

# Study background and timeline

This presentation is to inform SEC members and staff of the progress in the statutorily required independent third-party cannabis equity study, as currently being conducted by the Institute for Municipal & Regional Policy (IMRP) at the University of Connecticut.

## Timeline:

- June 22, 2021: SB 1201 AAC RESPONSIBLE AND EQUITABLE REGULATION OF ADULT-USE CANNABIS signed by Governor Lamont
- September 17, 2021: RFP issued for independent third-party study
- November 5, 2021: UConn/IMRP informed of proposal acceptance
- November 8, 2021: Proposed SEC PSA/contract issued
- December 27, 2021: Interviews with SEC members begin
- January 21, 2022: DESPP data sharing MOU submitted to UConn for review

# Study's Statutory Criteria

**Senate Bill No. 1201**

**June Sp. Sess., Public Act No. 21-1**

(g) 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 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:

- Historical and present-day social, economic and familial consequences of cannabis prohibition, the criminalization and stigmatization of cannabis use and related public policies;
- Historical and present-day structures, patterns, causes and consequences of intentional and unintentional racial discrimination and racial disparities in the development, application and enforcement of cannabis prohibition and related public policies;
- Foreseeable long-term social, economic and familial consequences of unremedied past racial discrimination and disparities arising from past and continued cannabis prohibition, stigmatization and criminalization;
- Existing patterns of racial discrimination and racial disparities in access to entrepreneurship, employment and other economic benefits arising in the lawful palliative use cannabis sector as established pursuant to chapter 420f of the general statutes; and
- Any other matters that the council deems relevant and feasible for study for the purpose of making reasonable and practical recommendations for the establishment of an equitable and lawful adult-use cannabis business sector in this state.

# SEC Study Goals

The goals of the study solicited by this RFP are as follows:

- to ensure that the nascent cannabis industry is equitably reflecting the population of Connecticut,
- to ensure that revenues from this new industry are benefiting communities that have been negatively impacted by the criminalization of cannabis,
- to ensure that the criteria established for social equity applicants are correct and aiding impacted communities, and
- to provide workforce development opportunities and training to aid people from these communities in gaining employment, access to capital, and support starting in starting businesses.

The findings produced by this study will inform the SEC's approach to administration of outreach, verification, and support services for social equity applicants.

# Study Design and Updates

## **IMRP Study Methodology:**

To address the intent and requirements of the study, the IMRP study team is engaging in the following:

1. Analysis of arrest and sentencing data related to cannabis criminalization. The study will be done by municipality and, if available, by zip code. The study will provide a trend for each of the municipalities for the years available in the datasets of sentencing and policing.
2. An intersection of the arrest and sentencing trends with available socio-economic indicators. The data will also be mapped in layers.

**Update:** *In the process of executing an MOU with DESPP to obtain the requisite data.*

# Study Design and Updates (cont.)

3. A best practices exploration of how other states that have already legalized cannabis addressed social equity concerns and the extent to which these states had success in the surveyed programs. This section of the report will also explore the potential success of importing some of these practices.

- *UPDATE: Currently in process. Findings will address: a) definitions of social equity applicants, including disproportionately impacted areas; b) collaborative partner recommendations – i.e. municipalities, higher education, non-profits; c) community reinvestment components/process; d) workforce and economic development opportunities*

# Study Design and Updates (cont.)

4. A focus group or qualitative interviews with SEC members.

- *Nearly complete.*
  - *Assisted IMRP with defining the scope of the study and understanding perspectives and goals of SEC members.*

# Study Design and Updates (cont.)

5. A focus group or several qualitative interviews with individuals affected by cannabis arrests or sentencing to explore the impact of cannabis criminalization on their lives as well as ways to reverse any negative impacts.
6. A focus group or qualitative interviews with civic leaders from communities that witnessed the highest negative impact of the cannabis criminalization. There will be a discussion of remediation strategies that these civic leaders would recommend. These focus groups will also explore the possibility of implementing some of the successful practices from other states.
  - *UPDATE: In the process of developing study components and identifying potential interviewees.*

