



General Assembly

Amendment

January Session, 2019

LCO No. 7507



Offered by:
REP. D'AGOSTINO, 91st Dist.

To: Subst. House Bill No. 7371 File No. 585 Cal. No. 358

"AN ACT CONCERNING THE RETAIL SALE OF CANNABIS."

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

3 "Section 1. (NEW) (*Effective from passage*) As used in this section, and
4 sections 2 to 22, inclusive, of this act, unless the context otherwise
5 requires:

6 (1) "Backer" means any person with a direct or indirect financial
7 interest in a cannabis establishment. "Backer" does not include a
8 person with an investment interest in a cannabis establishment,
9 provided the interest held by such person and such person's
10 coworkers, employees, spouse, parent or child, in the aggregate, does
11 not exceed five per cent of the total ownership or interest rights in such
12 cannabis establishment and such person does not participate directly
13 or indirectly in the control, management or operation of the cannabis
14 establishment.

15 (2) "Commission" means the Cannabis Commission established

16 pursuant to section 2 of this act.

17 (2) "Cannabis" means marijuana, as defined in section 21a-240 of the
18 general statutes, except cannabis does not include chemical
19 compounds which are similar to cannabimon, cannabimol or
20 cannabidiol in chemical structure;

21 (3) "Consumer" means an individual who is twenty-one years of age
22 or older;

23 (4) "Cultivation" has the same meaning as provided in section 21a-
24 408 of the general statutes;

25 (5) "Department" means the Department of Consumer Protection;

26 (6) "Dispense" means to deliver cannabis to an ultimate user,
27 including the administering, packaging, labeling or compounding
28 necessary to prepare the substance for the delivery;

29 (7) "Distribute" has the same meaning as provided in section 21a-240
30 of the general statutes;

31 (8) "Employee" means any person who does not have a personal
32 ownership interest in a cannabis establishment and is employed by
33 such establishment or who otherwise has access to such establishment;

34 (9) "Laboratory" means a facility located in Connecticut that is
35 licensed by the department to provide analysis of controlled
36 substances pursuant to section 21a-246 of the general statutes or
37 section 10 of this act;

38 (10) "Laboratory employee" means an individual who is (A) licensed
39 as a laboratory employee pursuant to section 21a-408r of the general
40 statutes or section 12 of this act, or (B) holds a temporary license issued
41 pursuant to section 21a-408r of the general statutes or section 12 of this
42 act;

43 (11) "Cannabis concentrate" includes tinctures and extracts;

44 (12) "Cannabis cultivation facility" means an establishment,
45 excluding producers as set forth in section 21a-408i of the general
46 statutes, that is licensed to cultivate, prepare and package cannabis
47 and sell cannabis to cannabis product manufacturing facilities,
48 cannabis retailers, laboratories, research programs and other cannabis
49 cultivation facilities;

50 (13) "Cannabis establishment" means a cannabis cultivation facility,
51 cannabis product manufacturing facility or cannabis retailer;

52 (14) "Cannabis product" means a cannabis concentrate or a product
53 that contains cannabis, which may be combined with other
54 ingredients, and is intended for use or consumption;

55 (15) "Cannabis product manufacturing facility" means a facility,
56 excluding producers as set forth in section 21a-408i of the general
57 statutes, that is licensed to purchase cannabis, manufacture, prepare
58 and package cannabis products and sell cannabis and cannabis
59 products to cannabis product manufacturing facilities, laboratories,
60 research programs and cannabis retailers;

61 (16) "Cannabis retailer" means a person, excluding a dispensary
62 facility, as defined in section 21a-408-1 of the regulations of state
63 agencies, that is licensed to purchase cannabis from cannabis
64 cultivation facilities as well as to purchase cannabis and cannabis
65 products from cannabis product manufacturing facilities and to sell
66 cannabis and cannabis products to consumers and research programs;

67 (17) "Equity applicant" means an applicant that meets the
68 requirements set forth in section 4 of this act, as specified by the
69 commission;

70 (18) "Research program" has the same meaning as provided in
71 section 21a-408 of the general statutes;

72 (19) "Sale" or "sell" has the same meaning as provided in section 21a-
73 240 of the general statutes; and

74 (20) "THC" means delta-9-tetrahydrocannabinol.

75 Sec. 2. (NEW) (*Effective from passage*) There shall be a Cannabis
76 Commission composed of five commissioners, one of whom shall be
77 the Commissioner of Consumer Protection, appointed by the Governor
78 in accordance with section 4-9a of the general statutes, two of whom
79 shall have a professional background of not less than five years
80 working in the fields of either social justice or civil rights and one of
81 whom shall have a professional background of not less than five years
82 working in the field of economic development. The Commissioner of
83 Consumer Protection shall be the chairperson of the commission. The
84 commissioners, other than the commissioners already employed by the
85 state, shall be compensated and shall work not less than twenty hours
86 per week. The Governor shall fill any vacancy for the unexpired
87 portion of the term. Not more than three commissioners shall be of the
88 same political party. Each commissioner shall take the oath prescribed
89 for executive officers. The Governor may remove any commissioner as
90 provided in section 4-12 of the general statutes.

91 Sec. 3. (NEW) (*Effective from passage*) The commission established
92 pursuant to section 2 of this act shall be part of the Department of
93 Consumer Protection and shall be responsible for developing and
94 implementing a program to identify and support equity applicants
95 pursuant to sections 1 to 22, inclusive, of this act. At a minimum, the
96 commission shall employ an executive director, three staff members to
97 review and process license applications submitted pursuant to sections
98 1 to 22, inclusive, of this act two staff members dedicated to assisting
99 applicants who submit applications pursuant to sections 1 to 22,
100 inclusive, of this act and an attorney to oversee and ensure compliance
101 with sections 1 to 22, inclusive, of this act particularly with regard to
102 the requirements related to equity applicants and reinvestment or the
103 provision of employment opportunities in communities
104 disproportionately impacted by high rates of arrest and conviction and
105 having a history of economic disinvestment, as determined by the
106 commission. The commission may employ such additional staff as it
107 requires, which shall be compensated from the General Fund.

