentation as the commission may require, (A) requisite  
97 experience with cannabis cultivation, distribution or the sale or  
98 manufacture of cannabis products prior to the effective date of this  
99 section, or (B) a prior conviction for possession of cannabis;

100 (2) Requiring yearly reporting by each cannabis establishment to the  
101 commission regarding the diversity of its workforce and ownership,  
102 the overall percentages of which the commission shall make available  
103 to the public;

104 (3) For each class of licenses established pursuant to sections 1 to 18,  
105 inclusive, of this act, issue licenses to equity applicants not later than  
106 three months before other such licensed establishments, except that

107 existing medical cannabis dispensaries and producers may apply for  
108 licenses pursuant to sections 1 to 18, inclusive, of this act at the same  
109 time as such equity applicants;

110 (4) Not prohibiting individuals with an infraction or misdemeanor  
111 drug charge from participating in the cannabis industry;

112 (5) Requiring that all licenses granted pursuant to sections 1 to 18,  
113 inclusive, of this act establish and adhere to policies that encourage  
114 diversity for purposes of employment, contracting and other  
115 professional service opportunities;

116 (6) Requiring that any cannabis establishment that is not owned by  
117 an equity applicant comply with an approved plan to reinvest or  
118 provide employment opportunities in those communities  
119 disproportionately impacted by high rates of arrest and conviction and  
120 having a history of economic disinvestment, as determined by the  
121 commission; and

122 (7) Establishing a lower fee structure for equity applicants, after  
123 establishing a fee structure based upon applicants' assets and income.

124 Sec. 5. (NEW) (*Effective from passage*) No commissioner of the  
125 Cannabis Commission and no employee of the Department of  
126 Consumer Protection who carries out the duties and responsibilities of  
127 sections 1 to 18, inclusive, of this act, and any regulations enacted  
128 pursuant thereto may, directly or indirectly, individually or as a  
129 member of a partnership or as a shareholder of a corporation, have any  
130 interest whatsoever in dealing in or in the manufacture, sale or testing  
131 of cannabis, nor receive any commission or profit whatsoever from nor  
132 have any interest whatsoever in the purchases or sales made by the  
133 persons authorized pursuant to said sections. No provision of this  
134 section shall prevent any such commissioner or employee from  
135 purchasing and keeping in his or her possession, for the personal use  
136 of himself or herself or members of his or her family or guests, any  
137 cannabis which may be purchased or kept by any person by virtue of  
138 said sections.

139       Sec. 6. (*Effective from passage*) The Cannabis Commission shall  
140 conduct a study to determine (1) if the establishment of a cannabis  
141 micro business retailer license is feasible, and, if so, if such license  
142 should be based on the amount of cannabis sold by the licensee, and  
143 (2) if consumers or qualifying patients under chapter 420f of the  
144 general statutes, who are twenty-one years of age and older, shall be  
145 permitted to cultivate cannabis for personal use. Such study shall  
146 include consideration of (A) reasonable precautions to ensure that the  
147 plants are secure from unauthorized access or access by any individual  
148 under twenty-one years of age, (B) the location where such cannabis  
149 may be grown, and (C) any other related public safety or regulatory  
150 issues the commission deems necessary. Not later than January 1, 2021,  
151 the commission shall report the conclusions of the study, in accordance  
152 with the provisions of section 11-4a of the general statutes, to the joint  
153 standing committees of the General Assembly having cognizance of  
154 matters relating to consumer protection, criminal law and finance and  
155 revenue.

156       Sec. 7. (NEW) (*Effective from passage*) (a) Except as provided in  
157 sections 1 to 18, inclusive, of this act or chapter 420f of the general  
158 statutes, no person, other than a cannabis retailer may distribute, sell  
159 or dispense cannabis or cannabis products to a consumer.

160       (b) No person may hold a cannabis establishment license issued  
161 pursuant to sections 1 to 18, inclusive, of this act, or be employed by a  
162 cannabis establishment unless such person is twenty-one years of age  
163 or older.

164       (c) On and after the effective date of this section, the Cannabis  
165 Commission may issue licenses for cannabis retailers. No person may  
166 act as a cannabis retailer or represent that such person is a licensed  
167 retailer, unless such person has obtained a license from the  
168 commission pursuant to this section. The commission shall adopt  
169 policies to avoid an overconcentration of cannabis retailers in any one  
170 area and to ensure that such retailers are located state-wide.

171       (d) The commission may license any person that applies for a

172 license, provided the commission deems such applicant qualified to  
173 acquire, possess, distribute and dispense cannabis. At a minimum, the  
174 commission shall:

175 (1) Except as the commission may determine for equity applicants,  
176 establish a nonrefundable application fee of not less than five thousand  
177 dollars, a licensing fee of not less than five thousand dollars and a  
178 license renewal fee of not less than five thousand dollars;

179 (2) Provide for renewal of such cannabis retailer licenses annually;

180 (3) Establish health, safety and security requirements for cannabis  
181 retailers, which may include, but need not be limited to: (A) The ability  
182 to maintain adequate control against the diversion, theft and loss of  
183 cannabis acquired or possessed by the licensed cannabis retailer, and  
184 (B) the ability to maintain the knowledge, understanding, judgment,  
185 procedures, security controls and ethical standards to ensure optimal  
186 safety and accuracy in the distributing, dispensing and use of  
187 cannabis;

188 (4) Establish standards and procedures for revocation, suspension,  
189 summary suspension and nonrenewal of cannabis retailer licenses,  
190 provided such standards and procedures are consistent with the  
191 provisions of subsection (c) of section 4-182 of the general statutes;

192 (5) Establish priority applicant status for cannabis retailer license  
193 applicants who demonstrate experience in or business practices that  
194 promote economic empowerment in communities disproportionately  
195 impacted by high rates of arrest and conviction, as determined by the  
196 commission;

197 (6) Prohibiting the retail sale of cannabis via products and  
198 packaging designed to appeal to children, including banning the use of  
199 cartoons, toys, animals, or children, and banning products that look  
200 like any specific trademarked food product;

201 (7) Require cannabis products to be sold with a warning label or  
202 handout, developed by the commission after consultation with

203 researchers knowledgeable about the risks and benefits of cannabis.  
204 Such label or handout shall include advice about the potential risks of  
205 cannabis and cannabis products, including: (A) The risks of driving  
206 under the influence of cannabis and the fact that doing so remains  
207 illegal; (B) the risk of cannabis use disorder and where a person may  
208 seek assistance for the disorder; (C) potential exacerbation of psychotic  
209 disorders; (D) adverse effects unique to younger adults, including  
210 those related to the developing mind; (E) potential adverse events and  
211 other risks; (F) risks of using cannabis during pregnancy or breast  
212 feeding; and (G) the need to safeguard cannabis and cannabis products  
213 from children and pets;

214 (8) Establish other licensing, renewal and operational standards  
215 deemed necessary by the commissioner and the commission; and

216 (9) Require each licensed cannabis retailer to utilize an electronic  
217 identity verification system approved by the commission, to ensure  
218 compliance with this section.

