

First meeting of the Social Equity Council

August 5, 2021

Agenda

1. Introductions

2. Opening Remarks by Governor Lamont

3. Overview of the Legislation, the SEC's Role, and Duties

4. How the Cannabis Market Will be Created and Regulated

5. SEC Budget and Staffing Update

6. Approval of Disproportionately Impacted Areas

7. Update on Social Equity Study RFP and Deadline Extension

8. Process Discussion: Subcommittees and Approval of Special Meeting Schedule

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Overview of the Legislation, the SEC's Role, and Duties

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August 5, 2021

Adult-use cannabis is now legal in Connecticut

On June 22, 2021, Governor Lamont signed into law *Public Act No. 21-1, An Act Concerning Responsible and Equitable Regulation of Adult-Use Cannabis*.¹



The screenshot shows the top portion of the Connecticut Cannabis website. At the top left is the 'ct.gov | Cannabis' logo. At the top right are links for 'Language', 'Sign In', and a search icon. Below the navigation is a dark blue header with the text 'Adult-Use Cannabis in Connecticut' and 'Get the facts.' To the right of this text is a background image of a cannabis dispensary. Below the header is a large image of a cannabis grow room. To the right of the grow room image is the text 'Cannabis is legal in Connecticut.' followed by a sub-headline: 'Residents over the age of 21 can legally possess and consume marijuana. Get all the facts on the new law.' Below this text is a blue button with the text 'LEARN MORE >'. At the bottom right of the screenshot is the URL 'www.ct.gov/cannabis'.

1 Bill Summary: <https://cga.ct.gov/2021/BA/PDF/2021SB-01201-R02SS1-BA.PDF> | Bill Text: <https://cga.ct.gov/2021/ACT/PA/PDF/2021PA-00001-R00SB-01201SS1-PA.PDF>

Overview of the legislation (1/2)

Category

Change in law

Possession

Possession of specified amounts of cannabis among adults age 21 and over is legal.

Retail sales & cannabis revenue

Retail sales of cannabis aim to begin in Connecticut by the end of 2022. The law enacts a tax rate structure on the retail sale of cannabis that includes a new source of revenue for municipalities.

Erases prior convictions

Certain cannabis-related convictions that occurred between January 1, 2000 and October 1, 2015 will be automatically erased; others can be erased through a simple petition process.

Equity in the cannabis market

The law implements equitable marketplace requirements under which at least half of all initial licenses are reserved for social equity applicants, targeting those communities that have been most negatively impacted by the so-called war on drugs.

Overview of the legislation (2/2)

Category

Change in law

Equity in using the new revenue

The law directs much of the revenue—an amount reaching approximately \$40 million annually once the market is mature—to those same communities for economic development in the cannabis industry and other industries.

New programs

The law establishes a workforce development program, a business accelerator program, and several ways for new entrants to partner with existing businesses.

Substance misuse programs

Portions of the revenue obtained from retail sales of cannabis will be directed to support substance misuse prevention, treatment, and recovery services.

Other provisions

The law also makes progress in the areas of enforcement of **safe driving, preventing underage use, advertising, safe products, municipalities and zoning, employment, the medical marijuana program, and prohibits use of cannabis in state parks, state beaches, and on state waters.**

Membership of Social Equity Council & overview of responsibilities

Membership of Social Equity Council

- 15-member, housed for administrative purposes only within DECD
- DCP and DECD commissioners, state treasurer, OPM secretary (or designees)
- Other appointees by legislative leaders and BPRC (7) and Governor (4)
- Governor appoints Chair
- Governor appoints interim executive director until Council hires ED

Overview of responsibilities

- **Developing programs to support the participation** of individuals from communities disproportionately harmed by the enforcement of cannabis prohibition in the cannabis market
- **Qualifying social equity applicants** for cannabis business licenses during the application process
- **Proposing uses for cannabis-related revenues** to support all types of business startups and job creation, economic development, and reinvestment in neighborhoods impacted by the War on Drugs

The Council has specific enumerated duties

Immediate duties

Responsibility

Deadline

Bill section

Identify Disproportionately Impacted Areas

August 1, 2021

§ 22

Establish RFP criteria for equity study

August 6, 2021

§ 22

Determine documentation requirements to qualify as a social equity applicant

September 1, 2021

§ 35

Propose FY 2023 budget via OPM for social equity fund revenues

September 1, 2021

§ 128

Develop criteria for applicant's workforce development and social equity plans

~September 15, 2021

-

Start accepting applications for cannabis business accelerator program

October 1, 2021

§ 38

Longer-term duties

- Use equity study to make legislative recommendations
- Report on post-legalization arrest and conviction data for cannabis possession, manufacture, and sale by town, race, gender, and age
- Report on Cannabis establishment locations
- Adopt regulations to prevent social equity applicant from being sold to someone else (exceptions apply)
- Develop workforce training program
- Establish revolving low-interest loan program

Appendix

Key terms

A “**social equity applicant**” is an applicant for a cannabis establishment license, where the applicant is at least 65% owned and controlled by an individual or individuals, or the applicant is an individual, who meets the following criteria. First, their average household income must have been under 300% of the state median over the three tax years immediately before the application. In addition, they must have been residents of a disproportionately impacted area for at least (1) five of the 10 years immediately before applying for the license or (2) nine years before they turned age 18.

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 one-tenth or (2) an unemployment rate greater than 10%.

The “**historical conviction rate for drug-related offenses**” is, for a given census tract, the historical conviction count for drug offenses divided by the area’s population. The historical conviction count is the number of drug manufacture, sale, possession, and paraphernalia convictions among residents for arrests between January 1, 1982, and December 31, 2020, that are recorded in databases maintained by the Department of Emergency Services and Public Protection.

An “**equity joint venture**” is a business entity that is jointly owned by someone who would qualify as a social equity applicant (who has 50%+ ownership and control) and an existing cannabis licensee.

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CONNECTICUT DEPARTMENT OF
CONSUMER PROTECTION

Regulating an Equitable Cannabis Marketplace

Establishment License Types

Producer
Cultivator
Micro-Cultivator
Product
Manufacturer
Food and Beverage
Manufacturer

- Product Packager
- Dispensary Facility
- Hybrid Retailer
- Retailer
- Delivery Service
- Transporter



Social Equity Applicant

Cannabis business at least 65% owned and controlled by individual(s) who:

(A) Had an average household income of less than 300% of the state median household income over the last 3 tax years

AND

(B) (i) Was a resident of a disproportionately impacted area for not less than 5 of the past 10 years; or

(ii) Was a resident of a disproportionately impacted area for not less than 9 years prior to age 18



Pathways to Licensure

Conversion (Producers and Dispensary Facilities)

Equity Joint Venture ($\geq 50\%$ owned and controlled by a Social Equity Applicant)

Social Equity Partner ($\geq 65\%$ owned and controlled by a Social Equity Applicant)

Social Equity Cultivator (located in a disparately impacted area)

Social Equity Micro-Cultivators (2 max; funded by SEC program)

Lottery (social equity & non-social equity)



SEC Application Prerequisites

Conversion

- Social Equity Applicant Documentation Requirements
- Workforce Development Plan
- Review and Approval of Equity Joint Venture/Social Equity Partner, as applicable

Equity Joint Venture / Social Equity Partner

- Social Equity Applicant Documentation Requirements
- Review and Written Approval of Equity Joint Venture/Social Equity Partner Business (formation, ownership, financing, etc.)