108 Sec. 4. (NEW) (*Effective from passage*) (a) The commission established
109 pursuant to section 2 of this act shall promote and encourage full
110 participation in the cannabis industry by persons from communities
111 that have been disproportionately harmed by cannabis prohibition and
112 enforcement. The commission shall have a budget of five hundred
113 thousand dollars per year to engage in outreach to educate such
114 persons regarding ownership and employment opportunities at
115 cannabis establishments.

116 (b) Not later than January 15, 2020, the commission shall make
117 recommendations for amending the provisions of sections 1 to 22 of
118 this act to the joint standing committees of the General Assembly
119 having cognizance of matters relating to consumer protection, the
120 judiciary and finance, revenue and bonding. Such recommendations
121 shall include, but not be limited to, recommendations with regard to:

122 (1) Establishing an equity applicant status for potential owners of
123 cannabis establishments. For purposes of this section "equity
124 applicant" means a person who: (1) Either as an adult or a juvenile,
125 was arrested for or convicted of the sale, possession, use, manufacture
126 or cultivation of cannabis, (2) has a parent or child who, either as an
127 adult or a juvenile, was arrested for or convicted of the sale,
128 possession, use, manufacture or cultivation of cannabis, or (3) has been
129 a resident of a disproportionately impacted census tract for not less
130 than five of the previous ten years. For purposes of this subdivision,
131 "disproportionately impacted census tract" means a census tract in a
132 municipality in which the unemployment rate is greater than the state-
133 wide unemployment rate and the percentage of individuals below the
134 federal poverty level is greater than the state-wide percentage of
135 individuals below the federal poverty level.

136 (2) Providing that equity applicants may apply for the initial award
137 of each class of license established pursuant to sections 1 to 22,
138 inclusive, of this act at least three months before other applicants,
139 except that existing medical marijuana dispensary facilities and
140 producers may apply for licenses pursuant to sections 1 to 22,

141 inclusive, of this act at the same time as such equity applicants;

142 (3) Requiring that any cannabis establishment that is not owned by
143 an equity applicant comply with an approved plan to reinvest or
144 provide employment opportunities in disproportionately impacted
145 census tract areas or in communities disproportionately impacted by
146 high rates of drug-related arrests, marijuana sale arrests or marijuana
147 possession arrests;

148 (4) Establishing a lower fee structure for equity applicants, after
149 establishing a fee structure for nonequity applicants;

150 (5) Requiring that any cannabis establishment owned by an equity
151 applicant shall be not less than fifty-one per cent owned and controlled
152 by one or more equity applicants approved by the commission, whose
153 primary address has been in this state for the past five years, and who
154 manage the day-to-day operations and make long-term decisions for
155 the business. Nothing in this section shall prevent a backer from
156 having an interest in any cannabis establishment, provided such
157 establishment is not less than fifty-one per cent owned and controlled
158 by one or more equity applicants approved by the commission and
159 who manage the day-to-day operations and make long-term decisions
160 for the business; and

161 (6) Requiring that any cannabis establishment owned by an equity
162 applicant shall not, within the first two years of operation, be sold to a
163 nonequity applicant or to an entity that is owned and controlled by
164 fewer than fifty per cent equity applicants, except with approval of the
165 commission.

166 Sec. 5. (NEW) (*Effective from passage*) (a) Each cannabis establishment
167 shall provide the commission with an annual report for the prior year
168 on or before January fifteenth regarding the diversity of its workforce
169 and ownership. The commission shall make the overall percentages
170 regarding such diversity and ownership available to the public.

171 (b) Individuals who have been arrested or convicted for the sale or

172 possession of cannabis shall not be prohibited from participating or
173 obtaining licensure in the cannabis industry.

174 (c) All licensees granted a license pursuant to sections 1 to 22,
175 inclusive, of this act shall establish and adhere to policies that
176 encourage diversity for purposes of employment, contracting and
177 other professional service opportunities. Such policies shall be
178 provided by the licensee to the commission upon request.

179 Sec. 6. (NEW) (*Effective from passage*) No commissioner of the
180 commission and no employee of the Department of Consumer
181 Protection who carries out the duties and responsibilities of sections 1
182 to 22, inclusive, of this act and any regulations enacted pursuant
183 thereto may, directly or indirectly, individually or as a member of a
184 partnership or as a shareholder of a corporation, have any interest
185 whatsoever in dealing in or in the manufacture, sale or testing of
186 cannabis, nor receive any commission or profit whatsoever from nor
187 have any interest whatsoever in purchases or sales made by persons
188 authorized to make such purchases or sales pursuant to said sections
189 of this act. No provision of this section shall prevent any such
190 commissioner or employee from purchasing and keeping in his or her
191 possession, for his or her personal use or the use of such
192 commissioner's or employee's family or guests, any cannabis which
193 may be purchased or kept by any person by virtue of said sections.