# SEC Best Practices: Potential Areas for Consideration

- 1) SEC feedback/recommendations on SEA and DIA
- 2) Partners: Example – Municipalities



# Study Scope, SEA and DIA Considerations

**Related Public Policies.** PA 21-1, Section 22, subsection g outlines the scope of this study. The study should address: “(1) Historical and present-day social, economic and familial consequences of cannabis prohibition, the criminalization and stigmatization of cannabis use and related public policies; (2) Historical and present-day structures, patterns, causes and consequences of intentional and unintentional racial discrimination and racial disparities in the development, application and enforcement of cannabis prohibition and related public policies; (3) Foreseeable long-term social, economic and familial consequences of unremedied past racial discrimination and disparities arising from past and continued cannabis prohibition, stigmatization and criminalization;”

# Other Policy Areas – SEC Members' Feedback

- There was overwhelming agreement that the scope of the study and the SEC includes the war on drugs policies. One member of the SEC mentioned that the policy should stick to cannabis and the letter of the legislation. Some SEC members indicated that the study should look at both federal and state policies connected with the war on drugs.
- Include addiction rates – opioid and heroin
- Even the focus on the war on drugs policies is not adequate because there is a need for us to
- Look systemic issues underlying the war on drugs – criminalization
- Look at the disparity that put 4.5 millions POC in jails
- The family and children who were impacted. There has to be policies put into place to address that. Impact on family dynamics
- Socio-economic policies and the effect of the war on drugs on urban policies like housing, workforce development, and education policy
- How to understand and solve issues related to individual development, career development?

# Social Equity Applicant

Massachusetts (2017)	Michigan (2019)	Illinois (2020)	Washington State (2020)
<p>At least one of the following criteria:</p> <p>Reside in an area of disproportionate impact for at least 5 of the past 10 years.</p> <p>Past drug conviction and MA residency for at least the preceding 12 months;</p> <p>They have been married to or are the child of a person with a drug conviction and they have been residents of Massachusetts for at least the preceding 12 months. or</p> <p>Those with Economic Empowerment Priority Status.</p>	<p>Applicants who live in disproportionately impacted communities and have prior convictions for marijuana- related offenses earn preferred treatment on license applications.</p> <p>However, residents living outside a disproportionately impacted community are still eligible for marijuana- related conviction fee reductions.</p>	<p>Have at least 51% ownership and control by an individual(s).</p> <p>Have lived in a Disproportionately Impacted Area in 5 of the past 10 years.</p> <p>Have been arrested for, convicted of, or adjudicated delinquent for cannabis-related offenses eligible for expungement, including cannabis possession up to 500 grams (about 18 ounces) or intent to deliver up to 30 grams (one ounce).</p> <p>Have a parent, child, or spouse that has been arrested for, convicted of, or adjudicated delinquent for cannabis-related offenses eligible for expungement, including possession up to 500 grams or intent to deliver up to 30 grams</p>	<p>An applicant who has at least fifty-one percent ownership and control by one or more individuals who have resided for at least five of the preceding ten years in a disproportionately impacted area;</p> <p>or</p> <p>An applicant who has at least fifty-one percent ownership and control by at least one individual who has been convicted of a marijuana offense or is a family member of such an individual.</p>

# Nevada (2021)

- § 9 SE Applicant Defined as person applying for a retail or independent consumption lounge license who has been adversely affected by provisions of previous laws which criminalized activity relating to cannabis
- §§ 11 & 12
  - Authorizes the Cannabis Compliance Board (“CCB”) to promulgate regulations that will define criteria for the SE applicant
  - Authorizes the CCB to determine percentage of company ownership that the SE licensee must retain
  - Authorizes CCB to consider race, ethnicity, or gender of applicant

**Social Equity Applicant.** Per PA 21-1, Section 1, subsection 48, a "Social equity applicant" means a person that has applied for a license for a cannabis establishment, where such applicant is at least sixty-five per cent owned and controlled by an individual or individuals, or such applicant is an individual, who: (A) Had an average household income of less than three hundred per cent of the state median household income over the three tax years immediately preceding such individual's application; and (B) (i) Was a resident of a disproportionately impacted area for not less than five of the ten years immediately preceding the date of such application; or (ii) Was a resident of a disproportionately impacted area for not less than nine years prior to attaining the age of eighteen;"

