

March 31, 2023

TO: GLASTONBURY PLANNING AND ZONING COMMISSION

REPORT ON ZONING REFERRAL Z-2023-39: Proposed Text Amendment to Prohibit Cannabis Establishments under Section 3 of the Town of Glastonbury Zoning Regulations.

COMMISSIONERS: Receipt is acknowledged of the above-mentioned referral. Notice of this proposal was transmitted to the Policy and Planning Division of the Capitol Region Council of Governments under the provisions of Section 8-3b of the Connecticut General Statutes, as amended.

COMMENT: The staff of the Regional Planning Commission of the Capitol Region Council of Governments has reviewed this zoning referral and finds no apparent conflict with regional plans and policies or the concerns of neighboring towns.

The public hearing date has been scheduled for 4/25/2023.

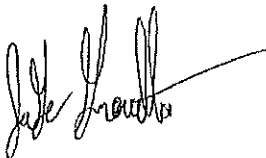
In accordance with our procedures this letter will constitute final CRCOG action on this referral. Questions concerning this referral should be directed to Jacob Knowlton.

DISTRIBUTION: Planner: East Hartford, Manchester, Bolton, Hebron, Marlborough, Rocky Hill, Wethersfield, East Hampton, Portland, Cromwell, River COG

Respectfully submitted,

Jennifer Bartiss-Earley, Chairman
Regional Planning Commission

William Rice, Vice Chairman
Regional Planning Commission



Jacob Knowlton
Community Development Planner

Backgrounder: Connecticut's State and Municipal Taxes on Recreational Cannabis

By: Rute Pinho, Chief Analyst
June 3, 2022 | 2022-R-0107

Issue

Briefly explain the state and municipal taxes on recreational cannabis. This report updates OLR Report [2021-R-0165](#).

Summary

Under Connecticut's 2021 recreational cannabis law, sales of recreational cannabis are generally subject to three taxes: a state cannabis tax based on the product's type and total THC reflected on its label, a 3% municipal cannabis tax, and 6.35% state sales and use tax ([PA 21-1, June Special Session](#) (JSS), §§ 125-127, codified as CGS §§ 12-330// to -330mm). Cannabis for palliative (i.e., medical) use is exempt from all three of these taxes (CGS § 12-412(120), as amended by [PA 21-1, JSS, § 129](#)).

The taxes apply at the retail level to sales by cannabis retailers, hybrid retailers, and micro-cultivators. Revenue from the state cannabis tax is directed to the General Fund, a General Fund account (the Cannabis Regulatory and Investment Account), and two appropriated funds (the Social Equity and Innovation Fund and Prevention and Recovery Services Fund), according to a specified schedule. Revenue from the municipal cannabis tax becomes a part of the municipality's general revenue and must be used for designated purposes, including streetscape improvements and neighborhood developments, education or youth employment or training programs, and services for formally incarcerated individuals.

This report provides a brief overview of the new law's tax provisions. A full summary of these provisions is available on the Connecticut General Assembly's [website](#).

State Cannabis Tax

What is the Tax Rate and Base?

Connecticut imposes a state tax on retail sales of cannabis, cannabis plant material, and cannabis edible products by a cannabis retailer, hybrid retailer, or micro-cultivator, with certain exceptions. The tax rate is based on the product's type and total THC reflected on its label.

Specifically, the tax rate is:

- 0.625 cents per milligram of total THC for cannabis plant material;
- 2.75 cents per milligram of total THC for cannabis edible products; and
- 0.9 cents per milligram of total THC for cannabis, other than cannabis plant material or cannabis edible products.

The tax does not apply to (1) sales of cannabis for palliative use; (2) sales of cannabis by a delivery service to a consumer; or (3) transfers of cannabis by specified entities to a transporter for transport to other entities (e.g., transfers by cultivators to transporters for transport to product manufacturers or packagers).

Does State Sales Tax Apply?

Yes. The state's 6.35% sales and use tax also applies to retail sales of cannabis, cannabis plant material, and cannabis edible products. The law specifically prohibits any exemptions under the state's sales and use tax law from applying to cannabis sales, other than exemptions for (1) sales of cannabis for palliative use (which is considered a tax-exempt nonprescription drug) and (2) transfers of cannabis to a transporter. It also prohibits anyone from purchasing cannabis on a resale basis. (By law, sales for resale are generally exempt from state sales and use tax.)

Under the law, any products containing cannabis or cannabinoids (manufactured or synthetic) are excluded from the nonprescription drug or medicine exemption and thus subject to sales and use tax.