194 Sec. 7. (*Effective from passage*) The commission shall issue a request
195 for application to conduct a study to determine (1) if the establishment
196 of a cannabis micro business retailer license is feasible, and, if so, if
197 such license should be based on the amount of cannabis sold by the
198 licensee, and (2) if consumers or qualifying patients under chapter 420f
199 of the general statutes, who are twenty-one years of age and older,
200 shall be permitted to cultivate cannabis for personal use. Such study
201 shall include consideration of (A) reasonable precautions to ensure that
202 the plants are secure from unauthorized access or access by any
203 individual under twenty-one years of age, (B) the location where such
204 cannabis may be grown, (C) identifying how many states allow home

205 growing and how such states are regulating personal cultivation; (D)
206 determining if personal cultivation has improved access for patients
207 and consumers; and (E) any other related public safety or regulatory
208 issues the commission deems necessary. Not more than two hundred
209 fifty thousand dollars shall be made available to pay for the study. Not
210 later than January 1, 2021, the conclusions of the study shall be
211 reported, in accordance with the provisions of section 11-4a of the
212 general statutes, to the joint standing committees of the General
213 Assembly having cognizance of matters relating to consumer
214 protection, the judiciary and finance, revenue and bonding. Such
215 committees shall each or jointly hold a public hearing to discuss the
216 conclusions of the study. Any recommendations contained in the study
217 shall not be implemented by the commission or commissioner without
218 legislative approval.

219 Sec. 8. (NEW) (*Effective from passage*) (a) Except as provided in
220 sections 1 to 22, inclusive, of this act or chapter 420f of the general
221 statutes, no person, other than a cannabis retailer, shall distribute, sell
222 or dispense cannabis or cannabis products to a consumer.

223 (b) All employees of a cannabis establishment shall apply for and be
224 issued a license prior to commencing employment at the cannabis
225 establishment.

226 (c) All individuals (1) employed by a cannabis establishment, (2)
227 with an ownership interest in a cannabis establishment that either
228 exceeds a five per cent aggregate interest or who may exercise control
229 over, or have management responsibility for, a cannabis establishment,
230 shall be required to apply for a license on a form prescribed by the
231 commissioner. Such form may require the applicant to provide
232 information sufficient for the department to conduct a background
233 check, including a financial history check, to determine the character
234 and fitness of the applicant for the license, consistent with the
235 provisions of section 4 of this act regarding equity applicants, and to
236 allow the department to assess whether the applicant has an
237 ownership interest in any other cannabis establishment and such other

238 information as the commissioner or the commission determines is
239 consistent with the requirements of sections 1 to 22, inclusive, of this
240 act or chapter 420f of the general statutes.

241 (d) Any person who receives a license pursuant to this act shall
242 notify the department of any changes to the information supplied on
243 the application for such license not later than five business days after
244 such change.

245 Sec. 9. (NEW) (*Effective from passage*) (a) No person shall hold a
246 cannabis establishment license issued pursuant to sections 1 to 22,
247 inclusive, of this act, or be employed by a cannabis establishment
248 unless such person is twenty-one years of age or older.

249 (b) On and after the effective date of this section, the commission
250 may issue licenses for cannabis retailers. No person shall act as a
251 cannabis retailer or represent that such person is a licensed retailer,
252 unless such person has obtained a license from the commission
253 pursuant to this section.

254 (c) Not later than January 15, 2020, the commission shall make
255 written recommendations to the joint standing committees of the
256 General Assembly having cognizance of matters relating to consumer
257 protection, the judiciary and finance, revenue and bonding, regarding
258 recommended legislation to implement the provisions of sections 1 to
259 22, inclusive, of this act to:

260 (1) Avoid an overconcentration of cannabis retailers in any one area
261 and to ensure that such retailers are located state-wide;

262 (2) Establish priority applicant status for cannabis retailer license
263 applicants who demonstrate experience in or business practices that
264 promote economic empowerment in communities disproportionately
265 impacted by high rates of arrest and conviction, as determined by the
266 commission;

267 (3) Permit the commission to license any person that applies for a

268 cannabis retailer license, provided the commission deems such
269 applicant qualified to acquire, possess, distribute, sell and dispense
270 cannabis. At a minimum, the commission shall:

271 (A) Except as the commission may determine for equity applicants,
272 establish a nonrefundable application fee of not less than twenty-five
273 hundred dollars, an initial licensing fee of not less than twenty-five
274 hundred dollars and a license renewal fee of not less than twenty-five
275 hundred dollars;

276 (B) Provide for renewal of such cannabis retailer licenses at least
277 every year;

278 (C) The department, with the advice of the commission, shall make
279 recommendations to the joint standing committees of the General
280 Assembly having cognizance of matters relating to consumer
281 protection, the judiciary and finance, revenue and bonding, for
282 recommended legislation to implement the provisions of sections 1 to
283 22, inclusive, of this act to establish health, safety and security
284 requirements for cannabis retailers, which may include, but need not
285 be limited to, the ability to maintain adequate control against the
286 diversion, theft and loss of cannabis acquired or possessed by the
287 licensed cannabis retailer and the ability to maintain the knowledge,
288 understanding, judgment, procedures, security controls and ethical
289 standards to ensure optimal safety and accuracy in the distributing,
290 selling, dispensing and use of cannabis;

291 (D) Prohibit the advertising and retail sale of cannabis via products
292 and packaging designed to appeal to children, including banning the
293 use of cartoons, toys, animals, or children, and banning products that
294 look like any specific trademarked food product;

295 (E) Require cannabis products to be sold with a warning label or
296 handout, after consultation with researchers knowledgeable about the
297 risks and benefits of cannabis. Necessary funding shall be provided to
298 hire a durational project manager for purposes of working with
299 researchers and developing a suitable handout or label. Such label or

300 handout shall include advice about the potential risks of cannabis and
301 cannabis products, including: (i) The risks of driving under the
302 influence of cannabis and the fact that doing so is illegal; (ii) the risk of
303 cannabis use disorder and where a person may seek assistance for the
304 disorder; (iii) potential exacerbation of psychotic disorders; (iv)
305 adverse effects unique to younger adults, including those related to the
306 developing mind; (v) potential adverse events and other risks; (vi)
307 risks of using cannabis during pregnancy or breast feeding; and (vii)
308 the need to safeguard cannabis and cannabis products from children
309 and pets;

310 (F) Establish other licensing, renewal and operational standards
311 deemed necessary by the Commissioner of Consumer Protection; and

312 (G) Require each licensed cannabis retailer to utilize an electronic
313 inventory control and sale tracking system with the ability to provide
314 reporting as required by the Commissioner of Consumer Protection
315 and approved by the commission, to ensure compliance with sections 1
316 to 22, inclusive, of this act.