SEC Application Prerequisites

Social Equity Cultivator

- Social Equity Applicant Documentation Requirements
- Social Equity Plan

Social Equity Micro-Cultivator

- Develop program for Social Equity Applicants to be selected for two Social Equity Micro-Cultivator Licenses

Lottery

- Social Equity Applicant Documentation Requirements
- Workforce Development Plan
- Social Equity Plan



In Progress...

Drafting Policies and Procedures

Creating Licensing Applications

Finalizing Delivery Requirements for Medical

Developing Website and Communication Materials

Industry Outreach and Public Inquiries

Interagency Coordination

Hiring Staff



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SEC Budget and Staffing Update

- **Interim Executive Director:**
 - Appointed position
 - Second round interviews are currently in process
- **Other staff:**
 - Non-appointed positions
 - Early staff hires may include a Program Manager, Staff Attorney, Communications & Legislative Manager, and Administrative Assistant
 - These positions are being posted

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Disproportionately Impacted Areas – Recommended Map

Social Equity Council

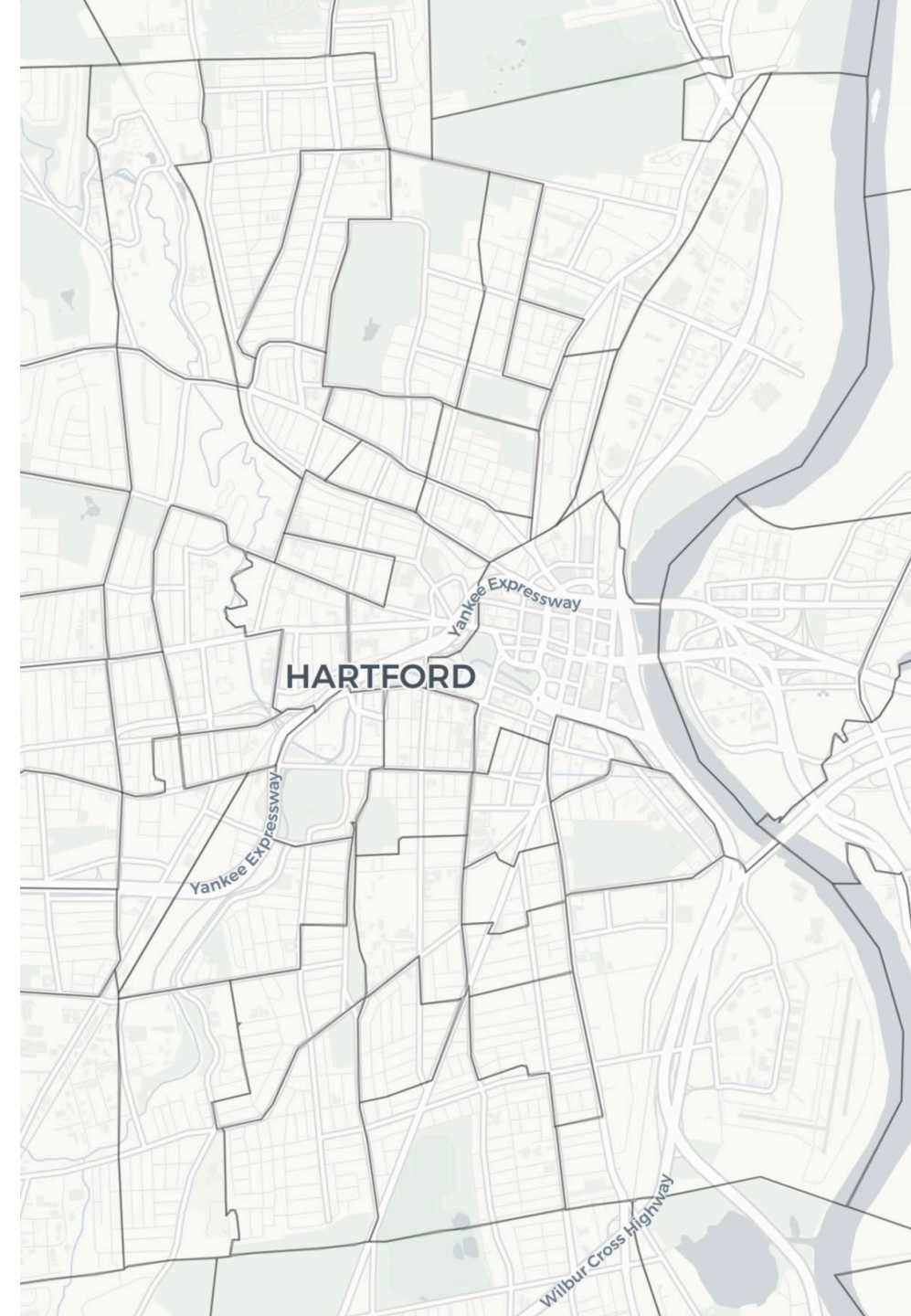
August 5, 2021

Goals

- The Social Equity Council was given the responsibility of certifying which areas qualify for equity programs in the cannabis law.
- These equity programs are targeted at areas that have been disproportionately impacted by the War on Drugs.
- The certification is a key ingredient of the timeline of events that need to occur before applications for licenses open.
- Given the timeline, the Governor's Office and an interagency team have prepared a recommended list and map of disproportionately impacted areas for the Council's benefit.

