

June 24, 2021



# Municipal Management Bulletin

545 LONG WHARF DRIVE, NEW HAVEN, CT 06511 • PHONE (203) 498-3000 • FAX (203) 562-6314

## **SB 1201—Adult-Use Recreational Marijuana** **Municipal Impact and Analysis**

SB 1201 was enacted during the June 2021 Special Session which legalizes adult use of cannabis. Among other things, the new law (a) creates a process for the erasure of previous marijuana related convictions, (b) establishes legal adult recreational use of cannabis by allowing individuals age 21 or older to possess, use, or otherwise consume cannabis and cannabis products, (c) and establishes new laws, regulations and control of cannabis products. In general, the bill limits possession to 1.5 ounces of cannabis plant material and 5 ounces of such material in a locked container in the person's residence or locked vehicle glove box or trunk (or equivalent cannabis product amounts or combined amounts). In addition, beginning on July 1, 2023 the bill allows any individual age 21 or older to cultivate up to three mature and three immature cannabis plants in an individual's primary residence.

The following are specific municipal provisions of SB 1201:

**Local referendum** (section 83-84) - Effective July 1, 2021 if at least 10% of a municipalities electors petition for a vote to allow certain marijuana sales, it must be done at least 60 days before a regular election. If met, the municipality must hold a referendum to determine whether to allow (1) the recreational sale of marijuana in the municipality or (2) the sale of marijuana in one or more of the cannabis establishment license types. The bill does specify what specific language needs to be used in a referendum question.

**Zoning Authority and Restrictions** (sections 83-84, 148)

The bill allows municipalities to amend their zoning regulations or local ordinances to take the following actions regarding cannabis establishments:

- a) prohibit them from opening;
- b) reasonably restrict their hours and signage; or
- c) restrict their proximity to religious institutions, schools, charitable institutions, hospitals, veterans' homes, or certain military establishments.

If a municipality imposes regulations or ordinances regarding the above, they will be precluded from imposing additional or modified restrictions on cannabis establishment regarding hours, zoning, or signage existing businesses until five years after the restrictions are originally adopted. If municipalities take no action through zoning regulations or ordinances, these establishments must be zoned as similar uses would be. The bill prohibits municipalities from regulating the delivery of cannabis of any form. In addition, prohibits negating or entering into local host agreements.

Until June 30, 2024, the bill prohibits municipalities from granting zoning approval for more retailers or micro-cultivators than a number that would allow for one retailer and one micro-cultivator for every 25,000 municipal residents, as determined by the most recent decennial census.

The law also allows municipalities, for the first 30 days after cannabis retailers or hybrid retailers open, to charge them up to \$50,000 for any necessary and reasonable municipal costs for public safety services related to the opening (such as for directing traffic).

- OVER -

### **Regulating Cannabis Usage** (sections 83-84)

Effective October 1, 2021, existing law allows municipalities to regulate activities deemed harmful to public health, including smoking, on municipally-owned property. The bill broadens this to include property that a municipality controls but does not own. It specifies that this regulatory authority applies to (1) smoking tobacco or cannabis, including cannabis ecigarette use (i.e., electronic delivery systems and vapor products) and (2) other types of cannabis use or consumption. It allows municipalities to ban cannabis smoking (including ecigarette use) at outdoor sections of restaurants. Through regulations, municipalities may set fines for violations, up to (1) \$50 for individuals or (2) \$1,000 for businesses.

For municipalities with more than 50,000 people, if the town or city decides to regulate the public use of cannabis, the local regulations must designate a location in the municipality where public consumption of cannabis is allowed.

### **Municipal Cannabis Tax** (Sections 126—127)

The bill imposes a 3% municipal sales tax (in addition to the state cannabis tax established at 6.35%) on the gross receipts from the sale of cannabis by a cannabis or hybrid retailer or micro-cultivator. Under the bill, “gross receipts” means the total amount received from cannabis sales by the retailer or micro-cultivator. The tax must be collected from consumers at the time of sale and be held in trust until remitted to the municipality. The bill exempts from the municipal sales tax:

- a) cannabis for palliative use;
- b) sales of cannabis by a delivery service to a consumer; and
- c) the transfer of cannabis to a transporter for transport to any cultivator, micro-cultivator, food and beverage manufacturer, product manufacturer, product packager, dispensary facility, cannabis retailer, hybrid retailer, or producer.

Any municipality in which a cannabis or hybrid retailer or micro-cultivator is located will need to submit to the DRS commissioner, at least annually, the name and contact information of the individual designated by the municipality to receive notifications regarding the local cannabis tax. The DRS commissioner will then notify (and establish policies and procedures) the municipally designated individuals of the tax amount reported due from each cannabis and hybrid retailer and micro-cultivator located in their respective municipalities.

Within 60 days after receiving such a notice from DRS, each municipality must invoice each applicable cannabis retailer, hybrid retailer, and micro-cultivator in accordance with the law for DRS notices. This will need to be done through an invoice by first-class mail to the address of the facility on file. The retailer or microcultivator must remit payment to the municipality within 30 days after the invoice was sent.

Under the bill, the amounts remitted become a part of the municipality’s general revenue and must be used for the following purposes:

- a) streetscape improvements and other neighborhood developments in communities where cannabis or hybrid retailers or micro-cultivators are located;
- b) education programs or youth employment and training programs in the municipality;
- c) services for individuals living in the municipality who were released from DOC custody, probation, or parole;
- d) mental health or addiction services;
- e) youth service bureaus and municipal juvenile review boards; and
- f) community civic engagement efforts

CCM hosted municipal representatives from Colorado and Massachusetts at our 2019 Annual Convention to share the municipal perspective regarding the legalization of marijuana in those States. To view the CT-N coverage, please click on the link: [CCM Panel Discussion on the Legalization of Recreational Marijuana.](#)

###

For more information on this issue, please contact Mike Muszynski  
([mmuszynski@ccm-ct.org](mailto:mmuszynski@ccm-ct.org) or 203-500-7556) of CCM.