317 (d) No cannabis or cannabis product shall be sold from, obtained
318 from or transferred to a location outside of this state by the holder of a
319 cannabis retailer license if such sale would be in violation of federal
320 law.

321 (e) Notwithstanding any provision of the general statutes, the sale
322 or delivery of drug paraphernalia to a qualifying patient, primary
323 caregiver or person licensed pursuant to this act or chapter 420f of the
324 general statutes shall not be considered a violation of the provisions of
325 sections 1 to 22, inclusive, of this act.

326 Sec. 10. (NEW) (*Effective from passage*) (a) The commission may issue
327 or renew a license for a person to be a cannabis cultivation facility. No
328 person may act as a cannabis cultivation facility or represent that such
329 person is a licensed cannabis cultivation facility unless such person has
330 obtained a license from the commission pursuant to this section.

331 (b) The commission shall make recommendations to the joint
332 standing committees of the General Assembly having cognizance of
333 matters relating to consumer protection, the judiciary and finance,
334 revenue and bonding, for recommended legislation to implement the
335 provisions of sections 1 to 22, inclusive, of this act to:

336 (1) Establish licensure and standards for cannabis cultivation
337 facilities and to determine the number of such facilities that may be
338 licensed in this state to meet the needs of consumers;

339 (2) Establish priority applicant status for cannabis cultivation license
340 applicants who demonstrate experience in or business practices that
341 promote economic empowerment in communities that have been
342 disproportionately impacted by high rates of arrest and incarceration,
343 as determined by the commission;

344 (3) Establish large, medium and small cannabis cultivation licenses
345 based upon cultivation volume, scale and facility location;

346 (4) Establish a nonrefundable application fee structure for each
347 cannabis cultivation license, with a fee for a cannabis cultivation
348 license of not less than twenty-five thousand dollars for each
349 application submitted, except as applicable to equity applicants, as the
350 commission may determine;

351 (5) Establish a licensing fee structure for each cannabis cultivation
352 license, with a fee for a cannabis cultivation license of not less than
353 thirty-five thousand dollars for each license granted, except as
354 applicable to equity applicants, as the commission may determine;

355 (6) Provide for renewal of such cannabis cultivation facility licenses
356 annually and a renewal fee of not less than thirty-five thousand dollars
357 for each cannabis cultivation facility;

358 (7) Designate permissible locations for licensed cannabis cultivation
359 facilities in this state;

360 (8) Establish financial requirements for cannabis cultivation facilities

361 and the owners thereof, under which applicants shall demonstrate the
362 financial capacity to build and operate a cannabis cultivation facility;

363 (c) The department, with the advice of the commission, shall make
364 recommendations to the joint standing committees of the General
365 Assembly having cognizance of matters relating to consumer
366 protection, criminal law and finance and revenue, for amending
367 sections 1 to 22, inclusive, of this act to:

368 (1) Establish health, safety and security requirements for licensed
369 cannabis cultivation facilities, which shall include, but need not be
370 limited to, a requirement that each applicant or licensed cannabis
371 cultivation facility demonstrate: (A) The ability to maintain adequate
372 control against the diversion, theft and loss of cannabis cultivated by
373 the cannabis cultivation facility, and (B) the ability to cultivate such
374 cannabis in a secure manner;

375 (2) Establish other licensing, renewal and operational standards
376 deemed necessary by the commissioner;

377 (3) Require each licensed cannabis cultivation facility to utilize an
378 electronic inventory control and sale tracking system with the ability to
379 provide reporting as required by the commissioner and approved by
380 the commission, to ensure compliance with sections 1 to 22, inclusive,
381 of this act; and

382 (4) Provide that the holder of a cannabis cultivation facility license:
383 (A) May not hold a cannabis retailer license or have any investment
384 interest in a cannabis retailer licensee, and (B) may also hold, or have a
385 partial interest in, a cannabis product manufacturing facility license.

386 (d) No cannabis cultivation facility shall cultivate cannabis for use
387 outside of this state in violation of federal law.

388 (e) The commission may grant a cannabis cultivation facility license
389 to any person who applies for a license, provided (1) such person is
390 organized for the purpose of cultivating cannabis in this state, (2) the

391 commission finds that such person is qualified to cultivate cannabis
392 and sell, transport or distribute cannabis pursuant to sections 1 to 22,
393 inclusive, of this act, and (3) the number of cannabis cultivation facility
394 licenses issued does not exceed the number appropriate to meet the
395 needs of consumers, as determined by the commission.

396 (f) The provisions of this section shall not prohibit an agricultural or
397 farming operation, as defined in section 1-1 of the general statutes,
398 from obtaining a license to cultivate hemp.

399 Sec. 11. (NEW) (*Effective from passage*) (a) The Cannabis Commission
400 may issue or renew a license for a person to be a cannabis product
401 manufacturing facility. No person may act as a cannabis product
402 manufacturing facility or represent that such person is a licensed
403 cannabis product manufacturing facility unless such person has
404 obtained a license from the commission pursuant to this section.