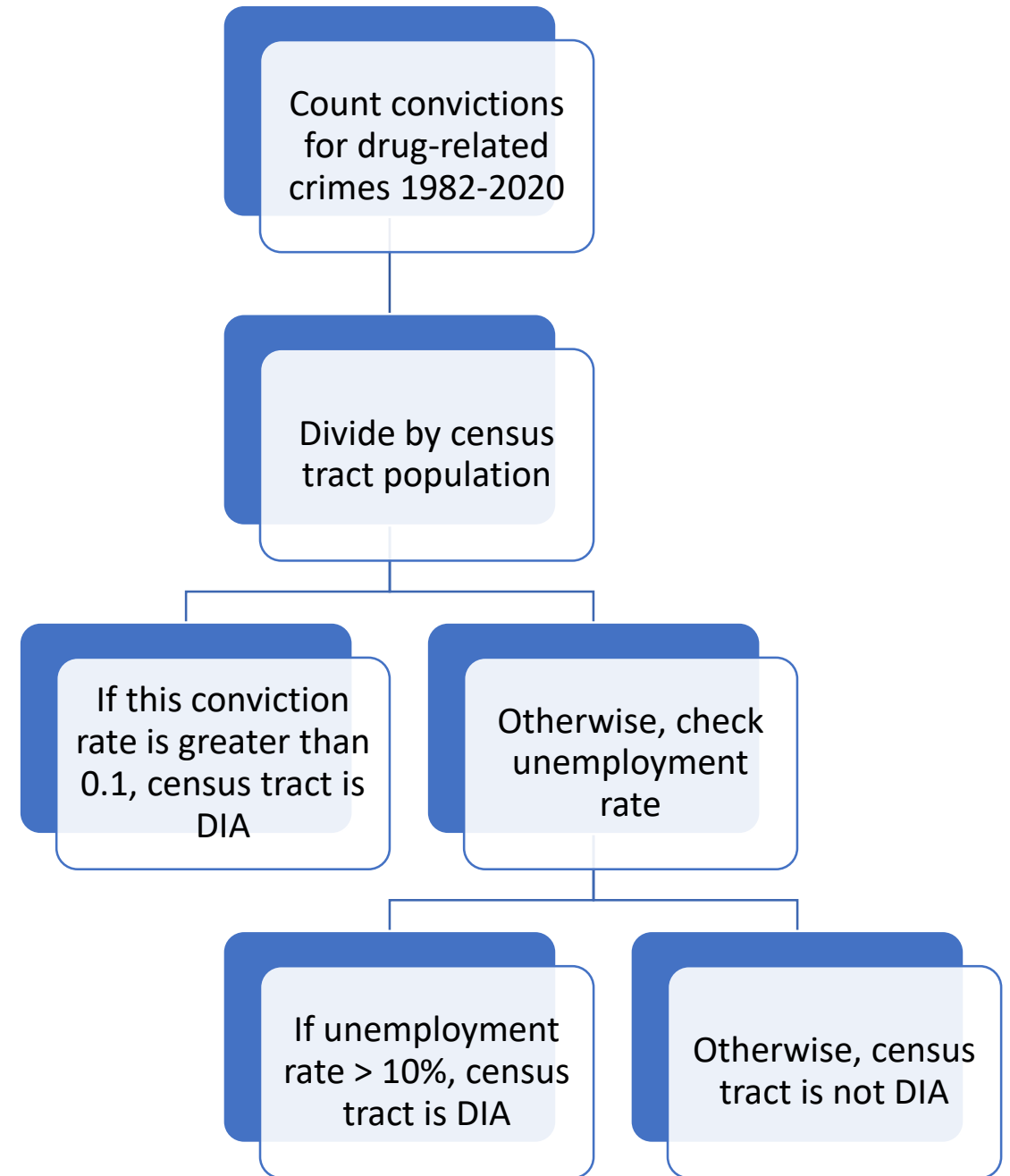
Background

- The U.S. Census Bureau divides the entire country into a hierarchy of areas to enable geographic analysis of data.
- Census tracts are the level of this hierarchy that most closely approximates a neighborhood. Each county is divided into census tracts, which have 4,000 residents on average.
- In CT, census tracts are generally wholly contained within one town.



Disproportionately impacted areas

The targeted census tracts are called “disproportionately impacted areas” or DIAs.



Determining the statistics

- Per the law, statistics must be taken from the most recent American Community Survey (“ACS”) 5-year estimates, which were last updated in 2019.
- Determining the unemployment rate is straightforward.
- The process for determining the conviction rate follows.

Conviction rate

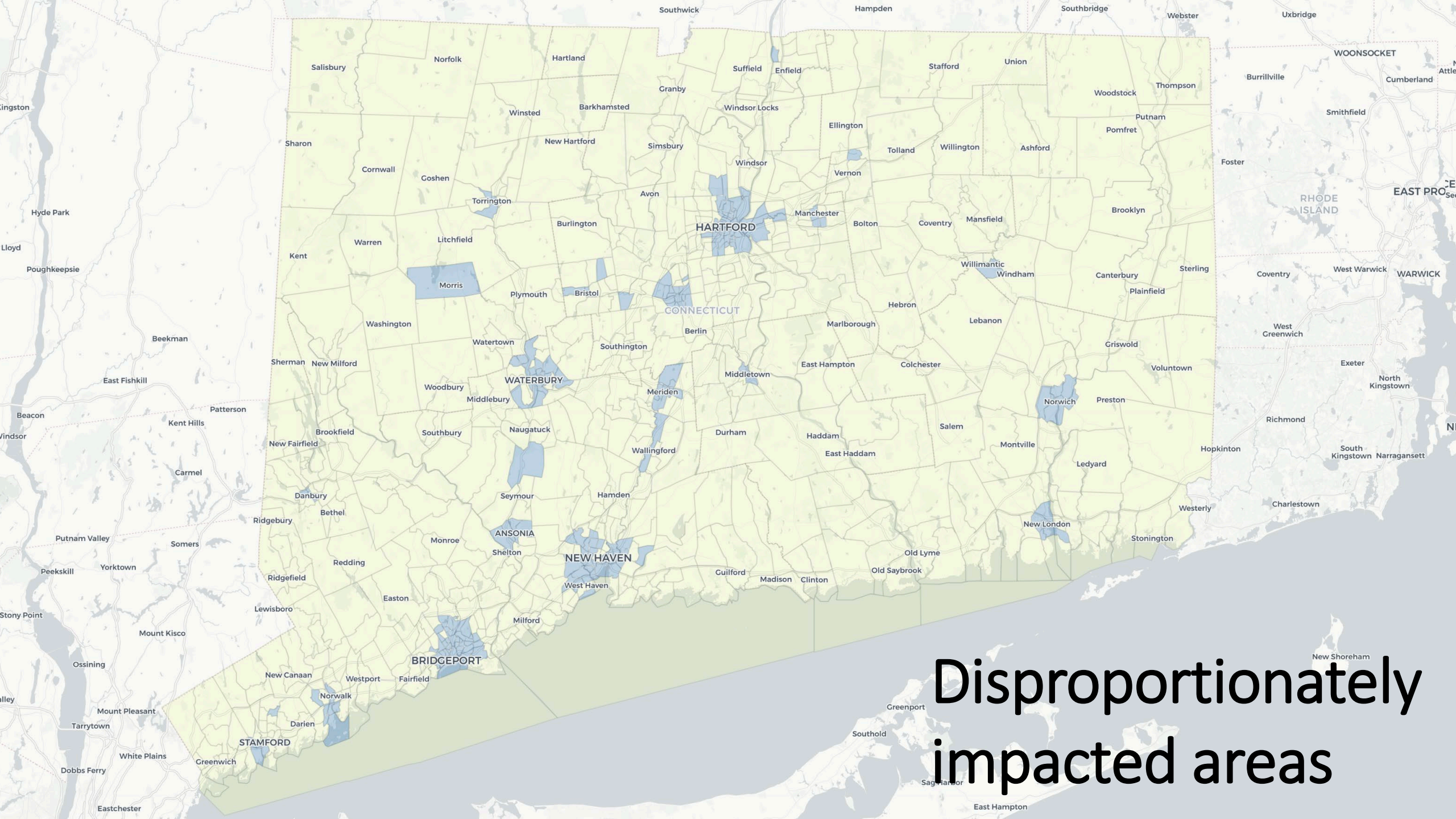
- On June 21, DESPP pulled all known arrests for the specified crimes in its database leading to a conviction.
- The listed residential address then needs to be tied to a census tract.
- Most residential addresses resolve (or “geocode”) to a location. However, as the data ultimately originates in arrest forms filled out by individual police officers, many addresses are misspelled, marked unhoused, or otherwise do not geocode.
- An interagency team from OPM and DESPP reviewed the data and tested several geocoders. The most accurate was the system used by the DESPP 911 system, which was used to geocode all 288,661. Out of that number, 255,686 (89%) geocoded successfully.