219 (e) No cannabis or cannabis product shall be dispensed from,  
220 obtained from or transferred to a location outside of this state by the  
221 holder of a cannabis retailer license.

222 Sec. 8. (NEW) (*Effective from passage*) (a) The Cannabis Commission  
223 may issue or renew a license for a person to be a cannabis cultivation  
224 facility. No person may act as a cannabis cultivation facility or  
225 represent that such person is a licensed cannabis cultivation facility  
226 unless such person has obtained a license from the commission  
227 pursuant to this section.

228 (b) The commission shall provide for the licensure and standards for  
229 cannabis cultivation facilities and shall determine the number of such  
230 facilities that may be licensed in this state to meet the needs of  
231 consumers. The commission may license any person who applies for a  
232 license, provided (1) such person is organized for the purpose of  
233 cultivating cannabis in this state, (2) the commission finds that such  
234 person is qualified to cultivate cannabis and sell, deliver, transport or



235 distribute cannabis solely within this state pursuant to this section, and  
236 (3) the number of cannabis cultivation facility licenses issued does not  
237 exceed the number appropriate to meet the needs of consumers, as  
238 determined by the commission pursuant to this subsection. At a  
239 minimum, the commission shall:

240 (A) Establish priority applicant status for cannabis cultivation  
241 license applicants who demonstrate experience in or business practices  
242 that promote economic empowerment in communities that have been  
243 disproportionately impacted by high rates of arrest and incarceration,  
244 as determined by the commission;

245 (B) Establish large, medium and small cannabis cultivation licenses  
246 based upon cultivation volume, scale and facility location;

247 (C) Establish a nonrefundable application fee structure for each  
248 cannabis cultivation license, with a fee for a large cannabis cultivation  
249 license of not less than twenty-five thousand dollars for each  
250 application submitted, except as applicable to equity applicants, as the  
251 commission may determine;

252 (D) Establish a licensing fee structure for each cannabis cultivation  
253 license, with a fee for a large cannabis cultivation license of not less  
254 than seventy-five thousand dollars for each application submitted,  
255 except as applicable to equity applicants, as the commission may  
256 determine; a renewal fee of not less than seventy-five thousand dollars  
257 for each large cannabis cultivation facility;

258 (E) Provide for renewal of such cannabis cultivation facility licenses  
259 annually;

260 (F) Designate permissible locations for licensed cannabis cultivation  
261 facilities in this state;

262 (G) Establish financial requirements for cannabis cultivation  
263 facilities, under which each applicant demonstrates the financial  
264 capacity to build and operate a cannabis cultivation facility;

265 (H) Establish health, safety and security requirements for licensed  
266 cannabis cultivation facilities, which shall include, but need not be  
267 limited to, a requirement that each applicant or licensed cannabis  
268 cultivation facility demonstrate: (i) The ability to maintain adequate  
269 control against the diversion, theft and loss of cannabis cultivated by  
270 the cannabis cultivation facility, and (ii) the ability to cultivate such  
271 cannabis in a secure manner;

272 (I) Establish standards and procedures for revocation, suspension,  
273 summary suspension and nonrenewal of cannabis cultivation facility  
274 licenses, provided such standards and procedures are consistent with  
275 the provisions of subsection (c) of section 4-182 of the general statutes;

276 (J) Establish other licensing, renewal and operational standards  
277 deemed necessary by the commissioner and the commission;

278 (K) Require each licensed cannabis cultivation facility to utilize an  
279 electronic identity verification system approved by the commission, to  
280 ensure compliance with this section; and

281 (L) Provide that the holder of a cannabis cultivation facility license:  
282 (i) May not hold, or have an investment interest in, a cannabis retailer  
283 license, and (ii) may also hold a cannabis product manufacturing  
284 facility license.

285 (c) No cannabis cultivation facility shall cultivate cannabis for use  
286 outside of this state.

287 (d) The provisions of this section shall not prohibit an agricultural  
288 or farming operation, as defined in section 1-1 of the general statutes,  
289 from obtaining a cannabis cultivation license.

290 Sec. 9. (NEW) (*Effective from passage*) (a) The Cannabis Commission  
291 may issue or renew a license for a person to be a cannabis product  
292 manufacturing facility. No person may act as a cannabis product  
293 manufacturing facility or represent that such person is a licensed  
294 cannabis product manufacturing facility unless such person has  
295 obtained a license from the commission pursuant to this section.

296 (b) The commission shall provide for the licensure and standards for  
297 cannabis product manufacturing facilities. The commission may  
298 license any person who applies for a license, provided (1) such person  
299 is organized for the purpose of manufacturing cannabis products in  
300 this state, and (2) the commissioner finds that such applicant is  
301 qualified to manufacture cannabis products and sell, deliver, transport  
302 or distribute such products solely within this state pursuant to this  
303 section. At a minimum, the commission shall:

304 (A) Issue a cannabis product manufacturing facility extraction  
305 license that shall allow the holder of such license to perform any  
306 regulated extractions or chemical synthesis and all other  
307 manufacturing activities authorized pursuant to this section;

308 (B) Issue at least one other type of cannabis product manufacturing  
309 facility license that does not allow the holder of such license to perform  
310 regulated solvent-based extractions but allows all other manufacturing  
311 activities authorized pursuant to this section;

312 (C) Establish a nonrefundable application fee of not more than  
313 twenty-five thousand dollars for each application submitted for a  
314 cannabis product manufacturing facility license pursuant to  
315 subparagraph (A) of this subdivision and establish a license fee of not  
316 more than thirty-five thousand dollars and a renewal fee of not more  
317 than thirty-five thousand dollars for each such cannabis product  
318 manufacturing facility;

319 (D) Establish a nonrefundable application fee and a licensing fee  
320 structure for all of the other cannabis product manufacturing facilities  
321 considered and approved pursuant to this section, and consistent with  
322 the provisions of this section regarding equity applicants;

323 (E) Provide for renewal of cannabis product manufacturing facility  
324 licenses annually;

325 (F) Designate permissible locations for licensed cannabis product  
326 manufacturing facilities in this state;

327 (G) Establish financial requirements for cannabis product  
328 manufacturing facilities, under which each applicant demonstrates the  
329 financial capacity to build and operate a cannabis product  
330 manufacturing facility;

331 (H) Establish health, safety and security requirements for a licensed  
332 cannabis product manufacturing facility, which shall include, but need  
333 not be limited to, a requirement that the applicant or licensed cannabis  
334 product manufacturing facility demonstrates the ability to maintain  
335 adequate control against the diversion, theft and loss of cannabis and  
336 cannabis products;

337 (I) Establish standards and procedures for revocation, suspension,  
338 summary suspension and nonrenewal of cannabis product  
339 manufacturing facility licenses, provided such standards and  
340 procedures are consistent with the provisions of subsection (c) of  
341 section 4-182 of the general statutes;

342 (J) Require each licensed cannabis product manufacturing facility to  
343 utilize an electronic identity verification system approved by the  
344 commission, to ensure compliance with this section;

345 (K) Establish other licensing, renewal and operational standards  
346 deemed necessary by the commissioner and the commission; and

347 (L) Provide that the holder of a cannabis product manufacturing  
348 facility license: (i) May not hold, or have an investment interest in, a  
349 cannabis retailer license, and (ii) may also hold a cannabis cultivation  
350 facility license.