405 (b) The commission shall provide for the licensure and standards for
406 cannabis product manufacturing facilities. The commission may
407 license any person who applies for a license, provided (A) such person
408 is organized for the purpose of manufacturing cannabis products in
409 this state until federal law allows for the interstate sale of cannabis,
410 and (B) the commissioner finds that such applicant is qualified to
411 manufacture cannabis products and sell, deliver, transport or
412 distribute such products pursuant to sections 1 to 22, inclusive, of this
413 act. At a minimum, the commission shall:

414 (1) Issue a cannabis product manufacturing facility extraction
415 license that shall allow the holder of such license to perform any
416 cannabis extractions, chemical synthesis and all other manufacturing
417 activities authorized pursuant to sections 1 to 22, inclusive, of this act;

418 (2) Issue a cannabis product manufacturing facility processing
419 license that does not allow the holder of such license to perform any
420 cannabis extractions or chemical synthesis but allows all other
421 manufacturing activities authorized pursuant to sections 1 to 22,
422 inclusive, of this act;

423 (3) Establish a nonrefundable application fee of not more than
424 twelve thousand dollars for each application submitted for a cannabis
425 product manufacturing facility license pursuant to this section and
426 establish a license fee of not more than thirty-five thousand dollars and
427 a renewal fee of not more than thirty-five thousand dollars for each
428 such cannabis product manufacturing facility;

429 (4) Establish a nonrefundable application fee and a licensing fee
430 structure for all of the other cannabis product manufacturing facilities
431 considered and approved pursuant to this section, and consistent with
432 the provisions of sections 1 to 22, inclusive, of this act regarding equity
433 applicants;

434 (5) Provide for renewal of cannabis product manufacturing facility
435 licenses annually;

436 (6) Designate permissible locations for licensed cannabis product
437 manufacturing facilities in this state; and

438 (7) Establish financial requirements for cannabis product
439 manufacturing facilities and the owners thereof, under which
440 applicants shall demonstrate the financial capacity to build and
441 operate a cannabis product manufacturing facility.

442 (c) The department, with the advice of the commission, shall make
443 recommendations to the joint standing committees of the General
444 Assembly having cognizance of matters relating to consumer
445 protection, the judiciary and finance, revenue and bonding for
446 recommended legislation to implement the provisions of sections 1 to
447 22, inclusive, of this act to:

448 (1) Establish health, safety and security requirements for licensed
449 cannabis product manufacturing facilities, which shall include, but
450 need not be limited to, a requirement that the applicant or licensed
451 cannabis product manufacturing facility demonstrates the ability to
452 maintain adequate control against the diversion, theft and loss of
453 cannabis and cannabis products;

454 (2) Require each licensed cannabis product manufacturing facility to
455 utilize an electronic inventory control and sale-tracking system with
456 the ability to provide reporting as required by the commissioner and
457 approved by the commission, to ensure compliance with sections 1 to
458 22, inclusive, of this act;

459 (3) Establish other licensing, renewal and operational standards
460 deemed necessary by the commissioner; and

461 (4) Provide that the holder of a cannabis product manufacturing
462 facility license: (A) May not hold, or have any investment interest in, a
463 cannabis retailer licensee or a cannabis retailer license, and (B) may
464 also hold, or have a partial interest in, a cannabis cultivation facility
465 license.

466 (d) No cannabis product manufacturing facility shall manufacture
467 products for distribution outside of this state in violation of federal
468 law.

469 Sec. 12. (NEW) (*Effective from passage*) (a) Except as provided in
470 subsection (b) of this section, no person may act as a laboratory or a
471 laboratory employee or represent that such person is a licensed
472 laboratory or laboratory employee unless such person has obtained a
473 license in a form and manner prescribed by the commissioner
474 pursuant to this section or section 21a-408r or 21a-246 of the general
475 statutes.

476 (b) The commissioner may issue a temporary license to a laboratory
477 employee. The commissioner shall prescribe the standards, procedures
478 and fees for obtaining a temporary license as a laboratory employee.

479 (c) The commissioner shall prescribe the form and substance of
480 licensure application for laboratories and laboratory employees, which
481 license shall be renewed on an annual basis.

482 (d) The commissioner shall establish an annual nonrefundable
483 license fee of not less than two hundred dollars and a renewal fee of

484 not less than two hundred dollars for each licensed laboratory and
485 licensed laboratory employee.

486 Sec. 13. (NEW) (*Effective from passage*) (a) No laboratory employee
487 shall: (1) Acquire cannabis from a person other than a licensed
488 cannabis establishment or laboratory or organization engaged in a
489 research program, (2) deliver, transport or distribute cannabis to (A) a
490 person who is not so licensed, (B) an organization not engaged in a
491 research program, or (3) obtain or transport cannabis outside of this
492 state in violation of state or federal law. Nothing in this section shall
493 prohibit an individual licensed pursuant to sections 1 to 22, inclusive,
494 of this act from providing cannabis to a laboratory for testing.

495 (b) Laboratory employees shall test samples of cannabis and
496 cannabis products obtained from cannabis establishments. The
497 commissioner shall establish testing protocols and requirements for
498 reporting the results of such tests.

499 Sec. 14. (NEW) (*Effective from passage*) (a) Any town may, by town
500 meeting or ordinance, prohibit the establishment of or restrict the
501 hours and signage of a cannabis establishment within the limits of
502 such town.

503 (b) The commission shall refuse licenses to cannabis establishments
504 (1) for locations in towns that have prohibited such an establishment
505 pursuant to subsection (a) of this section, or (2) where prohibited by a
506 zoning ordinance of any town.