Conviction rate: Address cleanup

- The team applied techniques to improve the geocoding of certain addresses:
 - 1,767 named large apartment complexes. These addresses were replaced with the address of the complex.
 - Cleanup was applied to the street address field to remove prefixes like “LKA” (last known address) and replace words like “HALF” with “1/2.”
 - Town names were standardized.
- Many addresses could not be geocoded:
 - 3,356 records were listed as “no known address,” “unknown,” etc.
 - 1,045 indicated that the person was unhoused (e.g. “homeless,” “displaced,” “city streets”).
 - 296 listed a hotel, motel, campground, or shelter but did not include the street addresses.
 - 287 listed a correctional facility. These were not geocoded.
 - 153 listed a PO Box.
 - 68 were missing town, state, and zip code.
- 7,421 were placed in the wrong town and were discarded.

Conviction rate: geocoding

- The 255,686 records were then allocated to the 833 census tracts based on their location.
- The remaining 23,763 in-state, non-geocoded addresses were allocated proportionally across census tracts in the listed town.

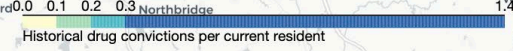


Disproportionately impacted areas

Final map

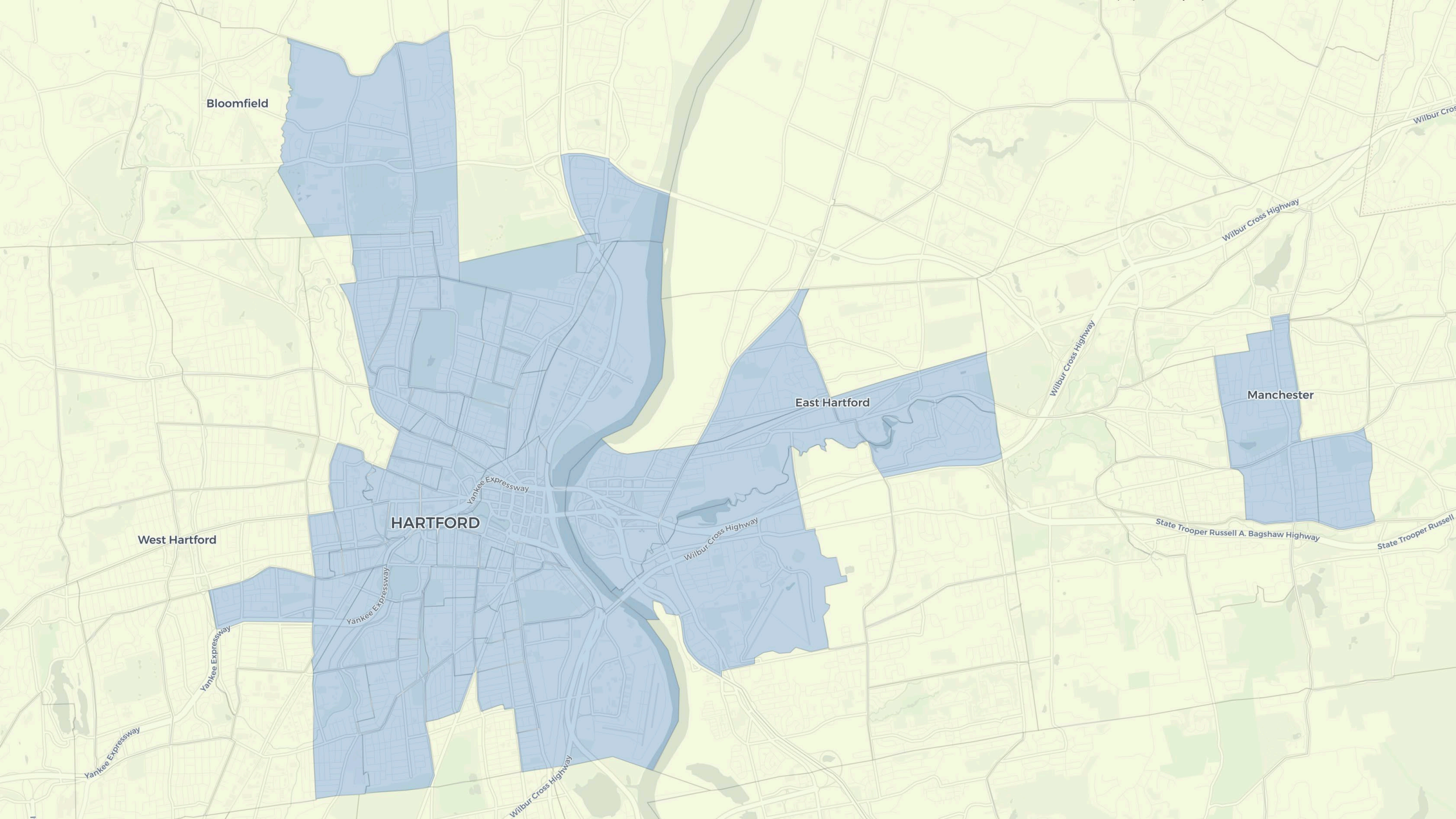
- These 215 census tracts represent 22.8% of the population of the state.
- 66.7% of the historical drug convictions were attributed to people living in these tracts.