351 (c) No cannabis product manufacturing facility shall manufacture  
352 products for distribution outside of this state.

353 Sec. 10. (NEW) (*Effective from passage*) (a) Except as provided in  
354 subsection (b) of this section, no person may act as a laboratory or a  
355 laboratory employee or represent that such person is a licensed  
356 laboratory or laboratory employee unless such person has obtained a  
357 license from the Commissioner of Consumer Protection pursuant to

358 this section or section 21a-408r or 21a-246 of the general statutes.

359 (b) The Commissioner of Consumer Protection may issue a  
360 temporary license to a laboratory employee. The commissioner shall  
361 prescribe the standards, procedures and fees for obtaining a temporary  
362 license as a laboratory employee.

363 (c) The Commissioner of Consumer Protection shall (1) provide for  
364 the licensure of laboratories and laboratory employees, (2) establish  
365 standards and procedures for the revocation, suspension, summary  
366 suspension and nonrenewal of laboratory and laboratory employee  
367 licenses, provided such standards and procedures are consistent with  
368 the provisions of subsection (c) of section 4-182 of the general statutes,  
369 (3) establish a license fee of not less than two hundred dollars and a  
370 renewal fee of not less than two hundred dollars for each licensed  
371 laboratory and licensed laboratory employee, and (4) establish other  
372 licensing, renewal and operational standards deemed necessary by the  
373 commissioner.

374 Sec. 11. (NEW) (*Effective from passage*) (a) No laboratory employee  
375 may (1) acquire cannabis from a person other than a licensed cannabis  
376 establishment or laboratory or organization engaged in a research  
377 program, (2) deliver, transport or distribute cannabis to (A) a person  
378 who is not so licensed, or (B) an organization not engaged in a research  
379 program, or (3) obtain or transport cannabis outside of this state in  
380 violation of state or federal law.

381 (b) Laboratory employees shall test samples of cannabis and  
382 cannabis products obtained from cannabis establishments for  
383 contaminants and potency. The Commissioner of Consumer Protection  
384 shall establish testing protocol and requirements for reporting results.

385 Sec. 12. (NEW) (*Effective from passage*) The Cannabis Commission  
386 may, in its discretion, suspend, revoke or refuse to grant or renew any  
387 license under sections 1 to 18, inclusive, of this act for the same reasons  
388 and using the same procedures as the Department of Consumer  
389 Protection may use to suspend, revoke or refuse to grant a permit for

390 the sale of alcoholic liquor pursuant to section 30-47 of the general  
391 statutes.

392 Sec. 13. (NEW) (*Effective from passage*) (a) Any town may, by town  
393 meeting or ordinance, prohibit the establishment of, or restrict the  
394 hours and signage of, a cannabis establishment within the limits of  
395 such town. A town shall not impose application or any other fees on  
396 any equity applicant approved by the commission.

397 (b) The commission shall refuse licenses to cannabis establishments  
398 (1) for locations in towns that have opted not to host such an  
399 establishment pursuant to subsection (a) of this section, or (2) where  
400 prohibited by a zoning ordinance of any town.

401 Sec. 14. (NEW) (*Effective from passage*) (a) Notwithstanding any  
402 provision of the general statutes, the following acts, when performed  
403 by a cannabis retailer or a person who is acting in his or her capacity as  
404 an owner, employee or agent of a cannabis retailer, are not unlawful  
405 and shall not be an offense or a basis for seizure or forfeiture of assets:

406 (1) Possessing, displaying, storing or transporting cannabis or  
407 cannabis products;

408 (2) Purchasing cannabis from a cannabis cultivation facility;

409 (3) Purchasing cannabis or cannabis products from a cannabis  
410 product manufacturing facility;

411 (4) Delivering or transferring cannabis or cannabis products to a  
412 laboratory; and

413 (5) Delivering, distributing or selling cannabis or cannabis products  
414 to consumers.

415 (b) Notwithstanding any provision of the general statutes, the  
416 following acts, when performed by a cannabis cultivation facility or a  
417 person who is acting in his or her capacity as an owner, employee or  
418 agent of a cannabis cultivation facility, are not unlawful and shall not

419 be an offense or a basis for seizure or forfeiture of assets:

420 (1) Cultivating, harvesting, processing, packaging, transporting,  
421 displaying, storing or possessing cannabis;

422 (2) Delivering or transferring cannabis to a cannabis testing facility;

423 (3) Delivering, distributing or selling cannabis to a cannabis  
424 cultivation facility, cannabis product manufacturing facility or  
425 cannabis retailer;

426 (4) Receiving or purchasing cannabis from a cannabis cultivation  
427 facility; and

428 (5) Receiving cannabis seeds or immature cannabis plants from  
429 another person.

430 (c) Notwithstanding any other provision of law, the following acts,  
431 when performed by a cannabis product manufacturing facility or a  
432 person who is acting in his or her capacity as an owner, employee or  
433 agent of a cannabis product manufacturing facility, are not unlawful  
434 and shall not be an offense or a basis for seizure or forfeiture of assets:

435 (1) Packaging, processing, transporting, manufacturing, displaying  
436 or possessing cannabis or cannabis products;

437 (2) Delivering or transferring cannabis or cannabis products to a  
438 cannabis testing facility;

439 (3) Delivering or selling cannabis or cannabis products to a cannabis  
440 retailer or cannabis product manufacturing facility;

441 (4) Purchasing cannabis from a cannabis cultivation facility; and

442 (5) Purchasing cannabis or cannabis products from a cannabis  
443 product manufacturing facility.

444 (d) Notwithstanding any other provision of law, the following acts,  
445 when performed by a laboratory or a person who is acting in his or her

446 capacity as an owner, employee or agent of a laboratory, are not  
447 unlawful and shall not be an offense or a basis for seizure or forfeiture  
448 of assets:

449 (1) Possessing, cultivating, processing, repackaging, storing,  
450 transporting or displaying cannabis or cannabis products;

451 (2) Receiving cannabis or cannabis products from a cannabis  
452 establishment or another person; and

453 (3) Returning cannabis or cannabis products to a cannabis  
454 establishment or another person.

455 (e) No provision of this section prevents the imposition of penalties  
456 for violating the provisions of sections 1 to 18, inclusive, of this act or  
457 section 21a-6 of the general statutes.