507 Sec. 15. (NEW) (*Effective from passage*) (a) Notwithstanding any
508 provision of the general statutes, the following acts, when performed
509 by a cannabis retailer or employee of a cannabis retailer, are not
510 unlawful and shall not be an offense or a basis for seizure or forfeiture
511 of assets:

512 (1) Possessing, displaying, storing or transporting cannabis or
513 cannabis products;

- 514 (2) Purchasing cannabis from a cannabis cultivation facility;
- 515 (3) Purchasing cannabis or cannabis products from a cannabis
516 product manufacturing facility;
- 517 (4) Delivering or transferring cannabis or cannabis products to a
518 laboratory or research program; and
- 519 (5) Delivering, distributing or selling cannabis or cannabis products
520 to consumers.
- 521 (b) Notwithstanding any provision of the general statutes, the
522 following acts, when performed by a cannabis cultivation facility or an
523 employee of a cannabis cultivation facility, are not unlawful and shall
524 not be an offense or a basis for seizure or forfeiture of assets:
- 525 (1) Cultivating, harvesting, processing, packaging, transporting,
526 displaying, storing or possessing cannabis;
- 527 (2) Delivering or transferring cannabis to a laboratory or research
528 program;
- 529 (3) Delivering, distributing or selling cannabis to a cannabis
530 cultivation facility, cannabis product manufacturing facility or
531 cannabis retailer;
- 532 (4) Receiving or purchasing cannabis from a cannabis cultivation
533 facility;
- 534 (5) Receiving cannabis seeds or immature cannabis plants from
535 another person licensed pursuant to sections 1 to 22, inclusive, of this
536 act; and
- 537 (6) Receiving hemp plants or hemp seeds from a person licensed by
538 the Department of Agriculture to possess and distribute such plants or
539 seeds.
- 540 (c) Notwithstanding any other provision of law, the following acts,
541 when performed by a cannabis product manufacturing facility or an

542 employee of a cannabis product manufacturing facility, are not
543 unlawful and shall not be an offense or a basis for seizure or forfeiture
544 of assets:

545 (1) Packaging, processing, transporting, manufacturing, displaying
546 or possessing cannabis or cannabis products;

547 (2) Delivering or transferring cannabis or cannabis products to a
548 laboratory or research program;

549 (3) Delivering or selling cannabis or cannabis products to a cannabis
550 retailer or cannabis product manufacturing facility;

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

552 (5) Purchasing cannabis or cannabis products from a cannabis
553 product manufacturing facility.

554 (d) Notwithstanding any other provision of law, the following acts,
555 when performed by a laboratory or a person who is acting in his or her
556 capacity as an owner, employee or agent of a laboratory, are not
557 unlawful and shall not be an offense or a basis for seizure or forfeiture
558 of assets:

559 (1) Possessing, cultivating, processing, repackaging, storing,
560 transporting or displaying cannabis or cannabis products;

561 (2) Receiving cannabis or cannabis products from a cannabis
562 establishment or laboratory;

563 (3) Returning cannabis or cannabis products to a cannabis
564 establishment.

565 Sec. 16. (NEW) (*Effective from passage*) (a) The commissioner, after
566 consulting with the commission, shall implement the provisions of
567 sections 1 to 22, inclusive, of this act. At a minimum, the commissioner
568 shall make recommendations to the joint standing committees of the
569 General Assembly having cognizance of matters relating to consumer

570 protection, the judiciary and finance, revenue and bonding for
571 recommended legislation to establish:

572 (1) Requirements for the transportation and storage of cannabis and
573 cannabis products by cannabis establishments;

574 (2) Employment and training requirements for each cannabis
575 establishment and its employees;

576 (3) Requirements designed to prevent the sale or diversion of
577 cannabis and cannabis products to persons under twenty-one years of
578 age;

579 (4) Requirements, recommended by the commission, regarding the
580 delivery of cannabis and cannabis products by cannabis retailers and
581 their employees, after considering methods to increase delivery
582 employment opportunities for persons from communities
583 disproportionately impacted by high rates of arrest and conviction;

584 (5) Standards for cannabis product manufacturing facilities to
585 determine the amount of cannabis that cannabis products are
586 considered the equivalent to;

587 (6) Additional requirements for cannabis and cannabis products
588 sold or distributed by a cannabis establishment, including cannabis
589 product labels and packaging requirements, including, but not limited
590 to, the following:

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

593 (B) A notation of the amount of cannabis the cannabis product is
594 considered the equivalent to;

595 (C) A list of ingredients and possible allergens for cannabis and
596 cannabis products;

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

598 (E) An opaque, child-resistant packaging, which is designed or
599 constructed to be significantly difficult for children under five years of
600 age to open and not difficult for adults to use properly, as defined by
601 16 CFR 1700.20, as amended from time to time;

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

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

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

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

607 (J) A net weight statement;

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

610 (L) A recommended use by or expiration date for cannabis or
611 cannabis products;

612 (7) Health and safety standards for the manufacture of cannabis
613 products and indoor and outdoor cultivation of cannabis by cannabis
614 cultivation facilities;

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

618 (9) Restrictions or prohibitions on additives to cannabis and
619 cannabis products, including, but not limited to, those that are toxic,
620 designed to make the product more addictive, designed to make the
621 product more appealing to children or misleading to consumers. The
622 prohibition may not extend to common baking and cooking items;

623 (10) Protocols governing visits to cannabis cultivation facilities and
624 cannabis product manufacturing facilities, including requiring the
625 cannabis establishment to maintain a log of visitors;

626 (11) A definition of the amount of delta-9-tetrahydrocannabinol that
627 constitutes a single serving in a cannabis product;

628 (12) Standards for the safe manufacture of cannabis concentrates;

629 (13) Requirements that educational materials be disseminated to
630 consumers who purchase cannabis or cannabis products;

631 (14) Requirements for random sample testing to ensure quality
632 control, including by ensuring that cannabis and cannabis products are
633 accurately labeled. Any such testing shall include, but not be limited
634 to, testing for residual solvents, poisons, toxins, harmful chemicals,
635 dangerous molds or mildew, filth, harmful microbials such as E. Coli
636 or salmonella and pesticides; and

637 (15) Standards for the operation of laboratories, including
638 requirements for equipment and qualifications for personnel.