Backup



Conviction rate map

- "Historical conviction count for drug-related offenses" means, for a given area, the number of convictions of residents of such area (A) for violations of sections 21a-267, 21a-277, 21a-278, 21a-279 and 21a-279a of the general statutes, and (B) who were arrested for such violations between January 1, 1982, and December 31, 2020, inclusive, where such arrest was recorded in databases maintained by the Department of Emergency Services and Public Protection;
- "Historical conviction rate for drug-related offenses" means, for a given area, the historical conviction count for drug-related offenses divided by the population of such area, as determined by the five-year estimates of the most recent American Community Survey conducted by the United States Census Bureau;
- "Disproportionately impacted area" means a United States census tract in the state that has, as determined by the Social Equity Council under section 22 of this act, (A) a historical conviction rate for drug-related offenses greater than one-tenth, or (B) an unemployment rate greater than ten per cent;
- Not later than August 1, 2021, and annually thereafter, the council shall use the most recent five-year United States Census Bureau American Community Survey estimates or any successor data to determine one or more United States census tracts in the state that are a disproportionately impacted area and shall publish a list of such tracts on the council's Internet web site.



Bloomfield

West Hartford

HARTFORD

East Hartford

Manchester

Yankee Expressway

Yankee Expressway

Yankee Expressway

Yankee Expressway

Wilbur Cross Highway

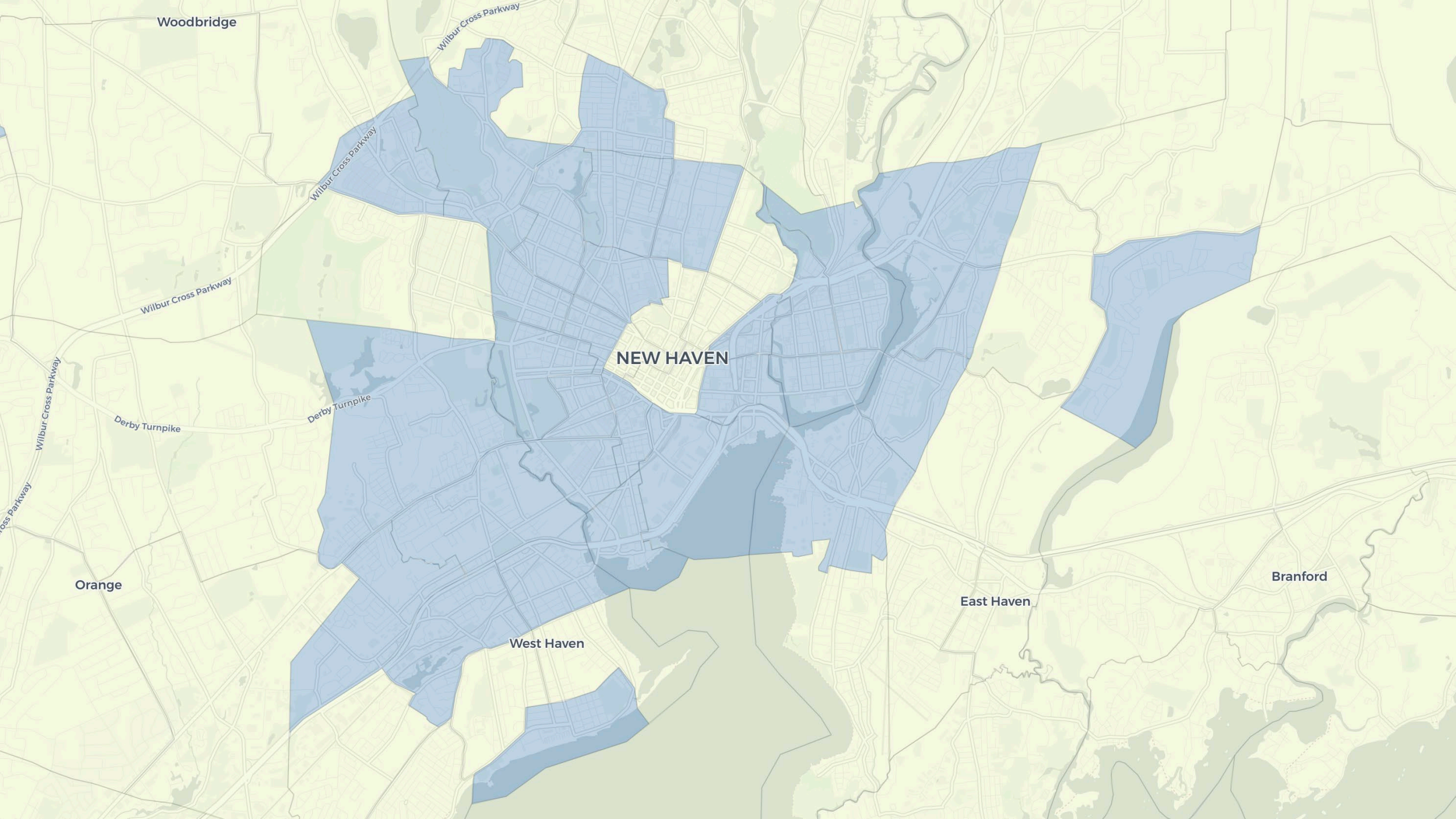
Wilbur Cross Highway

Wilbur Cross Highway

Wilbur Cross Highway

State Trooper Russell A. Bagshaw Highway

Wilbur Cross Highway



Woodbridge

Wilbur Cross Parkway

Wilbur Cross Parkway

Wilbur Cross Parkway

Wilbur Cross Parkway

Derby Turnpike

Derby Turnpike

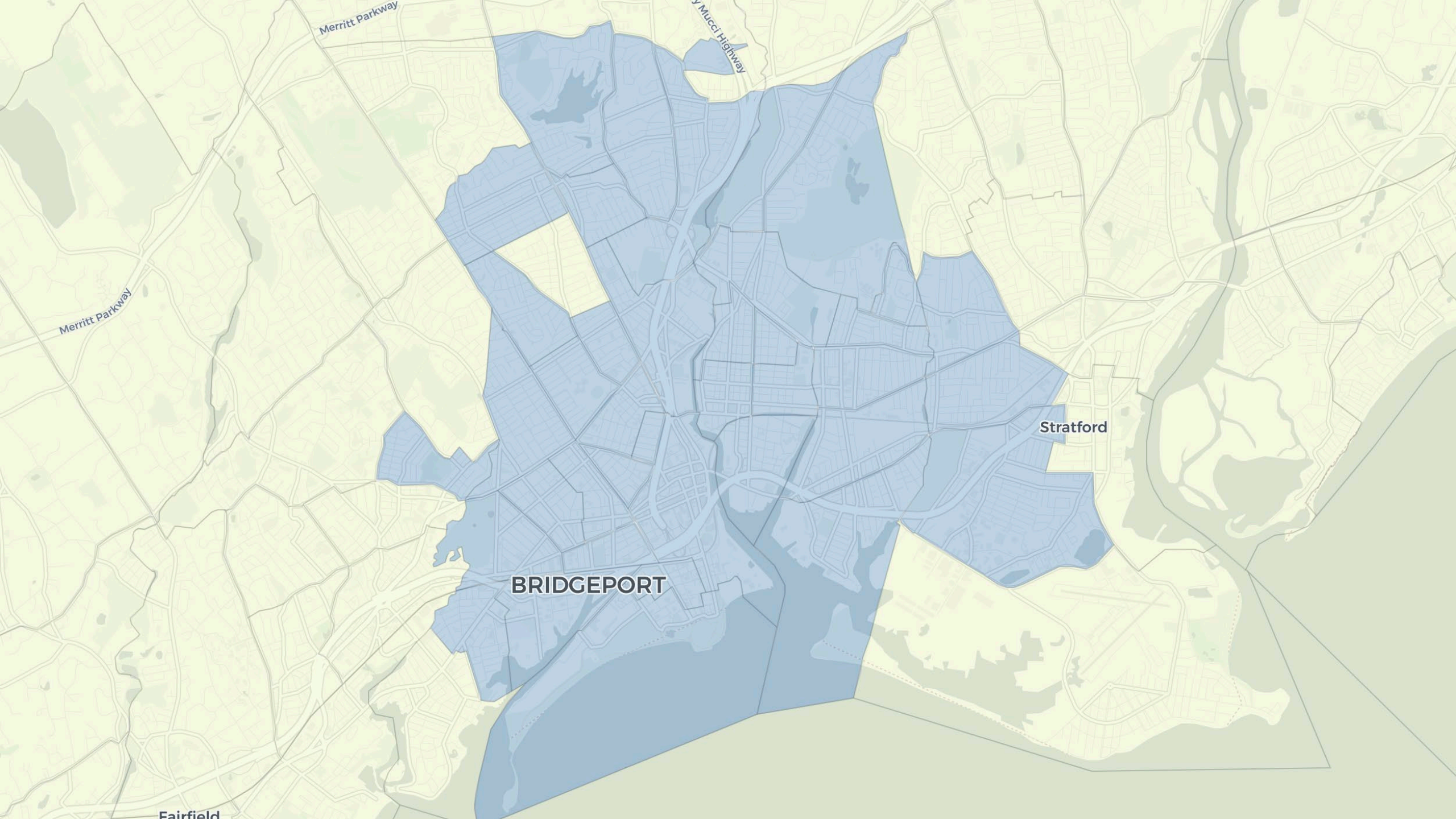
NEW HAVEN

Orange

West Haven

East Haven

Branford



Merritt Parkway

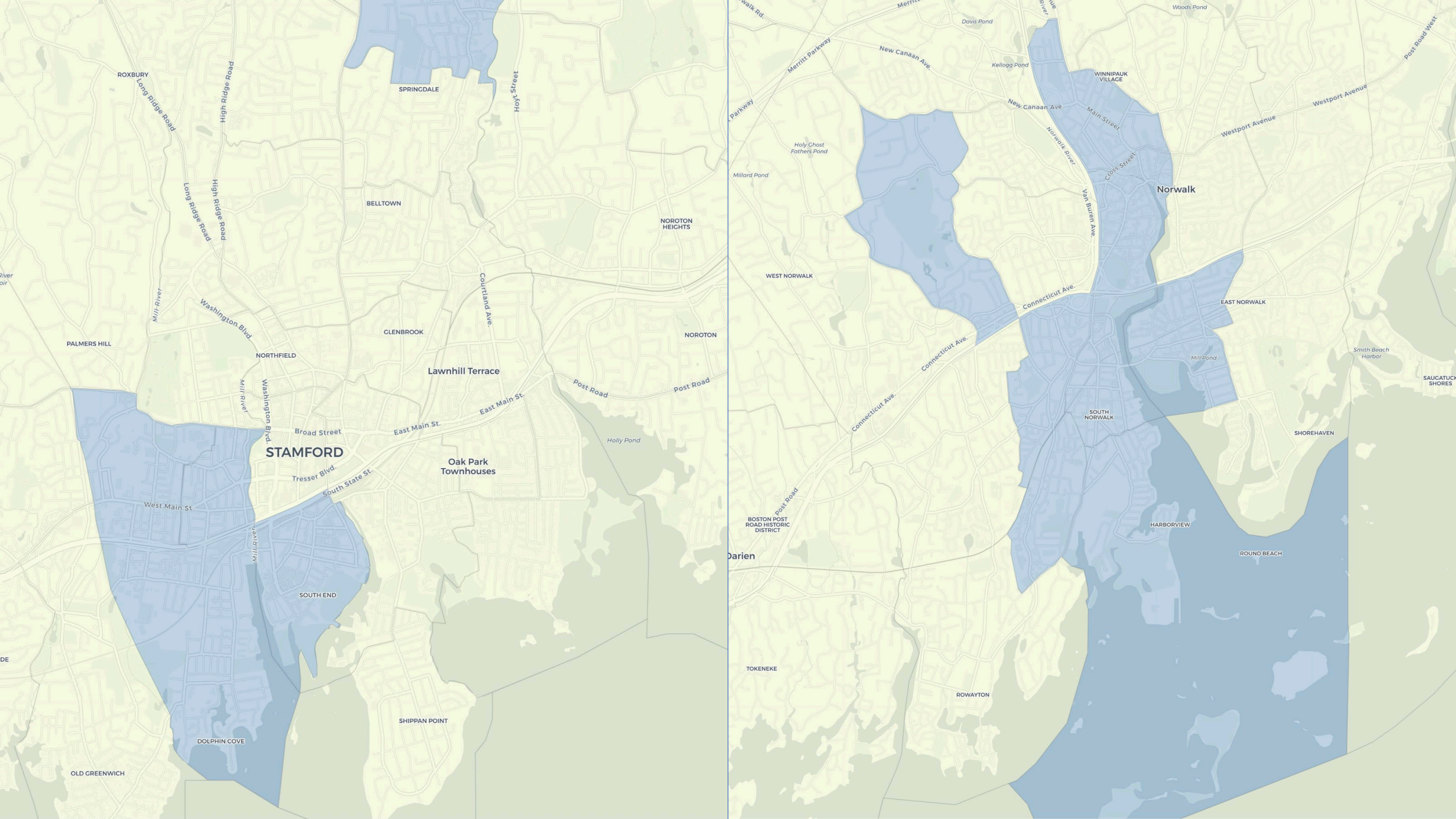
Mucci Highway

Merritt Parkway

BRIDGEPORT

Stratford

Fairfield



ROXBURY

Long Ridge Road

High Ridge Road

SPRINGDALE

Hoyt Street

BELLTOWN

NOROTON HEIGHTS

Mill River

Long Ridge Road

High Ridge Road

Washington Blvd.

