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## OLR Bill Analysis

### sHB 6099

#### ***AN ACT CONCERNING ANTITRUST ISSUES AND THE PALLIATIVE USE OF MARIJUANA AND THE SALE OF HEMP AND HEMP PRODUCTS.***

#### **SUMMARY**

This bill requires anyone involved in a transaction that results in a material change to a medical marijuana business to file written notice with the attorney general. It also establishes a waiting period for these transactions.

Under the bill, the written notice must contain information relevant to the proposed transaction as the attorney general deems necessary to enable him to determine whether the transaction would violate antitrust laws. The attorney general may ask for supplemental information and extend the waiting period. The bill prohibits disclosing this information under the state's antitrust law and exempts it from disclosure under the Freedom of Information Act (FOIA).

Additionally, the bill allows licensed marijuana producers to manufacture, market, produce, or store hemp and hemp products and obtain these products from other legal sources. It also requires these products the producer purchases to be tracked throughout the manufacturing process.

Finally, the bill (1) prohibits hemp or hemp products from being sold or distributed within a medical marijuana dispensary and (2) requires the independent testing laboratory that tests hemp to be located in Connecticut. By law, hemp that is intended to be manufactured into a manufacturer hemp product must be tested by an independent testing laboratory. "Manufacturer hemp products" include products intended for human consumption, including by ingestion, inhalation, or absorption, that contain a THC concentration of no more than 0.3% on a dry weight basis or per volume or weight.

EFFECTIVE DATE: July 1, 2021

**MEDICAL MARIJUANA BUSINESS TRANSACTION NOTICE AND WAITING PERIOD**

The bill requires any person who enters into a transaction, either directly or indirectly, that results in a material change to a medical marijuana business to file a written notice with the attorney general and serve a waiting period. A “person” means an individual, firm, partnership, corporation, company, association, trust, other business, or tribal entity and a “medical marijuana business” means a licensed medical marijuana dispensary or production facility.

Under the bill, “material change” means:

1. the addition of a dispensary facility backer or producer backer (i.e., an owner of a greater than 5% stake);
2. a change in the ownership interest of an existing dispensary facility backer or producer backer;
3. the merger, consolidation, or other affiliation of a medical marijuana business with another person;
4. the acquisition of all or part of a medical marijuana business by another person; and
5. the transfer of assets or security interests from a medical marijuana business to another person.

“Transfer” means to sell, transfer, lease, exchange, option, convey, give, otherwise dispose of, or transfer control over, including by way of merger or joint venture not in the ordinary course of business.

***Written Notice***

The bill requires the written notice to be in a form and contain the documentary material and information relevant to the proposed transaction as the attorney general deems necessary and appropriate to enable him to determine whether the transaction, if consummated, violates antitrust laws.

By law, the attorney general has the authority to, among other things, investigate proposed transactions and require parties to provide relevant information through subpoenas and written interrogatories (CGS § 35-42).

***Waiting Period***

The bill requires a waiting period before the transaction is complete, which begins on the day the attorney general receives the completed notice from all parties to the transaction (see above). The waiting period generally ends on the 30<sup>th</sup> day after the receipt, unless the attorney general extends the time or, in individual cases, terminates the waiting period and allows the transaction to proceed.

Under the bill, the attorney general may, before the 30-day waiting period expires, extend the waiting period by requesting additional material. He may require parties to submit, pursuant to a subpoena or voluntarily, additional information or documentary material relevant to the proposed transaction. Upon this request, the waiting period is extended until 30 days after the parties have substantially complied with the request, as determined by the attorney general.

***Disclosure Prohibited***

Under the bill, any information or documentary material filed with the attorney general is not disclosable under the Connecticut antitrust investigation law or FOIA. This information or material must not be made public, except as may be relevant to an administrative or judicial action or proceeding.

The bill requires the information or documentary material to be returned to the person who provided it when the attorney general's review is terminated or the final determination of any action or proceeding commenced as a result.

**HEMP**

The bill requires any licensed marijuana producer that manufactures, markets, produces, or stores hemp and hemp products to do so in accordance with existing hemp laws and regulations. The

bill also allows producers to obtain hemp and hemp products from a person authorized under Connecticut law or the law of another U.S. state, territory, or possession or other sovereign entity to possess and sell these products.

Under the bill, the Seed Law Chapter and its regulations do not apply to medical marijuana producers, broadening an existing provision generally exempting producers from laws on hemp licensure and programs. The Seed Law Chapter generally establishes requirements for seed labeling, sale, inspection, and restrictions, among other things (CGS § 22-55 et seq.).

The bill requires the hemp or hemp products a marijuana producer purchases from a third parties to be tracked as a separate batch throughout the manufacturing process to document their disposition. Once the producer receives these products, they are deemed marijuana and the producer must comply with the applicable marijuana laws and statutes. Producers must retain a copy of the certificate of analysis for hemp or hemp products purchased and the invoice and transport documents that show the quantity purchased and date received.

**COMMITTEE ACTION**

General Law Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/09/2021)