639 (b) No standard or requirement enacted pursuant to sections 1 to 22,
640 inclusive, of this act shall require: (1) A consumer to provide a
641 cannabis retailer with personal information other than government
642 issued identification to determine the consumer's age; or (2) a cannabis
643 retailer to acquire and record personal information about consumers.

644 (c) Cannabis products, other than oil concentrates contained within
645 a vaporizer cartridge or tinctures, shall be packaged in individual
646 child-resistant packages that include not more than five milligrams of
647 THC on a dry weight basis per serving. Scoring of products shall not
648 be a sufficient delineation of serving size. Each serving shall be
649 separately packaged. A cannabis product may contain multiple
650 individually packaged servings.

651 Sec. 17. (NEW) (*Effective from passage*) No cannabis retailer shall
652 display cannabis and cannabis products in a manner that is visible to
653 the general public from a public right-of-way.

654 Sec. 18. (NEW) (*Effective from passage*) (a) Cannabis establishments
655 shall establish, maintain and comply with written policies and

656 procedures, approved by the commissioner, for the cultivation,
657 processing, manufacture, security, storage, inventory and distribution
658 of cannabis and cannabis products, as applicable to the specific license
659 type. Such policies and procedures shall include methods for
660 identifying, recording and reporting diversion, theft or loss, and for
661 correcting all errors and inaccuracies in inventories. Cannabis
662 establishments shall include in their written policies and procedures, a
663 process for the following:

664 (1) Handling mandatory and voluntary recalls of cannabis and
665 cannabis products. Such process shall be adequate to deal with recalls
666 due to any action initiated at the request of the commissioner and any
667 voluntary action by the cannabis establishment to remove defective or
668 potentially defective cannabis or cannabis products from the market or
669 any action undertaken to promote public health and safety by
670 replacing existing cannabis or cannabis products with improved
671 products or packaging;

672 (2) Preparing for, protecting against, and handling any crisis that
673 affects the security or operation of any facility in the event of strike,
674 fire, flood or other natural disaster, or other situations of local, state or
675 national emergency;

676 (3) Ensuring that any outdated, damaged, deteriorated, misbranded
677 or adulterated cannabis or cannabis products are segregated from all
678 other inventory and destroyed. Such procedure shall provide for
679 written documentation of the cannabis and cannabis product
680 disposition; and

681 (4) Ensuring the oldest stock of a cannabis or cannabis product is
682 distributed first. Such procedure may permit deviation from this
683 requirement, if such deviation is temporary and approved by the
684 commissioner.

685 (b) A cannabis establishment shall (1) store all cannabis and
686 cannabis products in such a manner as to prevent diversion, theft or
687 loss, (2) make cannabis and cannabis products accessible only to the

688 minimum number of specifically authorized employees essential for
689 efficient operation, and (3) return any cannabis and cannabis products
690 to a secure location immediately after completion of the process or at
691 the end of the scheduled business day.

692 Sec. 19. (NEW) (*Effective from passage*) (a) The commissioner and the
693 commission shall take steps to minimize the cost difference between
694 cannabis products authorized pursuant to sections 1 to 22, inclusive, of
695 this act and those sold pursuant to chapter 420f of the general statutes.
696 The commissioner shall cease charging the nonrefundable fee for
697 administrative costs for each qualifying patient and the nonrefundable
698 application fee for each qualifying patient and caregiver under chapter
699 420f of the general statutes. The commissioner shall also cease charging
700 the renewal fee for each qualifying patient under chapter 420f of the
701 general statutes. The commissioner shall amend existing regulations to
702 eliminate such fees to be consistent with the provisions of this section.

703 (b) The department shall issue a request for application to conduct a
704 study for the establishment of a program to subsidize purchases by
705 low-income patients under chapter 420f of the general statutes. Funds
706 of not more than one million dollars shall be made available to pay for
707 the study. Not later than January 1, 2021, the conclusions of the study
708 shall be reported, in accordance with the provisions of section 11-4a of
709 the general statutes, to the joint standing committees of the General
710 Assembly having cognizance of matters relating to consumer
711 protection, the judiciary and finance, revenue and bonding.

712 (c) The commissioner shall require that all cannabis retailers
713 licensed pursuant to sections 1 to 22, inclusive, of this act shall, if
714 offering cannabis products for sale pursuant to chapter 420f of the
715 general statutes, maintain a fast-track dispensing system for all
716 qualifying patients registered pursuant to chapter 420f of the general
717 statutes.

718 (d) Qualifying patients registered pursuant to chapter 420f of the
719 general statutes shall be permitted to purchase higher potency

720 products that are not available for retail purchase and allow such
721 patients a higher per transaction amount, as determined by the
722 commission and commissioner. Retail purchases for nonmedical
723 marijuana certificate holders shall be restricted based on the following:
724 (1) Limits on all individually packaged servings of edible forms of
725 cannabis products of not more than five milligrams of THC per serving
726 based on dry weight; (2) limits on the total maximum amount of THC
727 per aggregate edible product package to one hundred milligrams of
728 THC; (3) limits on the THC potency of any cannabis product of not
729 more than fifty per cent THC, unless otherwise authorized by the
730 commissioner; (4) limits on the amount a retail purchaser and
731 consumer may purchase of not more than one ounce per retail
732 transaction; and (5) the inclusion of any additional requirements or
733 restrictions required by the commissioner.

734 Sec. 20. (NEW) (*Effective from passage*) (a) Each cannabis
735 establishment shall maintain all records necessary to fully demonstrate
736 business transactions related to cannabis and cannabis products for a
737 period covering the current taxable year and the three immediately
738 preceding taxable years, all of which shall be made available to the
739 department upon request.