Definitions

"Cannabis" generally means all parts of a plant or species of the genus *cannabis*, whether growing or not. It includes its seeds and resin; its compounds, manufactures, salts, derivatives, mixtures, and preparations; CBD (cannabidiol) and similar compounds unless derived from hemp; any product made from hemp with more than 0.3% total THC concentration; manufactured cannabinoids; and certain synthetic cannabinoids.

"Cannabis plant material" means the cannabis flower, trim, and all parts of the cannabis plant or species, excluding hemp and a growing cannabis plant and its seeds.

"Cannabis edible products" are those containing cannabis or cannabis concentrate, combined with other ingredients, that are intended to be ingested.

"Hybrid retailers" are those licensed to sell both recreational cannabis and medical marijuana.

"Micro-cultivators" are those licensed to cultivate, grow, and propagate cannabis plants at an establishment containing between 2,000 and 10,000 square feet of grow space, before any authorized expansion.

How is the Tax Administered?

Retailers and micro-cultivators must collect the tax from consumers at the time of sale (except for the exempt sales described above). They must (1) file returns with the Department of Revenue Services (DRS) each month in which they may legally sell cannabis in the state and (2) remit the tax due with the return. Late tax payments are subject to a penalty of 25% of the amount due and unpaid or \$250, whichever is greater, plus interest at 1% per month or fraction of a month from the due date to the payment date.

Where Does the Tax Revenue Go?

Revenue from the state cannabis tax is directed to the General Fund, a new General Fund account, and two new appropriated funds, according to a schedule specified in the recreational cannabis law ([PA 21-1, JSS](#), § 128, codified as CGS § 21a-420f, as amended by [PA 22-146](#), § 4). Table 1 provides the revenue distribution schedule and briefly describes the purposes for which the new account and funds must be used.

Table 1: State Retail Cannabis Tax Revenue Distribution

Funds and Accounts	FY 22	FY 23	FYs 24-26	FYs 27-28	FYs 29+
Cannabis Regulatory and Investment Account: to pay costs state agencies incur in implementing the state’s recreational cannabis law	100%	100%	-	-	-
General Fund	-	-	15%	10%	-
Social Equity and Innovation Fund: to fund appropriations for (1) access to business capital, (2) technical assistance for business start-ups and operations, (3) workforce education, and (4) community investments	-	-	60%	65%	75%
Prevention and Recovery Services Fund: to fund appropriations for substance abuse prevention, treatment, and recovery services and substance abuse data collection and analysis	-	-	25%	25%	25%

Municipal Cannabis Tax

What is the Tax Rate and Base?

Connecticut imposes a 3% municipal sales tax on the gross receipts from the sale of cannabis by a cannabis retailer, hybrid retailer, or micro-cultivator that must be administered in accordance with the state sales and use tax law. The municipal sales tax is in addition to the state cannabis tax described above and 6.35% state sales tax on such products. As with the state cannabis tax, the following are exempt from the municipal tax: (1) cannabis for palliative use, (2) sales of cannabis by a delivery service to a consumer, and (3) the transfer of cannabis to a transporter.

How is the Tax Administered?

Retailers and micro-cultivators must collect the tax from consumers at the time of sale and hold it in trust until remitted to the municipality. The law establishes a process by which the retailers and micro-cultivators report their sales to DRS, which in turn notifies municipalities of the tax amount due from each retailer and micro-cultivator. Municipalities then invoice each applicable retailer and micro-cultivator, which must remit their tax payments to each respective municipality. Late tax payments are subject to a penalty of 25% of the amount due and unpaid or \$250, whichever is greater, plus interest at 1% per month or fraction of a month from the due date to the payment date.

Where Does the Tax Revenue Go?

The tax amounts remitted by retailers and micro-cultivators become a part of the municipality's general revenue and must be used for any of the following purposes:

1. streetscape improvements and other neighborhood developments in communities where cannabis retailers, hybrid retailers, or micro-cultivators are located;
2. education programs or youth employment and training programs in the municipality;
3. services for individuals living in the municipality who were released from DOC custody, probation, or parole;
4. mental health or addiction services;
5. youth service bureaus and municipal juvenile review boards; and
6. community civic engagement efforts.

RP:kl



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

Intergovernmental Policy and Planning Division

SB 1201 - AN ACT CONCERNING RESPONSIBLE AND EQUITABLE REGULATION OF ADULT-USE CANNABIS

www.ct.gov/cannabis

MUNICIPAL AUTHORITY - IMPACT OVERVIEW

Sec. 83 - effective July 1, 2021: Addresses various issues on municipalities' authority to regulate cannabis, such as (1) requiring them, upon petition of 10% of their voters, to hold a local referendum on whether to allow the recreational sale of marijuana or whether to allow certain types of cannabis businesses within the municipality; (2) barring them from prohibiting the delivery of cannabis by authorized persons; and (3) allowing them to charge retailers, hybrid retailers, and micro-cultivators for certain initial public safety expenses.

