



PA 24-95—SB 200

General Law Committee

AN ACT CONCERNING SOCIAL EQUITY APPLICANTS, INFUSED BEVERAGES AND MODERATE-THC HEMP PRODUCTS

SUMMARY: This act makes several changes to the THC-infused beverages and moderate-THC product provisions under PA 24-76. Among other things, it:

1. sets a new deadline of July 1, 2024, rather than October 1, 2024, after which infused beverages may be only sold at package stores and specified cannabis establishments (dispensary facilities, hybrid retailers (i.e., licensed to sell both recreational cannabis and medical marijuana), and retailers);
2. eliminates an exception from the underlying act that exempted package stores and cannabis establishments from certain inventory, reporting, and fee requirements; and
3. lowers the moderate-THC product vendor application and renewal fee to \$1,000 (from \$2,000 in the underlying act) for hemp manufacturers and exempts them from certain related requirements (i.e., disclosures and minimum sales requirements).

Finally, the act establishes a nine-member task force to study the effect of allowing certain social equity cultivator applicants to (1) enter into business agreements to cultivate cannabis on a hemp cultivator’s lots and facilities outside disproportionately impacted areas and (2) form other business arrangements to facilitate market entry for, and the commercial viability of, their prospective businesses.

EFFECTIVE DATE: Upon passage, except the moderate-THC provision is effective January 1, 2025.

§§ 2 & 3 — THC-INFUSED BEVERAGES

PA 24-76, §§ 1, 4, 6, 23 & 26-35, among other things, establishes “infused beverages” as a new category of “THC product beverage” and only allows specified cannabis establishments and package stores to sell them. (Under that act, an “infused beverage” is, broadly, a non-alcoholic beverage that contains a total THC content of less than three milligrams (mgs) per container, which must be 12 fluid ounces.) It also establishes restrictions on “legacy infused beverages,” which are broadly the same as infused beverages except their total THC is not capped at three mgs and they must comply with the Responsible and Equitable Regulation of Adult-Use Cannabis Act as of June 30, 2024.

Cannabis Establishments and Package Stores

Beginning October 1, 2024, PA 24-76, § 28, limits infused beverage sales to

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package stores and specified cannabis establishments and imposes certain testing and manufacturing requirements. Under this act, though, no other businesses may sell infused beverages or legacy infused beverages at retail beginning on July 1, 2024. The act also eliminates a provision that would have effectively allowed other businesses to sell these beverages after October 1, 2024, if they satisfied the inventory, reporting, and fee requirements discussed below.

Inventory, Reporting, and Fee Requirements

Beginning May 15, 2024, PA 24-76, § 29, requires certain businesses to comply with inventory and filing requirements before they can sell any infused or legacy infused beverages. They must, (1) by May 14, 2024, take inventory of the containers they own and possess, and (2) by June 15, 2024, submit to the Department of Consumer Protection (DCP) a report with the inventory results and a fee of \$1 per container in the inventory. It exempted from these requirements specified cannabis establishments and package stores.

This act (1) specifies that these requirements apply to businesses selling these beverages at retail and (2) eliminates the exemption for the cannabis establishments and package stores, thus subjecting them to the inventory and reporting requirements and possible disciplinary actions if they fail to comply (e.g., license revocation or suspension).

Infused Beverage Waiver

PA 24-76, § 30, establishes a waiver process that allows specified cannabis establishments and package stores to sell legacy infused beverages until September 30, 2024. This act specifies that the waiver allows them to sell the beverages in their possession as of May 14, 2024, rather than when the act passed.

§ 4 — MODERATE-THC PRODUCTS

Retail Sales

PA 24-76, §§ 31 & 32, establishes the “moderate-THC hemp product” category (i.e., a manufacturer hemp product that has total THC between one-half mg and five mgs, on a per-container basis). Beginning January 1, 2025, that act only allows cannabis establishments or people who hold a DCP certificate of registration to sell them.

This act specifies that the limitation applies only to retail sales to consumers. It does not apply to wholesale or commercial distribution of these products for resale (i.e., entities other than cannabis establishments and certificate holders may be eligible to commercially distribute them for resale).

Exception for Hemp Manufacturer License Holders

Under PA 24-76, § 31, a person seeking a certificate of registration as a

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moderate-THC hemp vendor must submit to DCP an application with a \$2,000 non-refundable fee. Annual renewal fees are the same amount. Among other things, applicants must also generally meet a minimum sales requirement (i.e., 85% of their average monthly gross revenue must come from, or be likely to come from, retail sales of moderate-THC hemp products) and disclose information showing they meet it.

This act lowers the application and renewal fees to \$1,000 for applicants that actively hold a hemp manufacturer license (i.e., those that manufacture, handle, store, and market manufacturer hemp products). It also exempts them from the minimum sales and disclosure requirements.

§ 1 — TASK FORCE TO STUDY CERTAIN SOCIAL EQUITY CULTIVATOR APPLICANTS PARTNERING WITH HEMP CULTIVATORS

Under an existing law, DCP opened a three-month application period for social equity applicants to apply for a provisional and final cultivator license for a facility located in a disproportionately impacted area without participating in a lottery or request for proposals (CGS § 21a-420o).

The act establishes a nine-member task force to study the effect of allowing these social equity applicants to (1) enter into business agreements to cultivate cannabis on a hemp cultivator’s lots and facilities that may be located outside disproportionately impacted areas and (2) form other business arrangements to facilitate market entry for, and the commercial viability of, their prospective businesses. The study may include an examination of (1) land and facility use agreements and (2) forms of partnerships or other joint business participation.

As shown in the table below, the act specifies the authorities that must appoint members and qualifications members must have. The task force also includes the DCP commissioner or his designee, but the designee must be a DCP employee and have been a resident of a disproportionately impacted area.

Task Force Member Appointments and Qualifications

<i>Appointing Authority</i>	<i>Member Qualification</i>
House speaker	Representative on the General Law Committee whose district includes a disproportionately impacted area
Senate president pro tempore	Senator on the General Law Committee whose district includes a disproportionately impacted area
House majority leader	Social equity applicant for the cultivator license as described above for outdoor grow
Senate majority leader	Social Equity Council member appointed by the Senate majority leader or any other General Assembly member
House minority leader	Cannabis producer who has been continually licensed since January 1, 2023, and is located outside a disproportionately impacted area
Senate minority leader	Social Equity Council member appointed by the Senate minority leader or any other General Assembly member

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<i>Appointing Authority</i>	<i>Member Qualification</i>
Black and Puerto Rican Caucus chairperson (two appointments)	One House and one Senate member

The act requires the appointing authorities to make all initial appointments within 30 days after the act's passage (i.e., by June 10, 2024) and fill any vacancies.

The House speaker and Senate president pro tempore must select the task force chairpersons from among the members. The chairpersons must schedule and hold the first meeting by July 10, 2024. The General Law Committee's administrative staff must serve as the task force's administrative staff.

The act requires the task force to submit a report on its findings and recommendations to the General Law Committee by January 1, 2025. The task force terminates on that date or when it submits the report, whichever is later.