458 Sec. 15. (NEW) (*Effective from passage*) (a) The Commissioner of  
459 Consumer Protection, after consulting with the Cannabis Commission  
460 shall implement the provisions of sections 1 to 18, inclusive, of this act  
461 and section 21a-6 of the general statutes. At a minimum, the  
462 commissioner shall establish:

463 (1) Requirements for the transportation and storage of cannabis and  
464 cannabis products by cannabis establishments;

465 (2) Employment and training requirements, including requiring that  
466 each cannabis establishment create an identification badge for each  
467 employee or agent;

468 (3) Requirements designed to prevent the sale or diversion of  
469 cannabis and cannabis products to persons under twenty-one years of  
470 age;

471 (4) Requirements regarding the delivery of cannabis and cannabis  
472 products by cannabis retailers and their employees, after considering  
473 methods to increase delivery employment opportunities for persons  
474 from communities disproportionately impacted by high rates of arrest



475 and conviction;

476 (5) Standards for cannabis product manufacturing facilities to  
477 determine the amount of cannabis that cannabis products are  
478 considered the equivalent to;

479 (6) Additional requirements for cannabis and cannabis products  
480 sold or distributed by a cannabis establishment, including cannabis  
481 products' labels and packaging requirements, including, but not  
482 limited to, the following:

483 (A) A disclosure concerning length of time it typically takes for the  
484 cannabis product to affect an individual;

485 (B) A notation of the amount of cannabis the cannabis product is  
486 considered the equivalent to;

487 (C) A list of ingredients and possible allergens for cannabis and  
488 cannabis products;

489 (D) A nutritional fact panel, if such cannabis product is edible;

490 (E) An opaque, child-resistant packaging, which is designed or  
491 constructed to be significantly difficult for children under five years of  
492 age to open and not difficult for adults to use properly as defined by 16  
493 CFR 1700.20, as amended from time to time;

494 (F) Identification of edible cannabis products, when practicable,  
495 with a standard symbol indicating that it contains cannabis;

496 (G) The license number of the cannabis cultivation license;

497 (H) The license number of the cannabis retailer;

498 (I) The batch number of the cannabis or cannabis product;

499 (J) A net weight statement;

500 (K) A disclosure of any solvent used in the extraction process of  
501 cannabis concentrate, if applicable; and

502 (L) A recommended use by or expiration date for cannabis or  
503 cannabis products;

504 (7) Health and safety standards for the manufacture of cannabis  
505 products and indoor and outdoor cultivation of cannabis by cannabis  
506 cultivation facilities;

507 (8) Restrictions on advertising, marketing and signage, including,  
508 but not limited to, a prohibition on mass-market campaigns that have a  
509 high likelihood of reaching children;

510 (9) Restrictions on the display of cannabis and cannabis products, to  
511 ensure that cannabis and cannabis products may not be displayed in a  
512 manner that is visible to the general public from a public right-of-way;

513 (10) Restrictions or prohibitions on additives to cannabis and  
514 cannabis products, including, but not limited to, those that are toxic,  
515 designed to make the product more addictive, designed to make the  
516 product more appealing to children or misleading to consumers. The  
517 prohibition may not extend to common baking and cooking items;

518 (11) Protocols governing visits to cannabis cultivation facilities and  
519 cannabis product manufacturing facilities, including requiring the  
520 cannabis establishment to maintain a log of visitors;

521 (12) A definition of the amount of delta-9 tetrahydrocannabinol that  
522 constitutes a single serving in a cannabis product;

523 (13) Standards for the safe manufacture of cannabis concentrates;

524 (14) Requirements that educational materials be disseminated to  
525 consumers who purchase cannabis or cannabis products;

526 (15) Requirements for random sample testing to ensure quality  
527 control, including by ensuring that cannabis and cannabis products are  
528 accurately labeled for potency. Any such testing shall include testing  
529 for residual solvents, poisons, toxins, harmful chemicals, dangerous  
530 molds or mildew, filth, harmful microbials such as E. Coli or

531 salmonella and pesticides;

532 (16) Standards for the operation of laboratories, including  
533 requirements for equipment and qualifications for personnel; and

534 (17) Civil penalties for the failure to comply with policies and  
535 procedures made pursuant to sections 1 to 18, inclusive, of this act or  
536 section 21a-6 of the general statutes.

537 (b) No standard or requirement enacted pursuant to sections 1 to 18,  
538 inclusive, of this act shall require a consumer to provide a cannabis  
539 retailer with personal information other than government issued  
540 identification to determine the consumer's age or a cannabis retailer to  
541 acquire and record personal information about consumers.

542 Sec. 16. (NEW) (*Effective from passage*) (a) The Commissioner of  
543 Consumer Protection and the Cannabis Equity Commission shall take  
544 steps to minimize the cost difference between cannabis products  
545 authorized pursuant to sections 1 to 18, inclusive, of this act and those  
546 sold pursuant to chapter 420f of the general statutes. The  
547 commissioner shall cease charging the nonrefundable fee for  
548 administrative costs for each qualifying patient and the nonrefundable  
549 application fee for each qualifying patient and caregiver under chapter  
550 420f of the general statutes. The commissioner shall cease charging the  
551 renewal fee for each qualifying patient under chapter 420f of the  
552 general statutes. The commissioner shall amend existing regulations to  
553 eliminate fees in accordance with the provisions of this section.

554 (b) The Commissioner of Consumer Protection and the Cannabis  
555 Commission shall conduct a study for the establishment of a program  
556 to subsidize purchases by low-income patients under chapter 420f of  
557 the general statutes. Not later than January 1, 2021, the commission  
558 shall report the conclusions of the study, in accordance with the  
559 provisions of section 11-4a of the general statutes, to the joint standing  
560 committees of the General Assembly having cognizance of matters  
561 relating to consumer protection and finance, revenue and bonding.

562 (c) The Commissioner of Consumer Protection and the Cannabis  
 563 Commission shall (1) require that all cannabis retailers licensed  
 564 pursuant to section 7 of this act shall, if offering cannabis products for  
 565 sale pursuant to chapter 420f of the general statutes, maintain a "fast-  
 566 track" dispensing system for all patients approved as qualifying  
 567 patients pursuant to chapter 420f of the general statutes; and (2) allow  
 568 patients approved as qualifying patients pursuant to chapter 420f of  
 569 the general statutes to purchase higher potency products that are not  
 570 available for retail purchase and allow such patients a higher per  
 571 transaction amount, as determined by the commission and  
 572 commissioner.

573 Sec. 17. (NEW) (*Effective from passage*) For sufficient cause found, the  
 574 commissioner may, in the commissioner's discretion, suspend, revoke,  
 575 issue fines of not more than one thousand dollars per violation, accept  
 576 an offer in compromise or refuse to grant or renew a license issued  
 577 pursuant to sections 1 to 18, inclusive, of this act, or place such license  
 578 on probation, place conditions on such license, or take other actions  
 579 permitted by law.

