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Updates on the Connecticut Adult-Use Cannabis Application Process and Legislation

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By Matthew D. Glennon

In a recent interview with Adam Wood of the Connecticut Cannabis Chamber of Commerce, Andrea Comer, Chairwoman of the Social Equity Council (“SEC”), outlined the timeline for processing Adult-Use Cannabis applications. Chairwoman Comer clarified that Section 149 applications are being processed first, with recommendations from the SEC’s third-party service provider expected to be completed by the end of June 2022. Following these recommendations, the selected applications will be voted on by the full SEC at its July meeting for final approval. Lottery winners will be declared at some time following the final approval of the Section 149 applications. Our firm has been advised that Section 149 and lottery applicants should be monitoring both the email addresses associated with the application as well as their e-license accounts for further information and results.

In addition to the information on the application processing timeline, House Bill 5329 was recently signed into law by Governor Lamont. The bill provides additional clarity on Adult-Use Cannabis in Connecticut. The key provisions of the bill, as summarized by the SEC, are as follows:

- Allows a cultivator to create up to two equity joint ventures, subject to approval by the SEC and licensed by the Department of Consumer Protection. The equity joint venture must be in any cannabis establishment licensed business other than a cultivator license.
- Sets a deadline of 14 months from when the Department of Consumer Protection granted the license for certain producers or dispensary facilities to create the needed equity joint ventures before being liable for the full conversion fee.

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- Requires a licensed cultivator applying for an equity joint venture to submit to the SEC information that enables the council to determine the venture's ownership terms.
- Requires an equity joint venture applicant to pay 50% of any applicable fee for the first three renewal cycles and the full amount of such fee thereafter.
- Requires that the equity joint venture be at least 50% owned and controlled by an individual or individuals who meet the social equity applicant criteria or the equity joint venture applicant is an individual who meets the social equity applicant criteria.
- Prohibits a licensed cultivator, including its backer, from increasing its ownership in an equity joint venture in excess of 50% during the seven-year period after a license is issued by the Department of Consumer Protection.
- Prohibits equity joint ventures that share a common cultivator or backer from being located within 20 miles of another commonly owned equity joint venture.
- Prohibits the SEC from approving any equity joint venture applicant that shares any individual owner with another equity joint venture that meets the social equity applicant criteria.
- Prohibits out-of-state entities and individuals from advertising any cannabis or services; limits cannabis billboard advertisements to between 11:00 p.m. and 6:00 a.m.; and exempts certain outdoor business signs posted at cannabis establishments from certain signage requirements.
- Limits producers and dispensary facilities that receive approval to expand or convert to creating two equity joint ventures.
- Eliminates the density cap that prohibits a municipality from granting zoning approval for more retailers or micro-cultivators based on the number of municipal residents. Allows the Department of Consumer Protection commissioner to set a cap after July 1, 2024.
- Establishes a working group to study regulating hemp and the possibility of including it in the state's cannabis program.
- Imposes additional limitations on when cannabis may be gifted, sold, or transferred and establishes penalties for violating these restrictions.
- Deems SEC members as having resigned from the Council if they miss three consecutive meetings or fail to attend 50% of all meetings in a calendar year beginning on and after January 1, 2023. The appointing authority shall fill the vacancy for the unexpired term of any member who is deemed to have resigned.

For more information or help with your Cannabis business, contact a member of Pullman & Comley's Cannabis, CBD and Hemp practice.

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