Local Referendum: A municipality must hold a referendum on whether to allow certain cannabis sales if at least 10% of its electors' petition for such a vote at least 60 days before a regular election.

Specifically, these votes may determine whether to allow (1) the sale of adult-use marijuana in the municipality or (2) the sale of adult-use marijuana in one or more of the cannabis establishment license types.

The ballot designations are as follows: "Shall the sale of recreational marijuana be allowed in (Name of municipality)?" or "Shall the sale of cannabis under (Specified license or Licenses) be allowed in (Name of municipality)?" or "Shall the sale of recreational marijuana be prohibited (No Licenses) in (Name of municipality)?"

The referendum and ballot designations conform to existing procedures. The results take effect on the first Monday of the month after the election and stay in effect until another vote is taken. The bill allows a vote to occur at a special election, following existing procedures, if at least one year has passed since the previous vote. Existing laws on absentee voting at referenda apply to these votes. These referenda do not affect any class of cannabis establishments already allowed in a municipality and do not affect any class of cannabis establishments that do not sell adult-use cannabis, including a medical dispensary and establishments that grow cannabis products.

Delivery and Transport: Municipalities cannot prohibit the delivery of cannabis to (1) consumers or (2) qualifying medical marijuana patients or their caregivers, if the delivery is made by someone authorized to do so under the bill (e.g., delivery services). It also bars municipalities from prohibiting the transport of cannabis to, from, or through the municipality by anyone licensed or registered to do so.

Ban on Certain Actions and Local Host Agreements: The bill prohibits municipalities or local officials from conditioning any official action on, or accepting any donations from, any cannabis establishment or applicants for cannabis establishment licenses in the municipality. The bill also bars municipalities from negotiating or entering into a local host agreement with a cannabis establishment or license applicant.

Charge for Initial Public Safety Costs: The bill 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).

Sec. 84 - effective October 1, 2021: Allows municipalities to prohibit consumption of cannabis in public areas and to establish fines for use of cannabis in such areas.

Existing law in place through September 30, 2021 - Allows a municipality to regulate, on any property owned by the municipality, any activity deemed to be deleterious to public health, including the lighting or carrying of a lighted cigarette, cigar, pipe or similar device. This provides sufficient authority to regulate the consumption of cannabis of any form in the interim.

Regulation of Smoking and Cannabis Use: Existing law allows municipalities to regulate activities deemed harmful to public health, including tobacco smoking, on municipally-owned property. The bill broadens this to include property that a municipality controls but does not own. For the purposes of this section, property that a municipality controls includes, but not limited to, sidewalks, parks, beaches, municipal land and buildings, etc. It specifies that this regulatory authority applies to (1) smoked or vaped tobacco or cannabis, and (2) other types of cannabis use or consumption.

For municipalities with more than 50,000 people, if they regulate the public use cannabis, the regulations must designate a location in the municipality where public consumption is allowed. This section does not require that such municipalities provide for a location where any or all forms of cannabis can be consumed, but only some forms of cannabis can be consumed. The most common forms of cannabis consumption are smoking, vaping, and edibles. Through regulations, municipalities may set fines for violations by individuals regarding outdoor consumption of cannabis of up to \$50.

Municipalities are permitted to ban cannabis smoking and vaping at outdoor sections of restaurants. Through regulations, municipalities may set fines for violations of up to \$1,000 for businesses who allow cannabis smoking or vaping contrary to the regulation of the municipality.

Sec. 126 - effective July 1, 2021: Imposes a 3% municipal sales tax on the sale of cannabis that applies in addition to the state's 6.35% sales tax and the state cannabis tax established under the bill; specifies the purposes for which municipalities may use the tax revenue. The 3% municipal sales tax will be administered through DRS, though each municipality will be responsible for collecting the appropriate amounts as identified by DRS.

Municipal Designee: The bill requires each municipality in which a cannabis retailer, hybrid retailer or micro-cultivator is located 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 tax. The DRS commissioner must notify these designated individuals of the tax amount reported due from each cannabis retailer, hybrid retailer and micro-cultivator located in their respective. Such municipalities are then responsible for collecting the tax payments from each payor.