580 Sec. 18. (NEW) (*Effective from passage*) The Commissioner of  
 581 Consumer Protection may adopt regulations pursuant to chapter 54 of  
 582 the general statutes, including emergency regulations pursuant to  
 583 section 4-168 of the general statutes, to implement the provisions of  
 584 sections 1 to 18, inclusive, of this act, including, but not limited to,  
 585 requiring dispensaries to maintain expedited customer service for  
 586 qualifying patients under chapter 420f of the general statutes and  
 587 setting quantity restrictions on sales pursuant to sections 1 to 18,  
 588 inclusive, of this act, to ensure there are not shortages of medical  
 589 products under chapter 420f of the general statutes and to limit the  
 590 hours when dispensary facilities are allowed to be open for retail sales.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section

Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>from passage</i>	New section
Sec. 7	<i>from passage</i>	New section
Sec. 8	<i>from passage</i>	New section
Sec. 9	<i>from passage</i>	New section
Sec. 10	<i>from passage</i>	New section
Sec. 11	<i>from passage</i>	New section
Sec. 12	<i>from passage</i>	New section
Sec. 13	<i>from passage</i>	New section
Sec. 14	<i>from passage</i>	New section
Sec. 15	<i>from passage</i>	New section
Sec. 16	<i>from passage</i>	New section
Sec. 17	<i>from passage</i>	New section
Sec. 18	<i>from passage</i>	New section

**GL**      *Joint Favorable Subst.*

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 20 \$	FY 21 \$
Consumer Protection, Dept.	GF - Cost	1,000,234	3,338,421
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	205,058	1,095,086
Consumer Protection, Dept.	GF - Revenue Loss	4.5 million	5.8 million
Consumer Protection, Dept.	GF - Revenue Gain	See Below	See Below

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill allows consumers over age 21 to purchase cannabis and creates a Cannabis Commission with the Department of Consumer Protection (DCP) resulting in various costs and revenue impacts described below.

**Costs:**

- To implement the requirements of the bill DCP would need to hire 8 staff in FY 20 and 27 additional staff in FY 21 for a cost of \$705,292 in FY 20 and \$3,933,507 in FY 21 for salaries, fringe benefits, and associated costs. The bill also requires the Commission to receive a budget of at least \$500,000 per year to educate people from communities disproportionately

<sup>1</sup>The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.19% of payroll in FY 20 and FY 21.

harmed by cannabis about ownership and employment opportunities in the cannabis market.

**Revenue Impact:**

- The bill removes the application and renewal fees for the medical marijuana program resulting in a revenue loss of approximately \$4.5 million in FY 20 and \$5.8 million in FY 21.
- The bill results in a revenue gain once the Commission begins licensing and enforcing the retail sale of cannabis. The revenue will be dependent on the number of license applications, the license fees set by the Commission, the definition of equity applicant, and any fines and civil penalties imposed.

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, the number of licenses, and the number of fines and civil penalties.

**OLR Bill Analysis****sHB 7371*****AN ACT CONCERNING THE RETAIL SALE OF CANNABIS.*****SUMMARY**

This bill establishes the regulatory structure to allow consumers over age 21 to purchase cannabis from a licensed retailer. The bill establishes a Cannabis Commission, within the Department of Consumer Protection (DCP), to among other things, issue licenses to retailers, manufacturers, cultivators, and laboratories.

Under the bill, the commission must promote and encourage full participation in the cannabis industry by “equity” applicants, which are people from communities that have been disproportionately harmed by cannabis prohibition and its enforcement. Among other things, equity applicants generally must be issued licenses three months before others and have lower licensing fees.

The bill also requires the commission to study if consumers or medical marijuana qualifying patients who are age 21 and older should be permitted to cultivate cannabis for personal use (i.e., home grow).

The bill allows any town to prohibit the establishment of, or restrict the hours and signage of, a cannabis establishment within town limits. The bill prohibits a town from imposing an application fee or any other fees on any commission-approved equity applicant.

It requires DCP to set certain standards and requirements on, among other things, transportation and storage, safeguards against theft, allowable advertisements, and health and safety.

(Although the bill provides certain immunities for DCP licensees



when performing certain acts (e.g., selling, cultivating, or manufacturing cannabis), it does not remove existing penalties for selling or possessing marijuana outside of authorized medical uses (see COMMENT).)

EFFECTIVE DATE: Upon passage

### **§§ 2 & 3 — CANNABIS COMMISSION**

The bill establishes a five-member Cannabis Commission, which is part of DCP and has regulatory oversight over the retail sale of cannabis in Connecticut.

The five members are (1) the DCP commissioner, who serves as the commission's chairperson, and (2) four members appointed by the governor, two of whom must have professional backgrounds of at least five years working in the fields of either social justice or civil rights and one of whom must have professional background of at least five years in economic development. The commissioners must take the oath prescribed for executive officers, and those who are not already employed by the state must be compensated and work at least 20 hours per week. The governor must fill any vacancy for the unexpired portion of the term and may remove any commissioner in accordance with the procedures for removing an officer, commissioner, or deputy.

The commission must employ at least (1) an executive director, (2) two staff members to review and process license applications, (3) two staff members dedicated to assisting applicants who submit applications, and (4) four staff members to oversee enforcement of the bill's requirements. The commission may employ additional clerks, inspectors, agents, and other assistants as it requires. The bill allocates the money from the permit fees (presumably, license fees) collected by DCP to carry out its regulatory oversight requirements.

### **§ 4 — EQUITY**

The bill requires the Cannabis Commission to promote and encourage full participation in the cannabis industry by people from communities that have been disproportionately harmed by cannabis

prohibition and its enforcement. The commission must be provided at least \$500,000 per year to engage in outreach to educate such individuals on cannabis establishment (i.e., retail and manufacturing and cultivation facilities) ownership and employment and to assist such applicants in the pre-application the commission establishes.

The commission must adopt policies and procedures, including:

1. establishing an “equity” applicant status for potential cannabis establishment owners to include individuals from communities disproportionately impacted by high arrest and conviction rates, and individuals who demonstrate, through an affidavit and other commission-required documentation, (a) the requisite experience with cannabis cultivation, distribution, or the sale or manufacture of cannabis products before the bill’s effective date or (b) a prior conviction for cannabis possession;
2. requiring yearly reporting by each cannabis establishment to the commission on the diversity of its workforce and ownership, the overall percentages which the commission must make publically available;
3. issuing licenses to equity applicants, for each license class the bill establishes, at least three months before the other establishments, except for existing medical cannabis dispensaries and producers who may apply at the same time;
4. not prohibiting individuals with an infraction or misdemeanor drug charge from participating in the cannabis industry;
5. requiring that all licensees establish and adhere to policies that encourage diversity for the purposes of employment, contracting, and other professional service opportunities;
6. requiring that any cannabis establishment that is not owned by an equity applicant comply with an approved plan to reinvest or provide employment opportunities in those communities that the commission determines have been disproportionately

impacted by high arrest and conviction rates and have a history of economic disinvestment; and

7. establishing a lower fee structure for equity applicants, based on their assets and income.

## **§ 5 — PROHIBITIONS**

The bill prohibits any Cannabis Commission commissioner or DCP employee who carries out duties and responsibilities under the bill from having any interest dealing in or manufacturing, selling, or testing cannabis, whether directly or indirectly, individually or as a member of a partnership, or as a corporation's shareholder. They are also prohibited from receiving any commission or profit from, or having any interest in, the purchases or sales made by the people authorized to do so.