# Social Equity Applicant

- Dominant Themes:

- Convictions, incarceration, arrest impacted individuals should be included
- Generational consequences of the war on drugs on individuals, families and communities
- Income cap seems to penalize those who made it, but were impacted by the war on drugs. Income cap is too low.
- A concern that those affected are not benefiting

- Other Themes

- Household income data should be an additional qualification but not core, or should be expanded to include higher boundaries
- Race and Ethnic communities that were affected disproportionately by the war on drugs
- Intersection of ethnic and racial status with other measures
- There is an opportunity to expand who is an applicant. Items listed should be included/considered.
- Concern about companies overwhelming individuals who meet the social equity qualifications. Ensure corporations would not have an unfair advantage
- DIA boundaries are not precise
- Carefully review percentage of ownership that is allowed (65% ownership seems arbitrary). There needs to be an exception rule that is not restrictive for applicants who live outside of DIA but they have been impacted and fit the rest of social equity criteria
- Define using employment, demographics, economics (working poor)

# Options for CT

- ~~(A) Had an average household income of less than three hundred per cent of the state median household income over the three tax years immediately preceding such individual's application; and~~
- (A) (i) past drug conviction and MA residency for at least the preceding 12 months; or (ii) being married to or are the child of a person with a drug conviction and they have been residents of Massachusetts for at least the preceding 12 months. and
- (B) (i) Was a resident of a disproportionately impacted area for not less than five of the ten years immediately preceding the date of such application; or (ii) Was a resident of a disproportionately impacted area for not less than nine years prior to attaining the age of eighteen;"



# DIAs

Washington State	Michigan	CT
<p>A census tract or comparable geographic area that satisfies the following criteria:</p> <ul style="list-style-type: none"><li>A high poverty rate</li><li>A high rate of income-based federal or state program participants.</li><li>A high rate of unemployment.</li><li>A high rate of arrest, conviction, or incarceration related to the sale, possession, use, cultivation, manufacture, or transport of marijuana.”</li></ul>	<p>Communities which have marijuana-related convictions greater than the state median and have 20% or more of the population living below the federal poverty level will qualify as disproportionately impacted communities. This includes 184 communities eligible throughout the state.</p>	

**Disproportionally Impacted Area.** When looking at disproportionately impacted areas, initial criteria for consideration, as outlined in PA21-1, Section 1, Subsection (17) states that: "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;

# Disproportionately Impacted Areas

- Larger geographic area like town or city: Geographic designation of a track should be larger - more areas need to be included
- Use household income to define area
- Involvement with Criminal Justice System
- More flexibility not less flexibility
- Add race and ethnicity
- Looking at convictions or unemployment is not a good measure