Municipal Uses of Funds: The amounts remitted become a part of the municipality's general revenue and may only be used for the following purposes:

1. streetscape improvements and other neighborhood developments in communities where cannabis retailers, hybrid retailers or micro-cultivators are located;
2. education programs or youth employment and training programs in the municipality;
3. services for individuals living in the municipality who were released from DOC custody, probation, or parole;
4. mental health or addiction services;
5. youth service bureaus and municipal juvenile review boards; and
6. community civic engagement efforts.

Sec. 148 - effective July 1, 2021: Authorizes municipalities to enact certain zoning regulations or ordinances for cannabis establishments; temporarily prohibits municipalities from granting zoning approval for more retailers or micro-cultivators than a number that would allow for one of each for every 25,000 residents; and allows the DCP commissioner to set a population-based cap for number of retailers or micro-cultivators in the future.

General Zoning Authority and Restrictions: Allows municipalities to amend their zoning regulations or local ordinances to take the following actions regarding cannabis establishments:

1. prohibit them from opening;
2. reasonably restrict their hours and signage; or
3. restrict their proximity to religious institutions, schools, charitable institutions, hospitals, veterans' homes, or certain military establishments.

Municipal chief zoning officials are required to report these zoning changes to the OPM Secretary and DCP. They must report in writing within 14 days after adopting the change.

Affirmative Zoning Approval for Retailers and Micro-Cultivators: Until June 30, 2024, municipalities are prohibited 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. Beginning July 1, 2024, the DCP commissioner may post on the department's web site a specific number of residents such that no municipality shall grant zoning approval for more retailers or micro-cultivators than would result in one retailer and one micro-cultivator for every such specific number of residents, as determined by the commissioner.

In order to ensure compliance, the bill requires a special permit or other affirmative approval for any retailer or micro-cultivator seeking to be located within a municipality. A municipality must not grant the special permit or approval for any applicant if an approval would result in exceeding the density cap set by the bill or DCP Commissioner. The purpose of the special permit or other affirmative approval is not to require a public meeting or any other steps or procedures than would otherwise be required under a municipality's zoning ordinance, but rather to ensure that no more retailers or micro-cultivators are granted zoning approval than the number allowable under the legislation.

Municipal Status on Cannabis Regulations

Town Name	Zoning Change Reported
Ansonia	Approved
Ashford	Approved
Avon	Prohibited
Beacon Falls	Approved
Berlin	Moratorium
Bethany	Moratorium
Bethel	Prohibited
Bethlehem	Prohibited
Bloomfield	Approved
Branford	Approved
Bridgeport	Approved
Bridgewater	Prohibited
Bristol	Approved
Brooklyn	Approved
Burlington	Approved
Canton	Approved
Chester	Moratorium
Clinton	Prohibited
Colchester	Moratorium
Columbia	Approved
Cornwall	Moratorium
Danbury	Approved
Durham	Moratorium
East Hampton	Approved
East Hartford	Approved
East Lyme	Approved

Town Name**Zoning Change Reported**

East Windsor

Approved

Ellington

Moratorium

Enfield

Approved

Essex

Moratorium

Glastonbury

Moratorium

Goshen

Moratorium

Granby

Moratorium

Greenwich

Prohibited

Griswold

Moratorium

Groton

Prohibited

Guilford

Moratorium

Hartford

Approved

Harwinton

Moratorium

Hebron

Moratorium

Litchfield

Moratorium

Madison

Moratorium

Manchester

Approved

Marlborough

Moratorium

Meriden

Approved

Middlefield

Prohibited

Middletown

Approved

Morris

Approved

Naugatuck

Approved

New Britain

Approved

New Canaan

Prohibited

Newington

Approved

Newtown

Prohibited

North Stonington

Approved

Norwich

Approved

Town Name**Zoning Change Reported**

Old Lyme

Prohibited

Old Saybrook

Moratorium

Orange

Moratorium

Plainfield

Moratorium

Preston

Moratorium

Prospect

Prohibited

Putnam

Moratorium

Ridgefield

Moratorium

Rocky Hill

Moratorium

Sharon

Moratorium

South Windsor

Approved

Southbury

Moratorium

Southington

Prohibited

Stafford

Approved

Suffield

Approved

Thomaston

Moratorium

Thompson

Approved

Tolland

Approved

Torrington

Approved

Trumbull

Moratorium

Vernon

Approved

Warren

Moratorium

Waterbury

Moratorium

Waterford

Moratorium

West Hartford

Approved

West Haven

Approved

Weston

Prohibited

Westport

Prohibited

Willington

Approved

Town Name

Wilton

Windham

Windsor Locks

Wolcott

Woodbury

Woodstock

Zoning Change Reported

Prohibited

Approved

Moratorium

Prohibited

Prohibited

Moratorium