The bill specifies that it does not prevent any such commissioner or DCP employee from purchasing or possessing, for personal use or for his or her family or guests, any cannabis that may be purchased or kept under the bill.

## **§ 6 — CANNABIS COMMISSION STUDY ON MICRO BUSINESS AND HOME GROW**

The bill requires the Cannabis Commission to conduct a study to determine the feasibility of establishing a cannabis micro business license, and if feasible, whether the license should be based on the amount of cannabis the licensee sells.

The commission must also study if consumers or medical marijuana qualifying patients who are age 21 and older should be permitted to cultivate cannabis for personal use. Such study must consider:

1. reasonable precautions to ensure that the plants are secure from unauthorized access or access by anyone under age 21,
2. the location where such cannabis may be grown, and
3. any other related public safety or regulatory issues the

commission deems necessary.

By January 1, 2021, the bill requires the commission to report the study's conclusions to the General Law; Judiciary; and Finance, Revenue and Bonding committees.

### **§§ 7-9 — CANNABIS ESTABLISHMENT LICENSES**

The bill prohibits anyone from holding a cannabis establishment license or being employed by one unless he or she is age 21 or older.

Under the bill, "cannabis establishment" means a cannabis cultivation facility, cannabis product manufacturing facility, or cannabis retailer.

#### ***Cannabis Retailer License (§ 7)***

Except for medical marijuana, the bill prohibits anyone besides a licensed cannabis retailer from distributing, selling, or dispensing cannabis or cannabis products to a consumer (i.e., those age 21 and over). (The bill uses the "dispense" definition from the controlled substance chapter of the general statutes, which means delivering a controlled substance to an ultimate user or research subject by or pursuant to a practitioner's lawful order, including the prescribing, administering, packaging, labeling, or compounding necessary to prepare the substance for the delivery. The bill's licensing and regulatory structure does not contemplate a prescriber.) Under the bill,

1. "cannabis" means marijuana, except that it does not include chemical compounds similar to cannabimon, cannabimol, or cannabidiol in chemical structure,
2. "Cannabis product" means a cannabis concentrate or a product that contains cannabis, which may be combined with other ingredients, and is intended for use or consumption, and
3. "cannabis retailer" means a person registered (presumably, licensed) to purchase cannabis from cannabis cultivation facilities as well as to purchase cannabis and cannabis products

from cannabis product manufacturing facilities and to sell cannabis and cannabis products to consumers.

The bill allows the commission to issue cannabis retailer licenses. No one may act as a retailer, or represent that he or she is one, unless licensed. The commission must adopt policies to avoid an overconcentration of retailers in any one area and ensure that there are retailers located statewide.

The commission may license anyone that applies for a license, as long as it deems the applicant qualified to acquire, possess, distribute, and dispense cannabis. At a minimum the commission must:

1. establish a nonrefundable application, licensing, and renewal fee of at least \$5,000 each, except they may establish a different fee for equity applicants;
2. provide for annual renewals for these licenses;
3. establish health, safety, and security requirements, which may include the ability to maintain (a) adequate control against diversion, theft, and loss of cannabis the retailer acquires or possesses and (b) the knowledge, understanding, judgment, procedures, security controls, and ethical standards to ensure optimal safety and accuracy in distributing, dispensing, and using cannabis;
4. establish standards and procedures for the revocation, suspension, summary suspension, and nonrenewal of licenses, provided such standards and procedures are consistent with the licensing provisions of the Uniform Administrative Procedure Act (UAPA, e.g., providing sufficient notice);
5. establish priority applicant status for retailer license applicants who demonstrate experience in, or business practices that promote, economic empowerment in communities the commission determines have been disproportionately impacted by high arrest and conviction rates;

6. prohibit the retail sale of cannabis through products and packaging designed to appeal to children, including banning the use of cartoons, toys, animals or children and products that look like any specific trademarked food product;
7. establish other licensing, renewal, and operational standards the DCP commissioner and the commission deem necessary; and
8. require each retailer to use a commission-approved electronic identity verification system to ensure compliance with the bill's retailer license requirements.

Additionally, the commission must require cannabis products to be sold with a warning label or handout that the commission develops after consulting with researchers knowledgeable about cannabis' risks and benefits. The label or handout must include:

1. the risks of driving under the influence of cannabis and the fact that doing so remains illegal;
2. the risk of cannabis use disorder and where a person may seek assistance for the disorder;
3. potential exacerbation of psychotic disorders;
4. adverse effects unique to younger adults, including those related to the developing mind;
5. potential adverse events and other risks;
6. risks of using cannabis during pregnancy or breast feeding; and
7. the need to safeguard cannabis and cannabis products from children and pets.

The bill also prohibits the retailer from dispensing, obtaining, or transferring cannabis or cannabis products to a location outside of Connecticut.

***Cultivation Facility License (§ 8)***

The bill allows the Cannabis Commission to issue or renew a license for a person to be a cannabis cultivation facility. It prohibits anyone from acting as such a facility or representing that such person is a licensed facility unless the person has received a license from the commission. As under the medical marijuana law, cultivation includes planting, propagating, cultivating, growing, and harvesting.

Under the bill, "cannabis cultivation facility" means a facility licensed to cultivate, prepare, and package cannabis and sell cannabis to cannabis product manufacturing facilities, cannabis retailers, and other cannabis cultivation facilities.

The commission must provide for licensure and standards for cultivation facilities and determine the number of such facilities that may be licensed to meet consumer needs. The commission may license anyone who applies for the license, as long as:

1. the person is organized for the purpose of cultivating cannabis in Connecticut;
2. the commission finds that the person is qualified to cultivate cannabis and sell, deliver, transport, or distribute cannabis solely within the state and according to the bill's requirements; and
3. the number of licenses issued does not exceed the number the commission determines is appropriate to meet consumer needs.

At a minimum, the commission must:

1. establish priority applicant status for cultivation facility license applicants who demonstrate experience in, or business practices that promote, economic empowerment in communities that the commission determines have been disproportionately impacted by high arrest and incarceration rates;
2. establish large, medium, and small cultivation facility licenses based on cultivation volume, scale, and facility location;

3. establish a nonrefundable application fee structure for each cultivation facility license, with at least a \$25,000 application fee for a large cultivation facility license, except for equity applicants;
4. establish a licensing fee structure, with at least a \$75,000 fee for each large cultivation facility license and renewal, except for applicable equity applicants;
5. provide for annual renewals for these licenses;
6. designate permissible locations for these facilities in the state;
7. establish financial requirements for cultivation facilities, where each applicant demonstrates the financial capacity to build and operate such a facility;
8. establish health, safety, and security requirements for cultivation facilities, that must include a requirement that each applicant or licensed facility demonstrate the ability to (a) maintain adequate control against diversion, theft, and loss of cannabis the facility cultivates and (b) cultivate cannabis in a secure manner;
9. establish standards and procedures for the revocation, suspension, summary suspension, and nonrenewal of licenses, provided such standards and procedures are consistent with the UAPA licensing provisions;
10. establish other licensing, renewal, and operational standards the DCP commissioner and the commission deem necessary;
11. require each licensed cultivation facility to use a commission-approved electronic identity verification system to ensure compliance with the bill's cultivation license requirements; and
12. prohibit a licensed cultivation facility from holding, or having an investment interest in, a cannabis retailer license, but allow such a facility license to also hold a manufacturing facility license.