740 (b) The commissioner may require any licensee to furnish such
741 information as the commissioner considers necessary for the proper
742 administration of sections 1 to 22, inclusive, of this act and may require
743 an audit of any cannabis establishment, the expense thereof to be paid
744 by such cannabis establishment.

745 (c) Each person required by sections 1 to 22, inclusive, of this act to
746 prepare, obtain or keep records, logs, reports or other documents, and
747 each person in charge, or having custody, of such documents, shall
748 maintain such documents in an auditable format for not less than three
749 years. Upon request, such person shall make such documents
750 immediately available for inspection and copying by the commissioner
751 or others authorized by sections 1 to 22, inclusive, of this act to review
752 such documents. When possible, such documents shall be provided to

753 the commissioner in electronic format. In complying with the
754 provisions of this subsection, no person shall use a foreign language,
755 codes or symbols to designate cannabis or cannabis product types or
756 persons in the keeping of any required document.

757 (d) For purposes of the supervision and enforcement of the
758 provisions of sections 1 to 22, inclusive, of this act, the commissioner is
759 authorized to:

760 (1) Enter, at reasonable times, any place, including a vehicle, in
761 which cannabis or cannabis products are held, dispensed, sold,
762 produced, delivered, transported, manufactured or otherwise disposed
763 of;

764 (2) Inspect within reasonable limits and in a reasonable manner,
765 such place and all pertinent equipment, finished and unfinished
766 material, containers and labeling, and all things in such place,
767 including records, files, financial data, sales data, shipping data,
768 pricing data, employee data, research, papers, processes, controls and
769 facilities; and

770 (3) Inventory any stock of cannabis and cannabis products therein
771 and obtain samples of any cannabis or cannabis product, any labels or
772 containers, paraphernalia and of any finished and unfinished material.

773 Sec. 21. (NEW) (*Effective from passage*) (a) For sufficient cause found
774 pursuant to subsection (b) of this section, the commissioner may, in the
775 commissioner's discretion, suspend, revoke, issue fines of not more
776 than one thousand dollars per violation, accept an offer in compromise
777 or refuse to grant or renew a license issued pursuant to sections 1 to 22,
778 inclusive, of this act or place such licensee on probation, place
779 conditions on such licensee or take other actions permitted by statute
780 or regulation.

781 (b) Any of the following shall constitute sufficient cause for such
782 action by the commissioner, however, such list shall not be exclusive:

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- 783 (1) Furnishing of false or fraudulent information in any application;
- 784 (2) Civil or criminal actions taken against a licensee or applicant
785 pursuant to section 46a-80 of the general statutes;
- 786 (3) Failure to maintain effective controls against diversion, theft or
787 loss of cannabis, cannabis products or other controlled substances;
- 788 (4) Discipline by, or a pending disciplinary action or an unresolved
789 complaint regarding any professional license or registration of any
790 federal, state or local government;
- 791 (5) Abuse or excessive use of drugs or alcohol;
- 792 (6) Failure to keep accurate records and to account for the
793 cultivation, manufacture, packaging and sale of cannabis and cannabis
794 products;
- 795 (7) Denial, suspension or revocation of a license or registration, or
796 the denial of a renewal of a license or registration, by any federal, state
797 or local government or a foreign jurisdiction;
- 798 (8) False, misleading or deceptive representations to the public or
799 the department;
- 800 (9) Return to regular stock of any cannabis or cannabis product
801 where:
- 802 (A) The package or container containing the cannabis or cannabis
803 product has been opened, breached or tampered with; or
- 804 (B) The cannabis or cannabis product has been previously sold or
805 dispensed to an end user or research program subject;
- 806 (10) Involvement in a fraudulent or deceitful practice or transaction;
- 807 (11) Performance of incompetent or negligent work;
- 808 (12) Failure to maintain the entire cannabis establishment or

809 laboratory and contents in a clean, orderly and sanitary condition;

810 (13) Permitting another person to use the licensee's license;

811 (14) Failure to cooperate or give information to the department,
812 local law enforcement authorities or any other enforcement agency
813 upon any matter arising out of conduct at a cannabis establishment,
814 laboratory or in connection with a research program; or

815 (15) Failure to comply with any provision of sections 1 to 22,
816 inclusive, of this act.

817 (c) No person whose application for a license has been denied due
818 to the applicant's character and fitness may make another application
819 for a license under the provisions of sections 1 to 22, inclusive, of this
820 act for at least one year after the date of such denial.

821 (d) No person whose license has been revoked may apply for a
822 license under the provisions of sections 1 to 22, inclusive, of this act for
823 a period of at least one year after the date of such revocation.

824 (e) If a license is voluntarily surrendered or is not renewed, the
825 commissioner shall not be prohibited from suspending, revoking or
826 imposing other penalties permitted by sections 1 to 22, inclusive, of
827 this act on any such license.

828 Sec. 22. (NEW) (*Effective from passage*) The commissioner may adopt
829 regulations in accordance with chapter 54 of the general statutes,
830 including emergency regulations pursuant to section 4-168 of the
831 general statutes, to implement the provisions of this act, including, but
832 not limited to, requiring dispensaries to maintain expedited customer
833 service for qualifying patients under chapter 420f of the general
834 statutes and setting quantity restrictions on sales pursuant to sections 1
835 to 22, inclusive, of this act, to ensure there are not shortages of medical
836 products under chapter 420f of the general statutes and to limit the
837 hours when dispensary facilities are allowed to be open for retail
838 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
Sec. 19	<i>from passage</i>	New section
Sec. 20	<i>from passage</i>	New section
Sec. 21	<i>from passage</i>	New section
Sec. 22	<i>from passage</i>	New section