

CT CANNABIS LEGISLATIVE UPDATE

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2025 Cannabis Amendments Receive a Tepid Reception from Industry

After an active (and long) session, on June 4, 2025, legislators approved modest changes to the cannabis statutes through HB7181, now Public Act 25-166 titled “An Act Concerning the Regulation of Tobacco, Cannabis, Hemp and Related Products, Conduct and Establishments.” Ultimately, many industry stakeholders view the changes as too little, too late, or both. Nevertheless, the amendments reflect a recognition among legislators that change is needed, both to spur growth in a struggling market and to enhance consumer protection against unlicensed and adulterated products. Here is a breakdown of some of the key changes and projected impact on the sector.

Potency Limits Increase

Effective October 1, 2025, PA 25-166 increases potency limits for cannabis products: cannabis flower may contain up to 35% THC (up from 30%), while all other cannabis products, excluding vapes, may contain 70% (up from 60%). The increased potency allowance was a major legislative priority and brings welcome change for the industry and consumers alike. However, many operators view the increase as insufficient to justify expansion of certain product lines, particularly concentrates.

Pharmacist Requirements

Dispensaries and hybrid retailers were required to have a licensed pharmacist physically on-site for at least eight consecutive hours per week. PA 25-166 eases this requirement by allowing telehealth consultations to fulfill the pharmacist presence mandate. This change aimed to alleviate some of the financial burden on hybrid retailers due to the high cost of maintaining on-site pharmacist coverage. It is unclear how much of that cost will be mitigated, though, given the requirement to have a pharmacist available by telehealth at all hours of operation.

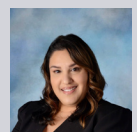
Retail Endorsement for Micro-Cultivator

Micro-cultivators who operate exclusively indoor grow facilities can now obtain a retail or hybrid retailer endorsement, allowing them to sell cannabis products grown in their facility. The endorsement allows micro-cultivators to sell their own cannabis products direct to consumers or through a delivery service, and allows them to sell medical marijuana products (including those grown and manufactured by others) to qualifying patients and caregivers. Additionally, they cannot expand to a cultivator license and must not exceed 25,000 square feet of canopy.

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Section 149 Cultivator Opportunities

- **Conversion to Micro-cultivator**

Licensees under Section 149 (approval and provisional) may convert to a Micro-cultivator license. To do so, the licensee must reapply and demonstrate that the existing Social Equity Applicant (SEA) continues to meet the required residency, income, and ownership/control criteria. Licensees must consider whether the Social Equity (SE) partner has relocated and/or if the SE's income has changed such that they no longer qualify under the applicable requirements.

Licensees who wish to convert should also be aware that all fees already paid, including the \$3M provisional license fee, are non-refundable. The fee for the conversion is \$500,000 and licensees must disclose any ownership changes that have occurred as any such changes must be permitted by statute. Converted Micro-cultivators are eligible to establish one Equity Joint Venture (EJV) for an additional \$500,000 fee but will not be approved to operate the EJV until the micro-cultivation is operational. Converted Micro-cultivators who have already paid the \$3M provisional fee may still create up to two EJVs. Notably, there is no restriction on opening those EJVs until the micro-cultivation is operational.

- **Cultivation Location Expanded Beyond DIAs**

Section 149 Cultivators and Micro-cultivators may operate outside of a Disproportionately Impacted Area (DIA) if they establish a cultivation facility on an existing hemp farm that has been continually licensed since January 1, 2024. Applications for the establishment of such a cultivation facility must be received by July 1, 2026. The space on the hemp farm must be leased, and, significantly, the hemp producer cannot hold any position of ownership, control, or management of the provisional licensee. This restriction on the hemp producers remains in effect for seven years after final licensure. Additionally, the hemp producer must surrender their hemp producer's license. Once the cultivation is operational, these cultivators are allowed to create one EJV. This expansion opportunity allows cultivation partnerships with hemp farmers – who have the relevant space, equipment, and know-how – but relegates them to the position of landlord. In view of what hemp farmers have to give up in order to be eligible to participate in a cannabis cultivation venture, it is unlikely that many will take advantage of this provision.