The bill prohibits a cultivation facility from cultivating cannabis for use outside the state.

The bill specifies that it does not prohibit an agricultural or farming operation from obtaining a cannabis cultivation license.

### ***Manufacturing Facility License (§ 9)***

The bill allows the Cannabis Commission to issue or renew a license for a person to be a cannabis product manufacturing facility. It prohibits anyone from acting as such a facility or representing that such person is a licensed facility unless the person has received a license from the commission.

Under the bill, "cannabis product manufacturing facility" means a facility licensed to purchase cannabis, manufacture, prepare, and package cannabis products and sell cannabis and cannabis products to cannabis product manufacturing facilities and cannabis retailers.

The commission must provide for the licensure and standards for manufacturing facilities. The commission may license anyone who applies for a license provided the (1) person is organized for the purpose of manufacturing cannabis products in the state and (2) DCP commissioner finds that the applicant is qualified to manufacture cannabis products and sell, deliver, transport, or distribute such products solely within the state and pursuant to the bill's manufacturing licensing requirements.

At a minimum, the commission must:

1. issue a cannabis product manufacturing facility extraction license that allows the holder to perform any regulated extractions or chemical synthesis and all other manufacturing activities the bill's licensing provisions allow;
2. issue at least one other type of manufacturing facility license that does not allow the holder to perform regulated solvent-based extractions but allows all other allowed manufacturing activities;

3. establish a nonrefundable application fee of not more than \$25,000 and a license and renewal fee of not more than \$35,000;
4. establish a nonrefundable application and license fee structure for all of the other cannabis product manufacturing facilities, but such structure must be consistent with the provision on equity applicants;
5. provide for annual renewals for these licenses;
6. designate permissible locations for licensed manufacturing facilities in the state;
7. establish financial requirements for manufacturing facilities, where each applicant must demonstrate the financial capacity to build and operate a facility;
8. establish health, safety, and security requirements that must include a requirement that the applicant or licensee demonstrate the ability to maintain adequate control against diversion, theft, and loss of cannabis and cannabis products;
9. establish standards and procedures for the revocation, suspension, summary suspension, and nonrenewal of licenses, provided such standards and procedures are consistent with the UAPA licensing provisions;
10. require each licensed cultivation facility to use a commission-approved electronic identity verification system to ensure compliance with the bill's manufacturing facility license requirements;
11. establish other licensing, renewal, and operational standards the commissioner and commission deem necessary;
12. prohibit a licensed manufacturing facility from holding, or having an investment interest in, a cannabis retailer license, but allow such a facility license to also hold a cultivation facility

license.

The bill prohibits a manufacturing facility from manufacturing products to distribute outside the state.

### **§§ 10 & 11 — LABORATORIES**

The bill generally prohibits individuals from acting as laboratories or laboratory employees or representing themselves as such unless they have received either a (1) DCP license the bill establishes or (2) DCP laboratory license under the medical marijuana program or the controlled substance chapter. (The bill allows those with a DCP laboratory license under the controlled substance chapter to receive cannabis, but the definition of laboratory employee does not include such licensees.)

Under the bill, "laboratory" means a DCP-licensed Connecticut laboratory that provides analysis of controlled substances or cannabis.

The DCP commissioner may issue a temporary license to a laboratory employee, and she must prescribe the standards, procedures, and fees for obtaining a temporary laboratory employee license.

Additionally, the commissioner must:

1. provide for the licensure of laboratories and laboratory employees;
2. establish standards and procedures for the revocation, suspension, summary suspension, and nonrenewal of licenses, provided such standards and procedures are consistent with the UAPA licensing provisions;
3. establish a license and renewal fee of at least \$200 for each licensed laboratory and laboratory employee; and
4. establish other licensing, renewal, and operational standards the commissioner deems necessary.

The bill prohibits laboratory employees from:

1. acquiring cannabis from a person other than a licensed cannabis establishment (i.e., retailer, cultivator, or manufacturer), laboratory, or organization engaged in a research program;
2. delivering, transporting, or distributing cannabis to a person who is not so licensed or organization not engaged in a research program; or
3. obtaining or transporting cannabis outside the state in violation of state or federal law.

Under the bill, laboratory employees must test samples of cannabis and cannabis products obtained from cannabis establishments for contaminants and potency. The DCP commissioner must establish testing protocols and requirements for reporting results.

#### **§§ 12 & 17 — LICENSE PENALTIES**

The bill allows the Cannabis Commission to, in its discretion, suspend, revoke, or refuse to grant or renew any licenses the bill establishes. The commission must use the same procedures DCP uses to suspend, revoke, or refuse to grant an alcoholic liquor permit and for similar reasons. (It is unclear how certain reasons for alcohol violations translate to cannabis regulation.)

By law, DCP may discipline an alcoholic liquor permittee if it has reasonable cause to believe, among other things, (1) that the applicant appears to be financially irresponsible or neglects to pay just debts; (2) the applicant or permittee willfully made a false material statement to DCP; and (3) the applicant or permittee has been convicted of a felony or has a criminal record that leads DCP to reasonably believe that he or she is not a suitable person to hold a permit (CGS § 30-47).

For sufficient cause found, the bill allows the commissioner to suspend, revoke, or refuse to grant or renew a cannabis license the bill establishes; issue up to a \$1,000 fine per violation; accept an offer in

compromise; or place such license on probation, place conditions on the license, or take other actions the law allows.

### **§ 13 — TOWN APPROVAL**

The bill allows any town, by town meeting or ordinance, to prohibit cannabis establishments within town limits or restrict their hours and signage. The bill prohibits a town from imposing an application fee or any other fees on any commission-approved equity applicant.

The bill requires the commission to refuse to license cannabis establishments (1) for locations in towns that have opted not to host the establishment or (2) where prohibited by a town's zoning ordinance.

### **§ 14 — IMMUNITIES**

The bill specifically allows licensed cannabis establishments and laboratories, or those acting as their owner, employee, or agent, to perform certain acts and deems these actions as lawful and not an offense or a basis for seizure or forfeiture of assets. Such immunities apply regardless of conflicting statutes.

Under the bill a retailer may:

1. possess, display, store, or transport cannabis or cannabis products;
2. purchase cannabis from a cannabis cultivation facility or product manufacturing facility;
3. deliver or transfer cannabis or cannabis products to a laboratory;  
and
4. deliver, distribute, or sell cannabis or cannabis products to consumers.

The bill allows cultivation facilities to:

1. cultivate, harvest, process, package, transport, display, store, or

possess cannabis;

2. deliver or transfer cannabis to a cannabis testing facility (presumably, a laboratory);
3. deliver, distribute, or sell cannabis to a cannabis cultivation facility, product manufacturing facility, or retailer;
4. receive or purchase cannabis from a cultivation facility; and
5. receive cannabis seeds or immature cannabis plants from another person.