GLENBROOK

Collinsland Ave.

NOROTON

PALMERS HILL

NORTHFIELD

Lawnhill Terrace

Post Road

Post Road

Mill River

Washington Blvd.

East Main St.

East Main St.

Holly Pond

STAMFORD

Broad Street

West Main St.

Tresser Blvd.

South State St.

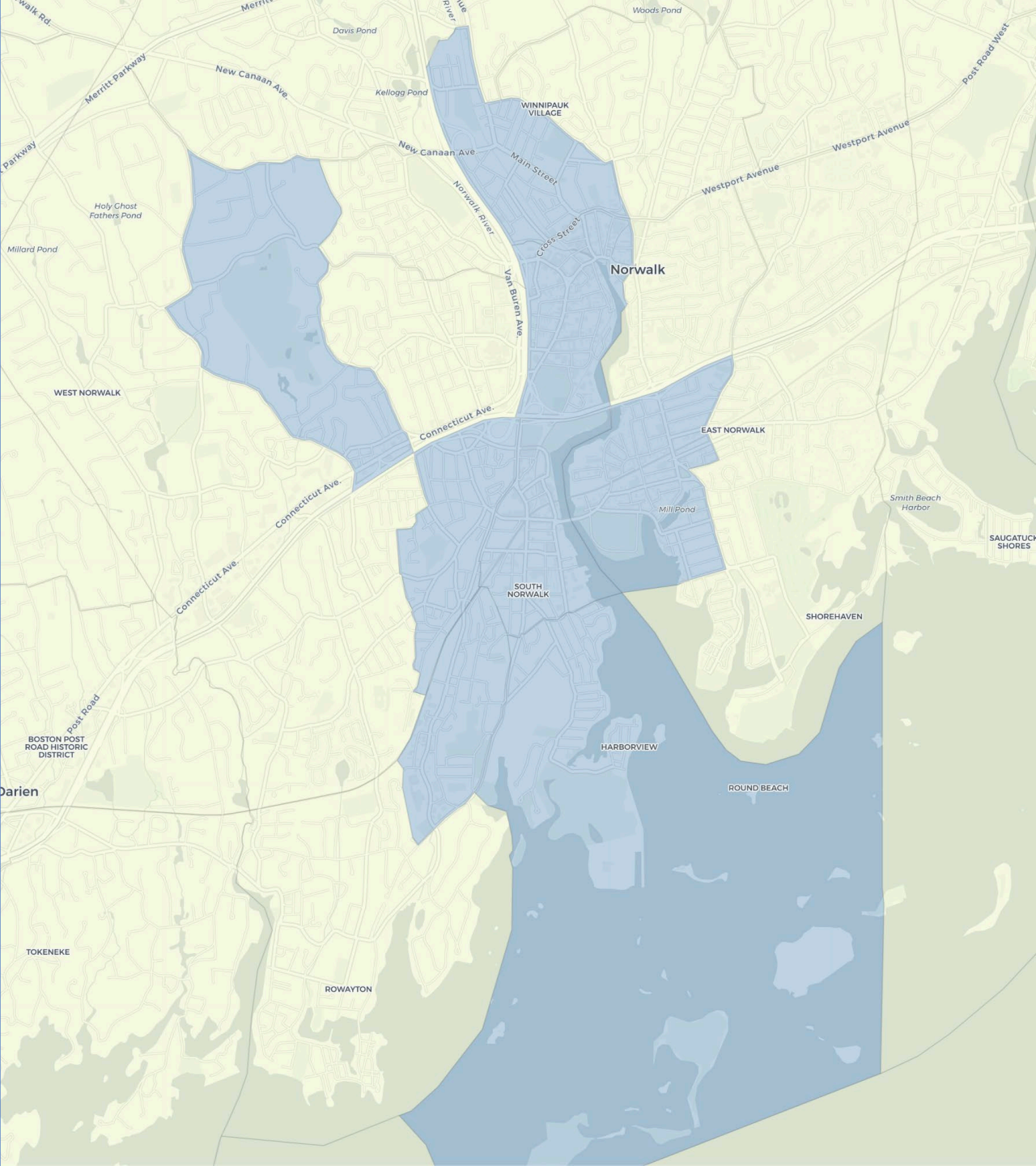
Oak Park Townhouses

SOUTH END

DOLPHIN COVE

SHIPPAN POINT

OLD GREENWICH



WALK RD

Merritt Parkway

New Canaan Ave.

Davis Pond

Kellogg Pond

New Canaan Ave.

Main Street

WINNIPAIK VILLAGE

Cross Street

Westport Avenue

Westport Avenue

Post Road West

Millard Pond

Holy Ghost Fathers Pond

WEST NORWALK

Norwalk

Connecticut Ave.

Norwalk River

Vale Burnside Ave.

Westport Avenue

EAST NORWALK

Mill Pond

Smith Beach Harbor

SAUCATUCK SHORES

Connecticut Ave.

Connecticut Ave.

SOUTH NORWALK

SHOREHAVEN

Darien

BOSTON POST ROAD HISTORIC DISTRICT

Post Road

Connecticut Ave.