As of January 1, 2026, Section 149 licensees are permitted to establish indoor or outdoor cultivation facilities outside of a DIA, but with significant restrictions. First, all manufacturing activities must remain in the DIA. These licensees must employ individuals residing in a DIA and make arrangements to transport them to the worksite on a daily basis if located outside of a DIA. They also must make contributions to the Social Equity Fund.

Expanded Enforcement Authority

PA 25-166 creates a new division within the Department of Consumer Protection (DCP) called the Cannabis Control Division (CCD) to oversee cannabis, infused beverage manufacturers, and hemp product licensing, as well as enforcement activities on a statewide basis. CCD is also tasked with conducting investigations and compliance initiatives. CCD may collaborate with other states on enforcing matters concerning cannabis or hemp production across state lines, including exchanging information and personnel with other states for mutual law enforcement efforts regarding these products.



PA 25-166 establishes a Statewide Cannabis and Hemp Policy Board to identify “enforcement opportunities”. CCD may request assistance from any federal, state, or local agency to help identify an enforcement activity.

Under PA 25-166, DCP may suspend, revoke, or refuse to grant or renew registration. They may also impose fines up to \$10,000 for each violation, place a registrant on probation, or impose conditions on them. Reasons for disciplinary actions include failure to cooperate with DCP, making misleading representations to the public or DCP, and providing false or fraudulent information in applications.

Quick Response Code (QR Code)

PA 25-166 establishes QR codes that must be displayed by licensees to verify they hold an active DCP license. Noncompliance with this requirement constitutes a CUTPA violation and is subject to enforcement including penalties and additional fines. The QR code is a quick and easy way for consumers to verify the legitimacy of a cannabis establishment.

Infused Beverages

As of January 1, 2026, Infused Beverage manufacturers may apply for a high-THC beverage endorsement that allows for the manufacture of high-THC beverages exclusively for sale outside of Connecticut. A high-THC beverage contains more than 3mg of total THC per container, is at least 12 fluid ounces, is derived solely from hemp, and is not more than 0.3% THC by dry weight. This provision provides a much sought after safe harbor for infused beverage manufacturers to make additional product lines for sale outside of Connecticut.

PA 25-166 establishes a new licensure opportunity, creating an Infused Beverage Wholesaler (IBW) that is authorized to distribute/wholesale infused beverages. Wholesaler permittees may still distribute Infused Beverages and do not need to obtain an IBW license.

Relaxed Restrictions for Transporters

PA 25-166 modifies the existing restrictions on the transportation and storage of cannabis. It permits transporters to store, maintain and handle cannabis for up to 30 days, provided they meet certain conditions. These conditions include keeping the cannabis in closed, child-resistant packaging; maintaining proper records and electronic tracking; and making a one-time payment of \$5,000 which will be deposited in the consumer protection enforcement account.

Other Notable Changes

A few other bills from this session contained changes affecting cannabis businesses. For example, if there is a transfer in ownership of a social equity license during the 3-year restricted period due to death/disability and the transfer is to a non-SE owner, the licensee will be treated as a non-Social Equity licensee and will lose associated benefits, such as the reduced license fee for the first 3 years of operation.

In addition, the definition of “Backer” now excludes a bank, bank and trust company, bank holding company, credit union, financial institution, foreign bank, or trust company that provides nonequity financing to a cannabis establishment and does not directly participate in the control, management or operation of the cannabis



establishment. This change will ease regulatory barriers to lending and may provide comfort to financial institutions wary of the backer association when lending money to cannabis establishments.

Hemp Manufacturing

The 2025 session is also notable for what did not pass; namely, reforms and allowances to hemp manufacturing and processing. Senate Bill 970, which would have expanded the types of products hemp processors could manufacture, was not called for a vote.

Conclusion

While the 2025 session brought some welcome changes for existing businesses and provisional licensees struggling to get up and running, several reforms intended to spur growth may fall short. In the coming months, DCP will be updating its cannabis policies and procedures, which may, or may not, bring businesses financial relief from onerous packaging and testing requirements.

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