Under the bill, a manufacturing facility may:

1. package, process, transport, manufacture, display, or possess cannabis or cannabis products;
2. deliver or transfer cannabis or cannabis products to a cannabis testing facility (presumably, a laboratory);
3. deliver or sell cannabis or cannabis products to a cannabis retailer or manufacturing facility; and
4. purchase cannabis from a cultivation or product manufacturing facility.

The bill allows a laboratory to:

1. possess, cultivate, process, repackage, store, transport, or display cannabis or cannabis products and
2. receive or return cannabis or cannabis products from a cannabis establishment or another person.

The bill specifies that it does not prevent the imposition of penalties for violating any of the bill's provisions or the law on DCP boards and commissions. (The bill does not add the Cannabis Commission to the list of DCP boards and commissions.)

**§ 15 — DCP STANDARDS**

The bill requires the DCP commissioner, after consulting with the Cannabis Commission, to implement the bill's provisions and the law on DCP boards and commissions. (The bill does not place the Cannabis Commission into the list of DCP commissions. Thus, it is unclear what the DCP commissioner must implement with regard to the DCP boards and commissions laws. )

At a minimum, the DCP commissioner must establish:

1. requirements for transporting and storing cannabis and cannabis products by cannabis establishments;
2. employment and training requirements, including requiring each cannabis establishment to create an identification badge for each employee or agent;
3. requirements designed to prevent the sale or diversion of cannabis and cannabis products to anyone under age 21;
4. requirements on the delivery of cannabis and cannabis products by cannabis retailers and their employees, after considering methods to increase delivery employment opportunities for people from communities disproportionately impacted by high arrest and conviction rates;
5. standards for cannabis product manufacturing facilities to determine the amount of cannabis that cannabis products are considered equivalent to;
6. health and safety standards for manufacturing cannabis products and indoor and outdoor cultivation of cannabis by cultivation facilities;
7. restrictions on advertising, marketing, and signage, including a prohibition on mass-market campaigns that have a high likelihood of reaching children;

8. restrictions on the display of cannabis and cannabis products to ensure that they may not be displayed in a manner that is visible to the general public from a public right-of-way;
9. restrictions or prohibitions on additives to cannabis and cannabis products, including those that are toxic, designed to make the product more addictive or appealing to children, or misleading to consumers, but the prohibition may not extend to common baking and cooking items;
10. protocols governing visits to cannabis cultivation and manufacturing facilities, including requiring the establishments to maintain a visitors log;
11. a definition of the amount of delta-9 tetrahydrocannabinol that constitutes a single serving in a cannabis product;
12. standards for the safe manufacture of cannabis concentrates (which include tinctures and extracts);
13. requirements that educational materials be disseminated to consumers who purchase cannabis or cannabis products;
14. requirements for random sample testing to ensure quality control and that cannabis and cannabis products are accurately labeled for potency, including testing for residual solvents, poisons, toxins, harmful chemicals, dangerous molds or mildew, filth, harmful microbials such as E. Coli or salmonella, and pesticides;
15. standards for operating laboratories, including requirements for equipment and qualifications for personnel; and
16. civil penalties for failing to comply with policies and procedures pursuant to the bill or the law on DCP boards and commissions (see above).

The DCP commissioner must also establish additional requirements



for cannabis and cannabis products sold or distributed by cannabis establishments, including cannabis product labels and packaging requirements including:

1. a disclosure concerning the length of time it typically takes for the cannabis product to affect an individual;
2. a notation of the amount of cannabis that the cannabis product is considered equivalent to;
3. an ingredient list and possible allergens for cannabis and cannabis products;
4. a nutritional fact panel, if the cannabis product is edible;
5. an opaque, child-resistant packaging, designed or constructed to be significantly difficult for children under age five to open but not difficult for adults to use properly in accordance with product testing procedures under federal regulations (16 C.F.R. § 1700.20);
6. identification of edible cannabis products, when practicable, with a standard symbol indicating the product contains cannabis;
7. the license numbers of the cultivation and retailer licensees;
8. the batch number of the cannabis or cannabis product;
9. a net weight statement;
10. a disclosure of any solvent used in the extraction process of cannabis concentrate, if applicable; and
11. a recommended use by or expiration date for cannabis or cannabis product.

The bill specifies that none of the bill's standards or requirements require a (1) consumer to provide a cannabis retailer with personal

information other than a government issued identification to determine the consumer's age or (2) cannabis retailer to acquire and record personal information about consumers.

### **§ 16 — MEDICAL MARIJUANA**

The DCP commissioner and the Cannabis Equity Commission (presumably, the Cannabis Commission) must take steps to minimize the cost difference between retail cannabis products and medical marijuana. The commissioner must (1) stop charging the nonrefundable application fee, renewal fee, and fee for administrative costs for each qualifying patient and the application fee for each caregiver and (2) amend current regulations to eliminate fees according to the bill.

The DCP commissioner and the Cannabis Commission must study establishing a program to subsidize purchases by low-income medical marijuana patients. By January 1, 2021, the commission must report the study's conclusions to the General Law and Finance, Revenue and Bonding committees.

Additionally, the commissioner must (1) require that all cannabis retailers, if offering medical marijuana products for sale, maintain a "fast track" dispensing system for all medical marijuana patients and (2) allow such patients to purchase higher potency products that are not available for retail purchase and allow these patients a higher per transaction amount, as the commission and commissioner determine.

### **§ 18 — REGULATIONS**

The bill allows the DCP commissioner to adopt regulations, including emergency regulations, to implement the bill's provisions. The regulations may include requiring medical marijuana dispensaries to maintain expedited customer service for qualifying patients, setting quantity restrictions on retail sales to ensure there are not shortages of medical products, and limiting the hours when medical marijuana dispensary facilities are allowed to be open for retail sales. (Presumably, the medical marijuana dispensaries would first receive a

retailers license to sell to consumers.)

## **BACKGROUND**

### ***Controlled Substance Classification***

Federal law classifies marijuana as a Schedule I controlled substance. The law generally prohibits anyone from knowingly or intentionally manufacturing, distributing, dispensing, or possessing with intent to manufacture, distribute, or dispense Schedule I drugs. Licensed practitioners, including pharmacies, can use Schedule I substances in government-approved research projects. The penalty for violations varies depending on the amount of drugs involved (21 U.S.C. §§ 812, 823, and 841(a)(1)).

### ***Related Bill***

sHB 7287, favorably reported by the General Law Committee, also requires the DCP commissioner to eliminate the administrative and registration fees related to patient and caregiver registration applications and renewals and amend the department's regulations to eliminate these fees.

## **COMMENT**

The bill provides certain immunities for DCP licensees when performing certain acts (e.g., selling, cultivating, or manufacturing cannabis), but it does not remove existing penalties for selling or possessing marijuana outside of authorized medical uses.

## **COMMITTEE ACTION**

General Law Committee

Joint Favorable Substitute

Yea 10    Nay 8    (03/25/2019)