

Gov. Lamont's Adult-Use Cannabis Regulation Bill



Gov. Ned Lamont's bill to end cannabis prohibition — Governor's Bill No. 16 — would replace the unregulated illicit market with a taxed and regulated system with licensed cultivators, retailers, manufacturers, and testing laboratories. It includes robust protections for public health and public safety along with a strong focus on social equity. This includes erasure of past marijuana possession convictions, reinvestment in communities decimated by the war on drugs, and fostering participation in the cannabis industry by individuals from impacted communities.

Fostering Social Equity and Inclusion in the Cannabis Industry

- Creates a nine-member Cannabis Equity Commission charged with promoting the full participation in the industry by individuals from communities that have been disproportionately harmed by prohibition.
 - Commission members will include two individuals with a background in civil rights or social justice, an individual appointed by the Black and Puerto Rican Caucus, and the commissioners of several state agencies.
- Promotes the licensing of equity applicants — individuals who lived five of the past 10 years in a disproportionately impacted census tract, who have a prior cannabis conviction, or whose parents do. Equity applicants will have expedited or priority licensing for each type of license and pay lower fees.
 - The commission will establish a process to best ensure access to capital.
- The commission will also establish a micro-license for retail and delivery.
- Non-equity applicants must create and comply with approved plans to reinvest or provide employment and training opportunities in impacted areas.
- Licensees must establish and adhere to policies that encourage diversity for purposes of employment, contracting, and other professional opportunities.
 - Each business must report annually on the diversity of its workforce.
- People with misdemeanor drug offenses — not including the use of force — cannot be banned from the cannabis industry.

Redressing Harms Caused by Prohibition and Unequal Enforcement

- The commission's recommendations to the legislature, which will be acted on before sales begin, must include "provid[ing] for the distribution of a portion of tax revenues to support residents in disproportionately impacted" areas.
- Provides for the erasure of convictions for possession of fewer than four ounces.

Promoting Public Health and Public Safety

- The bill would revise procedures related to impaired driving arrests and otherwise support drug recognition experts — who are trained to recognize drivers impaired by any substance, including cannabis and prescription drugs.
- Each adult-use cannabis business must establish and comply with procedures for security, storage, record keeping, and inventory. This includes reporting any inventory losses, developing recall procedures, and destroying old cannabis.

- The Department of Consumer Protection (DCP) will make recommendations on public health and safety standards to the legislature by January 1, 2021, allowing time for them to be finalized before sales begin. They include:
 - establishing health, safety and security requirements, including storage and transportation requirements, and training and employment requirements;
 - prohibiting products designed to appeal to children, including images of toys, cartoons, animals, kids, and products resembling trademarked foods;
 - restricting ads, including those with a high likelihood of reaching children;
 - requiring a warning label or handout with retail cannabis, which includes risks related to driving, cannabis use disorder, the developing mind, psychiatric disorders, and pregnancy and breastfeeding, and explaining the need to safeguard cannabis from minors and pets;
 - crafting requirements to ensure the safety of vaporizers;
 - avoiding an overconcentration of retailers in any area;
 - defining the amount of THC per serving and limiting the amount sold at once;
 - requiring an electronic inventory control and sale tracking system;
 - regulating packaging and labeling, including mandating child-proof, opaque packaging; requiring disclosures of how long edibles take to take effect; and identifying the producer and batch of products; and
 - restricting or banning additives, including any that make products more addictive or toxic. Vitamin E acetate is prohibited in vaping products.
- Retailers may not display cannabis that is visible from outside the store.
- Regulators may suspend or revoke licenses, or issue fines on cannabis businesses if sufficient cause is found.
- By January 2021, the Banking Commissioner will report on matters related to banking and the Insurance Commissioner will report on insurance issues.
- By January 2022, several agencies — including social services, public health, addiction services, and children and families — will make recommendations on public health. They will include advice to reduce the risk of cannabis addiction and effective treatment for cannabis addiction, with a focus on youth.

Personal Liberty

- Beginning on July 1, adults 21 and older could to possess up to 1.5 ounces of cannabis, five grams of which can be concentrates, under state law.
 - Slightly over the limit — less than two ounces — would carry a civil fine.

Protections for Employers and Employees

- Employers would not have to allow employees to use or possess cannabis at work. However, they must make reasonable accommodations for the medical use of cannabis.
- Many employers would be prohibited from taking action against employees for using cannabis outside of work. Exceptions apply if the adverse action is required by federal law or contracts and for certain jobs, including individuals working with children or patients, jobs involving driving, emergency

responders, jobs where collective bargaining agreements allow testing, and “any position with the potential to adversely impact the health or safety of employees or members of the public, in the determination of the employer.”

- Hotels, motels, and institutions of higher learning could not prohibit state-legal cannabis use in non-public areas, unless cannabis is smoked or vaporized.

Issues for Future Consideration

- By January 1, 2023, DCP will make recommendations on whether to allow home cultivation for medical patients and adults’ use (including recommending security measures), allow on-site consumption, and permit state-run retailers.

Taxation

- Cannabis would be taxed based on weight at the following rates for each sale to a retailer: \$1.25 per gram of dry flower; \$0.50 per gram of dry trim; and \$0.28 per gram of wet cannabis.
 - It is not clear how cannabis will be taxed if it has already been processed into an edible when it is sold to a retailer.
- Retailers will pay a 3% gross receipts tax, payable to the municipality.
- The standard 6.35% sales tax applies to adult-use, but not medical, cannabis.

Businesses Licensing

- Regulators would license retailers, manufacturers, and medical cannabis producers to grow, produce, and sell cannabis for adults’ use.
 - The question of whether anyone other than existing medical cannabis producers could cultivate cannabis would be determined later.
 - Regulators must impose financial requirements on cultivators and manufacturers.
- Regulators’ duties include crafting recommendations to the legislature to “ensure competition and prevent concentration of ownership, including, but not limited to, establishing licensing requirements for backers.”

Local Control

- Localities may prohibit adult-use cannabis businesses. To replace the illicit market with regulated cannabis statewide, bans may not apply to delivery.
- Localities may limit businesses’ hours of operation and regulate signage.

Protecting Medical Cannabis

- Regulators must “maintain and prioritize access to” medical cannabis.
- Medical cannabis patient and caregiver registry fees would be eliminated.