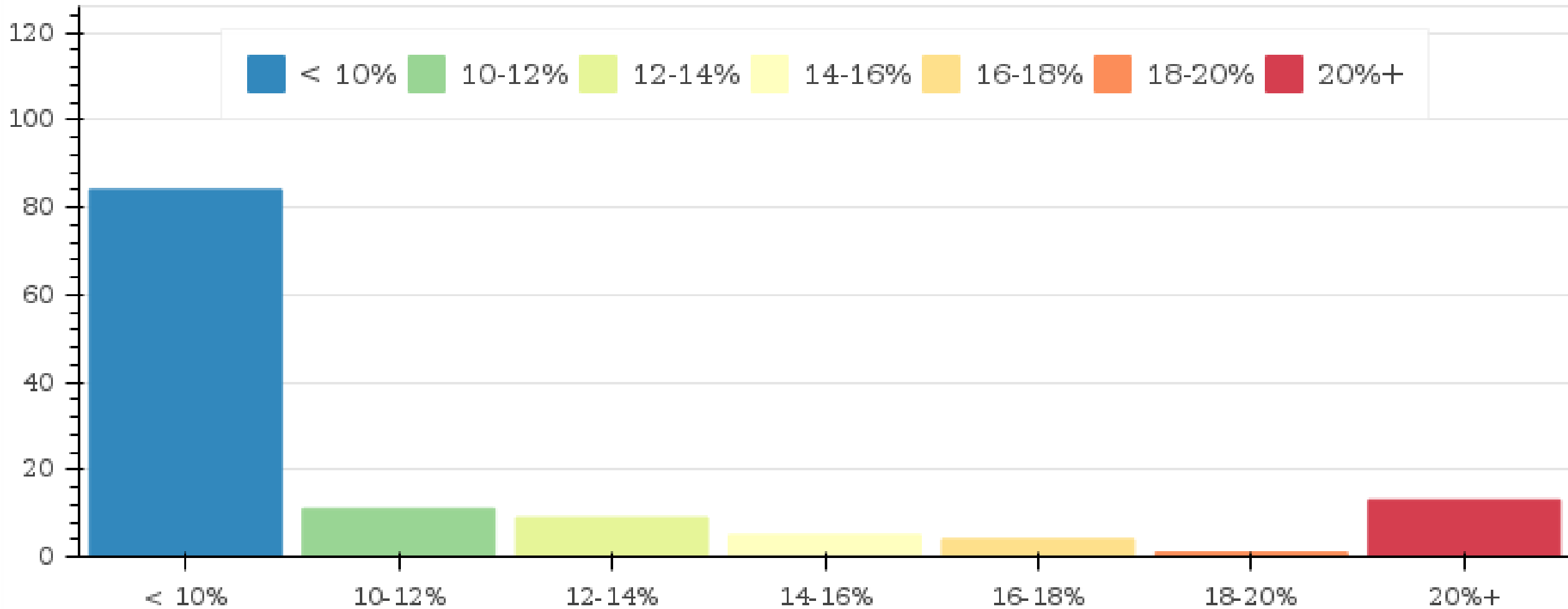
# Proposed Language

a United States census tract, **or other geographic area defined by the SEC**, 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~~ **a poverty rate higher than XX% of the State average;**

**Additional Options:**

**Replace drug-related offenses with Criminal Justice System convictions**

## Connecticut City Average Resident Percent in Poverty in 2016



SEC Partners: Municipalities



# Municipal Cannabis Equity Programs

- California passed the [California Cannabis Equity Act in 2018](#) which states:

“The bill would authorize the Bureau of Cannabis Control, upon request by a local jurisdiction, to provide technical assistance, as defined, to a local equity program that helps local equity applicants or local equity licensees.”
- As of [July 2020](#), \$40 million in grant funding had been awarded to local jurisdictions
- [Los Angeles](#) and [Oakland](#) created their own social equity programs in response to the state legislation.
  - Los Angeles created a program to provide grants to local equity applicants and discounts on applications
  - Oakland’s program is more comprehensive as they rewrote their municipal cannabis codes in addition to creating a local grant program



# Municipal Cannabis Equity Programs

- In addition to the cities in California, both [Denver, Colorado](#) and Portland, Oregon have municipal social equity programs. The Denver program was adopted in April of 2021, and like Oakland, they completely rewrote their municipal cannabis code to be consistent with their legalization law and the social equity standards they are looking to achieve. The Denver program does not get state funding the way the California law provides. The municipal code provides discounted or waived application fees and it also provides exclusive access to equity applicants for a six-year period.





# Applicability in Connecticut

- The legislation as it is written could provide the Social Equity Council with the power to create a program geared at aiding municipalities.
- [CT Senate Bill 1201](#) states that the SEC is empowered with:
  - ”Creating programs to ensure that individuals from communities that have been disproportionately harmed by cannabis prohibition and enforcement are provided equal access to licenses for cannabis establishments.”
- Connecticut’s legislation also has language that indicates they could receive funding for programs they create:
  - ”The Council may (1) request, and shall receive, from any state agency such information and assistance as the council may require; (2) use such funds as may be available from federal, state or other sources and may enter into contracts to carry out the purposes of the council.”

# Additional Study Considerations

- 1)Economic and Workforce Development
- 2)Reinvestment