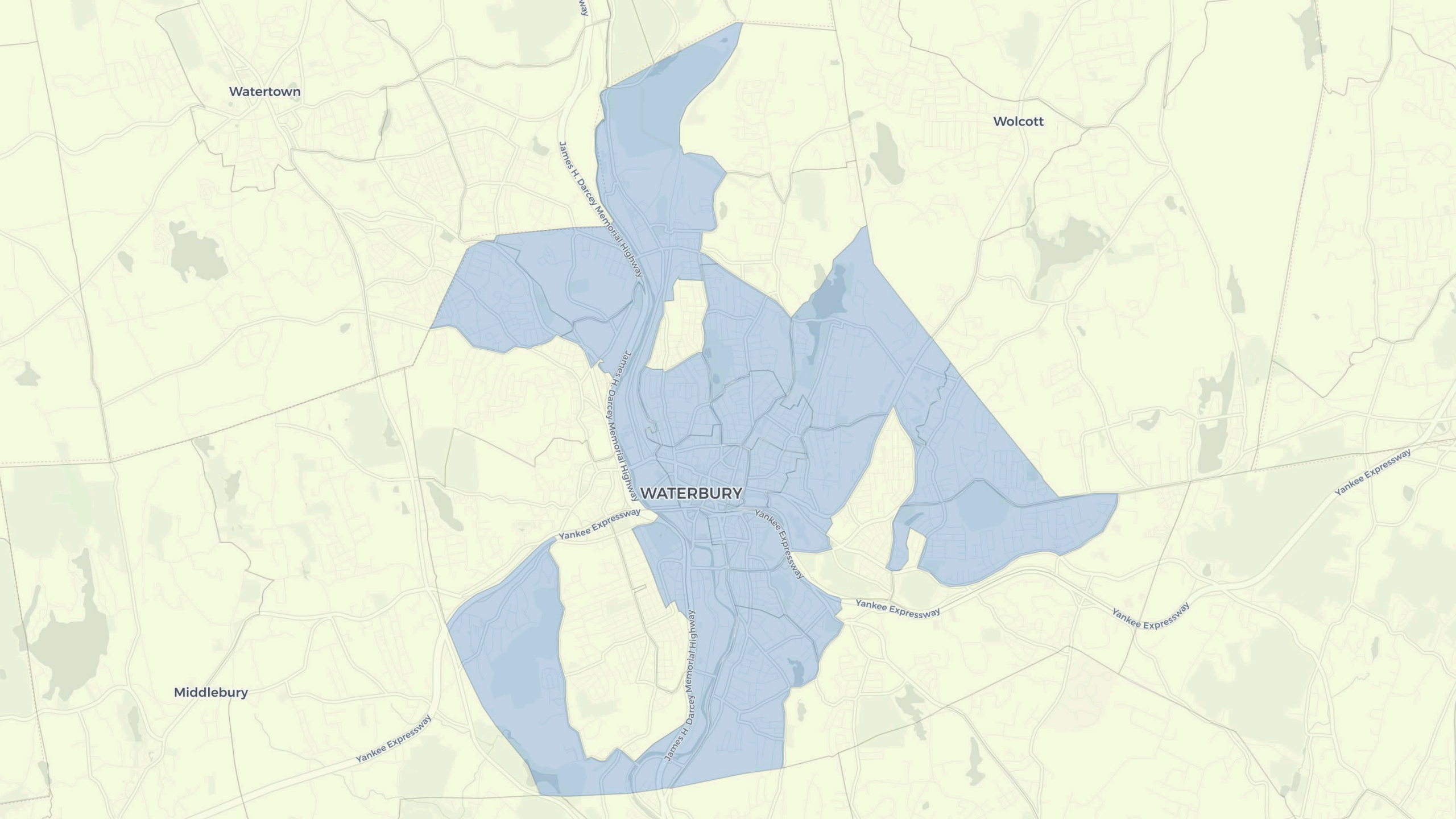
Connecticut Ave.

HARBORVIEW

ROUND BEACH

TOKENEKE

ROWAYTON



Watertown

Wolcott

WATERBURY

Middlebury

James H. Darcy Memorial Highway

James H. Darcy Memorial Highway

Yankee Expressway

Yankee Expressway

James H. Darcy Memorial Highway

Yankee Expressway

Yankee Expressway

Yankee Expressway

Yankee Expressway

Final list of DIA census tract ID numbers

Movement to
approve
Disproportionately
Impacted Areas

09001020900 09001021400 09001021500 09001022200 09001022300 09001043200 09001043400
09001043700 09001044000 09001044100 09001044200 09001044400 09001044500 09001061200
09001070200 09001070300 09001070400 09001070500 09001070600 09001070900 09001071000
09001071100 09001071200 09001071300 09001071400 09001071600 09001071900 09001072000
09001072100 09001072200 09001072400 09001072500 09001072700 09001072800 09001072900
09001073000 09001073100 09001073200 09001073300 09001073400 09001073500 09001073600
09001073700 09001073800 09001073900 09001074000 09001074300 09001074400 09001080100
09001080200 09001080400 09001110100 09001210100 09001210701 09001257200 09003405700
09003406001 09003406100 09003415300 09003415400 09003415500 09003415600 09003415700
09003415800 09003415900 09003416000 09003416100 09003416200 09003416300 09003416500
09003416600 09003416700 09003417100 09003417300 09003420500 09003471100 09003471200
09003473800 09003480600 09003496700 09003500100 09003500200 09003500300 09003500400
09003500500 09003500700 09003500900 09003501200 09003501300 09003501400 09003501500
09003501700 09003501800 09003502100 09003502400 09003502500 09003502600 09003502700
09003502800 09003502900 09003503000 09003503100 09003503300 09003503500 09003503700
09003503900 09003504000 09003504100 09003504200 09003504300 09003504500 09003504800
09003504900 09003510200 09003510300 09003510400 09003510600 09003511200 09003511300
09003514400 09003514700 09003514800 09003524400 09003524501 09003524600 09003524700
09005303100 09005310200 09005310300 09005310801 09007541100 09007541600 09007541700
09009120200 09009125200 09009125300 09009125400 09009140200 09009140300 09009140400
09009140500 09009140600 09009140700 09009140800 09009140900 09009141200 09009141300
09009141400 09009141500 09009141600 09009141800 09009142100 09009142200 09009142300
09009142400 09009142500 09009142601 09009142603 09009142604 09009142700 09009154100
09009154200 09009154500 09009154600 09009155100 09009165500 09009170100 09009170200
09009170300 09009170700 09009170800 09009170900 09009171000 09009171300 09009171400
09009171500 09009171600 09009175400 09009180601 09009341100 09009350100 09009350200
09009350300 09009350400 09009350500 09009350800 09009351000 09009351100 09009351200
09009351400 09009351500 09009351700 09009351900 09009352100 09009352200 09009352300
09009352600 09009352702 09009361500 09011690300 09011690400 09011690500 09011690700
09011690800 09011696400 09011696500 09011696600 09011696700 09011696800 09011697000
09011702500 09011870300 09013530200 09015800400 09015800600

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Request for Proposals (RFP)

Study examining the historical and present-day repercussions of cannabis on disproportionately impacted communities

“Not later than forty-five days after the effective date of this section, or at a later date determined by the council, the council shall establish criteria for proposals to conduct a study under this section and the Secretary of the Office of Policy and Management shall post on the State Contracting Portal a request for proposals to conduct a study, and shall select an independent third party to conduct such study and provide detailed findings of fact regarding the following matters in the state or other matters determined by the council.” - Bill Section § 22

- Content of the RFP is **in development based on prescriptive language in the bill**. Once finalized we will ask for Council approval before posting.
- August 6th is forty-five days after cannabis legislation was passed – and is the date by which the RFP must go out, **unless extended**.
- We suggest we extend the RFP deadline to **September 15th**, with the intention of posting it in early September.

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Committee discussion

What committees does the Council wish to establish?

Approval of special meeting schedule

Need motion to
approve special
meeting schedule for
remainder of Calendar
Year 2021

STATE OF CONNECTICUT
SOCIAL EQUITY COUNCIL

In calendar year 2021, Special Meetings will be held the first Thursday of the month, 10 a.m.

2021 Special Meeting Schedule

Thursday, August 5, 2021
10 a.m.

Thursday, September 2, 2021
10 a.m.

Thursday, October 7, 2021
10 a.m.

Thursday, November 4, 2021
10 a.m.

Thursday, December 2, 2021
10 a.m.