



WITH ALEECE BURGIO

Episode 20: “Connecticut’s Adult-Use Cannabis Legalization”

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[Aleece Burgio] Hey, everyone, this is a Barclay Damon Live broadcast. You’re listening to The Cannabis Counselor, and I’m your host, Aleece Burgio. Let’s get into it.

[AB] What’s up, everybody? This is Episode 20 of The Cannabis Counselor. And today we’re going to be talking about Connecticut’s legalization of adult use. Super exciting. They’re the fourth state this year to legalize adult use cannabis, right behind New York, New Mexico, and Virginia.

So really exciting happened just last week, the governor has signed it, and Barclay Damon has been tracking this pretty closely, given the fact that we have a New Haven office in Connecticut. So it’s a state that we are located in, and it’s interesting to see kind of the comparisons between New York and Connecticut. The Cannabis Counselor, this podcast, is going to kind of touch base on Connecticut law quite a bit.

So maybe this is part one of the next few weekly updates that we’ll do that will just completely focus in on Connecticut. So we’ll kick it off today. We probably won’t finish all we wanted to say about Connecticut today, but we’re going to get going on it.

So the bill that was passed is called the Responsible and Equitable Regulation of Adult Use Cannabis. And it was Senate Bill 1201. Now what we learned through this bill through its passage, is quite a few different things. One is they are anticipating that sales are going to start and commence probably May of 2022. That’s kind of what the projection has been, which is really expedited. I mean, in New York, we’re talking about 18 months from April. So we’re probably at least six months behind.

And that is going to be delayed on New York’s end because we haven’t appointed our Office of Cannabis Management yet, which we talked about in last week’s podcast. Different than New York. They’re going to be governed by the Department of Consumer Protection, and they’re going to be the structure within Connecticut that’s going to be administering the licenses to each of the applicants. And so that Department of Consumer Protection is super-important. That is who we’re looking at for governing body. But then there’s also a really important governing body that’s also been delegated, which is called the Social Equity Council, which is going to be 15 members of both gender, race, and geographic diversity, that’s going to oversee the social equity program.

And this social equity program, similar to New York, is dedicated to giving 50% of the licenses to social equity applicants.



What does it mean to be a social equity applicant? Let's go through it: a person that can apply for a license for a cannabis establishment. So a cannabis establishment is any of the licensed structures within Connecticut, where an applicant is 65% owned and controlled by an individual who can be three things: either a) part of an average household or income of less than 300% of the median household income over the last three years prior to the applicant's application. They can also either be a resident of a disproportionately impacted area for the last five years of the last 10 years immediately preceding the date of the application, or, is a resident of a disproportionately impacted area for at least nine years prior to becoming the age of 18. So those are the only ways that you're qualified as a social equity applicant in Connecticut and much different than New York. New York is a 51% ownership and controlling interest to be qualified.

And we talked about all those different categories to be a social equity applicant, but theirs is 51 and Connecticut is 65. So something to think about for the differences.

So not only is the SEC going to be governing kind of the social equity applicants, but they're also going to be making recommendations and kind of creating programs to ensure that people from disproportionately impacted communities are provided these equal access to licenses for cannabis establishments. And so that might mean providing for expedited and priority licensing for these social equity applicants. It could mean establishing minimum criteria for what it means to be a cannabis establishment as a social equity applicant.

And so, there will also have to be kind of social equity plans and things to prove that you have an approved workforce that complies with the development plan to reinvest back into your areas, reinvest in communities that have been disproportionately impacted, and provide employment, training, opportunities for those who may not be able to grab a license right off the bat, right? We want to make sure that there's an inclusive process to this, not just necessarily in the licensing structure, but in a non-social equity applicant who is now providing their application with social equity principles.

And that kind of ties into wanting to make sure that you're recruiting individuals to enroll in the workforce training program. So there has to be communities establishing a process to ensure that there is opportunities ... creating tasks force and saying, "Hey, there's a group of people that want to be employed in the cannabis industry," and having that connection point made, because sometimes, you know, we have these goals and then people don't know how to attain them. Right. We're not totally sure on how to make sure non-social equity applicants have social equity principles.

And so I think they're going to develop a vendor list of women-owned to minority-owned businesses to include in any type of things like construction, consulting, HR, things of that nature. So that's good.

Now that Connecticut is legalized, let's talk about the type of licensing that is available to those who want to apply. So there's a few different things, you could become a retailer, a hybrid retailer,



a cultivator, a micro cultivator, a product manufacturer, food and beverage manufacturer, product packager, delivery service, or a transporter. Now, let's kind of break down what those mean. And some of these are very different than what we have in New York, specifically I want to talk about this "hybrid retailer." So a hybrid retailer is going to come in the form of from an existing medical dispensary. And so these existing medical dispensaries can become hybrid retailers through an application process. So they would need to submit this conversion plan so they'd be able to sell both medical marijuana and adult use cannabis to the consumer. But in order to do so, they would need this conversion plan, and then they would have to pay a \$1 million fee to transfer over. And so there are some ways to kind of work around this \$1 million fee. If, in the event the hybrid retailer wanted to do a so-called social equity joint venture, they would be able to split that fee in half. But the majority would need to be owned by a social equity applicant in order to qualify for that. So these medical marijuana dispensaries do have a leg up. They are going to be able to apply for both medical and adult use, but they have to pay a pretty large one-time fee to do it, unless they wanted to do it was a social equity applicant. That's what a hybrid retailer is.

They've also been talking about micro businesses. And I know we talked about this a lot in New York State about what is a micro business. We technically don't have any specified canopy limits at the moment for micro businesses, but they actually do have a specified limit for how much canopy can be grown. So micros are no less than two thousand square feet and no more than ten thousand square feet of grow, which is actually pretty large. Ten thousand is quite a big license. In Oregon for example, the largest license you could grab at the start of the program was ten thousand square feet. And so that was called a tier two license back in Oregon. So really interesting way to look at micro cultivation for Connecticut. It's a little unusual. New Jersey is much lower. It's under two thousand square feet. And it begs the question of how many people are going to enter in as micros, because that's quite a bit to get yourself going. So we'll have to watch and see how that plays out for Connecticut, with their rules and regulations pushing through on more detail for these micro businesses.

Overall, this Connecticut legalization kind of comes with an emphasis on racial, social, and economic justice in Connecticut. And so the Social Equity Council will be in charge of defining and regulating how these communities have been affected and how we're going to rectify that. So now the governor and lawmakers will only have 30 days from the passage of the Connecticut law to make appointments to a council charged with promoting the Social Equity Council. This council is going to be really important. It's going to be interesting to see if they meet that 30-day timeline.

Obviously, as we've seen in New York, our timelines were not met—Office of Cannabis Management still hasn't had any appointment confirmations. And realistically, we only know a couple names in play right now, and who knows if those will stick. So it's such an interesting situation for us because we're seeing at least two of our neighboring states, so Connecticut and New Jersey, are going through the same process as New York State in the sense that they're getting their legislation wrapped up, they're now needing to appoint their authority and their board members, and then they're having to draft these rules and regulations. And so it's kind of a race to the finish line.

And I'll tell you this, I think New York is a little further behind. We'll see what Connecticut does. Obviously, they passed their legislation later than us, but they have a shorter timeline to appoint this board. So we'll keep our eye on it, and we'll keep you stay tuned. And we will have another part



two of the Connecticut series in our next weekly update. Thanks for tuning in.

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