



# House of Representatives

## File No. 822

General Assembly

January Session, 2023

**(Reprint of File No. 91)**

House Bill No. 6694  
As Amended by House Amendment  
Schedule "A"

Approved by the Legislative Commissioner  
May 25, 2023

**AN ACT CONCERNING CANNABIS CULTIVATION, DISPENSARY FACILITY AND HYBRID RETAILER RELOCATION AND EQUITY JOINT VENTURES.**

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

1 Section 1. Section 21a-420o of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2023*):

3 (a) Thirty days after the Social Equity Council posts the criteria for  
4 social equity applicants on its Internet web site, the department shall  
5 open up a three-month application period for cultivators during which  
6 a social equity applicant may apply to the department for a provisional  
7 cultivator license and final license for a cultivation facility located in a  
8 disproportionately impacted area without participating in a lottery or  
9 request for proposals. Such application for a provisional license shall be  
10 granted upon: (1) [verification] Verification by the Social Equity Council  
11 that the applicant meets the criteria for a social equity applicant; (2) the  
12 applicant submitting to and passing a criminal background check; and

13 (3) payment of a three-million-dollar fee to be deposited in the Social  
14 Equity and Innovation Fund established in section 21a-420f. Upon  
15 granting such provisional license, the department shall notify the  
16 applicant of the project labor agreement requirements of section 21a-  
17 421e.

18 (b) To obtain a final cultivator license under this section, the social  
19 equity applicant shall provide evidence of: (1) [a] A contract with an  
20 entity providing an approved electronic tracking system as described in  
21 section 21a-421n; (2) a right to exclusively occupy [a] the location [in a  
22 disproportionately impacted area] at which the cultivation facility will  
23 be located, which location shall be situated (A) in a disproportionately  
24 impacted area, or (B) in the case of an exclusively outdoor grow, in a  
25 municipality containing any portion of a disproportionately impacted  
26 area, provided such outdoor grow is conducted on land that such  
27 municipality has approved for agricultural or farming uses; (3) any  
28 necessary local zoning approval and permits for the cultivation facility;  
29 (4) a business plan; (5) a social equity plan approved by the Social Equity  
30 Council; (6) written policies for preventing diversion and misuse of  
31 cannabis and sales of cannabis to underage persons; and (7) blueprints  
32 of the facility and all other security requirements of the department.

33 Sec. 2. Section 21a-420v of the general statutes is repealed and the  
34 following is substituted in lieu thereof (*Effective from passage*):

35 (a) A dispensary facility or hybrid retailer may submit an application  
36 to the department, in a form and manner prescribed by the  
37 commissioner, to relocate its current dispensary facility or hybrid  
38 retailer location. Such relocation application shall include, at a  
39 minimum:

40 (1) The size of the qualifying patient population that the applicant  
41 served during the six-month period preceding the date on which the  
42 dispensary facility or hybrid retailer submits such relocation  
43 application, broken down by month and indicating whether such  
44 qualifying patient population increased or decreased during such six-

45 month period;

46 (2) Evidence of accessible alternatives in the area surrounding the  
47 applicant, prior to the proposed relocation, where qualifying patients  
48 may obtain medical marijuana products;

49 (3) Whether the applicant will provide delivery services to the  
50 qualifying patients whom the applicant serves prior to the proposed  
51 relocation and, if so, the length of time and geographic scope of such  
52 delivery services;

53 (4) A plan to communicate the proposed relocation to qualifying  
54 patients, including, but not limited to, the methods of and timeframes  
55 for such communications; and

56 (5) A plan to communicate with nearby dispensary facilities and  
57 hybrid retailers concerning the proposed relocation and the needs of the  
58 qualifying patients whom the applicant serves.

59 [(a) Until June 30, 2023, the] (b) The commissioner may deny a  
60 [change of location] relocation application from a dispensary facility or  
61 hybrid retailer based on the needs of qualifying patients.

62 [(b)] (c) Prior to June 30, 2022, the commissioner shall not approve the  
63 relocation of a dispensary facility or hybrid retailer to a location that is  
64 further than ten miles from its current dispensary facility or hybrid  
65 retailer location.

66 Sec. 3. Subsection (k) of section 21a-420d of the general statutes is  
67 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
68 *2023*):

69 (k) The council shall develop criteria for evaluating the ownership  
70 and control of any equity joint venture created under section 21a-420m,  
71 21a-420u or section 21a-420j and shall review and approve or deny in  
72 writing such equity joint venture prior to such equity joint venture being  
73 licensed under section 21a-420m, 21a-420u or section 21a-420j. After  
74 developing criteria for social equity plans as described in subdivision

75 (5) of subsection (h) of this section, the council shall review and approve  
76 or deny in writing any such plan submitted by a cannabis establishment  
77 as part of its final license application. The council shall not approve any  
78 equity joint venture applicant which shares with an equity joint venture  
79 any individual owner who meets the criteria established in  
80 subparagraphs (A) and (B) of subdivision (48) of section 21a-420, other  
81 than an individual owner in their capacity as a backer licensed under  
82 section 21a-420o, as amended by this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2023</i>	21a-420o
Sec. 2	<i>from passage</i>	21a-420v
Sec. 3	<i>July 1, 2023</i>	21a-420d(k)

*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.*

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### **OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

### **Explanation**

The bill makes various changes regarding social equity cultivator licenses and dispensary or hybrid retailer relocations resulting in no fiscal impact to the state.

House "A" strikes the underlying bill and its associated fiscal impact resulting in the impact described above.

### **The Out Years**

**State Impact:** None

**Municipal Impact:** None

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**OLR Bill Analysis****HB 6694 (as amended by House "A")\******AN ACT ESTABLISHING A TASK FORCE TO STUDY CONSUMER PROTECTION IN THIS STATE.*****SUMMARY**

This bill allows certain cannabis cultivator (1) licensees to place their exclusively outdoor grow facility outside of a disproportionately impacted area, but still in a municipality that has one, and (2) backers to share ownership in equity joint ventures.

It also (1) requires that certain information be included in a dispensary facility's or hybrid retailer's (e.g., sells both recreational cannabis and medical marijuana) application to relocate their current facility or retail location and (2) allows the Department of Consumer Protection (DCP) commissioner to deny these applications based on the needs of qualifying patients past June 30, 2023, by eliminating the sunset date in current law.

\*House Amendment "A" replaces the underlying bill, which established a task force to study consumer protection in the state.

EFFECTIVE DATE: July 1, 2023, except the dispensary and hybrid retailer provisions take effect upon passage.

**CULTIVATORS AND DISPROPORTIONATELY IMPACTED AREAS*****Outdoor Grow Facility***

By law, in order for a social equity applicant who applied for a cultivator license without participating in a lottery to get a final cultivator license, the applicant must provide evidence of certain information, including a right to exclusively occupy a location in a disproportionately impacted area where the cultivation facility will be located. The bill also allows the applicant to provide evidence that an

exclusively outdoor grow facility will be located outside of a disproportionately impacted area if the facility is in a municipality that has any portion of a disproportionately impacted area. The outdoor grow must be done on land the municipality has approved for agricultural or farming uses.

Under existing law, a “disproportionately impacted area” is a U.S. census tract in the state that has, as determined by the Social Equity Council, (1) a historical conviction rate for drug-related offenses greater than 10% or (2) an unemployment rate greater than 10% (CGS § 21a-420 (17)).

### ***Equity Joint Venture***

Current law prohibits the Social Equity Council from approving any equity joint venture applicant that shares any individual owner with another equity joint venture that meets the social equity applicant criteria. The bill exempts from this prohibition a backer for a licensed cultivator in a disproportionately impacted area or a municipality with a disproportionately impacted area for outdoor grow facilities.

By law, (1) a “social equity applicant” is a person (e.g., an individual or business) that is at least 65% owned and controlled by an individual or individuals meeting certain income and residency criteria and (2) an “equity joint venture” is a business entity that is at least 50% owned and controlled by an individual or applicant meeting the social equity applicant income and residency criteria (CGS § 21a-420 (22) & (48)).

### **DISPENSARY AND HYBRID RETAILER RELOCATION**

The bill allows a dispensary facility or hybrid retailer to submit an application to DCP, in a form the commissioner prescribes, to relocate its current facility or retail location. The relocation application must include, at least:

1. the size of the qualifying patient population that the applicant served during the six-month period before the application, broken down by month and indicating whether the qualifying

- patient population increased or decreased during that time;
2. evidence of accessible alternatives in the area around the applicant, before the proposed relocation, where qualifying patients can get medical marijuana products;
  3. whether the applicant will provide delivery services to the qualifying patients it serves before the proposed relocation and, if so, the length of time and geographic scope of the services; and
  4. a plan to communicate (a) the proposed relocation to the qualifying patients, including the communication methods and timeframes, and (b) with nearby dispensary facilities and hybrid retailers on the proposed relocation and the needs of the qualifying patients the applicant serves.

Current law allows the DCP commissioner to deny a dispensary facility's or hybrid retailer's change of location application based on the needs of qualifying patients until June 30, 2023. The bill eliminates this sunset date.

## **BACKGROUND**

### ***Related Bill***

sHB 6699, §§ 19, 21 & 27, as amended by House "A" and passed by the House (File 764), modifies the (1) criteria and procedure used to identify disproportionately impacted areas and (2) amount of control individuals must have in a cannabis business to qualify as a "social equity applicant," and "equity joint venture."

## **COMMITTEE ACTION**

General Law Committee

Joint Favorable

Yea 23    Nay 0    (03/02/2023)