



Testimony of Bryan T. Cafferelli

Commissioner of the Department of Consumer Protection

April 14, 2025

HB 7271 – AA ESTABLISHING A WORKING GROUP TO STUDY BEVERAGE CONTAINER REDEMPTION RATES IN THE STATE AND REDUCING THE FEE ON INFUSED BEVERAGE CONTAINERS.

Rep. Horn, Sen. Fonfara, Rep. Polletta, Sen. Fazio and distinguished members of the Finance, Revenue and Bonding Committee, thank you for the opportunity to offer testimony regarding HB 7271 - An Act Establishing a Working Group to Study Beverage Container Redemption Rates in the State and Reducing the Fee on Infused Beverage Containers.

Last year, the legislature enacted Public Act 24-76, which expanded enforcement authority over unlicensed businesses engaged in the marketing and sale of cannabis. This enforcement included investigations into legal and illegal businesses that manufacture, wholesale and distribute intoxicating hemp and cannabis products in Connecticut and made violations of various sections of the act a per se Connecticut Unfair Trade Practice Act violations. By doing so, municipalities and consumers come are directed to the Department of Consumer Protection (DCP) for complaint resolution, resulting in increased complaints, and investigations and legal enforcement actions. Public Act 24-76 also established new cannabis and hemp credentials and created partnership pathways with state and local law enforcement agencies to ensure compliance with the new cannabis laws.

To fund DCP's expanded enforcement responsibility, Public Act 24-76 provided for a one dollar per container fee from the sale of THC-infused beverages to be deposited into the Consumer Protection Enforcement Account. This account is used to protect public health and safety, educate consumers and licensees, and ensure compliance with cannabis, hemp and liquor control laws. The Act specifically required DCP, upon request of the Attorney General (OAG), to execute a Memorandum of Understanding to provide OAG with funds from the DCP Consumer Protection Enforcement Account to pay for personal services and other enforcement expenses incurred in enforcing the law.

The container fee is remitted twice a year by: (1) cannabis establishments by October 1 and April 1; and (2) liquor wholesalers by January 1 and July 1. As of April 9, 2025, the Consumer Protection Enforcement Account has received \$896,128 from the sale of these infused beverages

DCP and OAG entered into a Memorandum of Understanding, agreeing that the revenue from this fee would support: (1) salaries and fringe benefit costs for cannabis and hemp enforcement, including a legal investigator, staff attorney II, assistant attorney general, support staff and other comparable positions; and (2) costs and expenses necessary and related to cannabis and hemp enforcement, including undercover purchases, expert consultants, and laboratory analysis.

Section 2 of HB 7271 drastically reduces the fee collected from the sale of THC-infused beverages from one dollar to five cents. This 95 percent reduction would dramatically impact DCP's and OAG's ability to carry out the enforcement requirements set forth last year in PA 24-76. The bulk of infused beverages sales come from package stores. The bi-annual payment from liquor wholesalers on January 1, 2025 was \$659,492. If the fee was reduced to \$0.05, the revenue for that same six-month period of THC-infused beverage sales would have been \$32,975. This would not be sufficient to provide the DCP or OAG with any resources to address the major concerns in the marketplace surrounding these intoxicating products with significant public health risks. For this reason, the Department opposes this section.

Thank you for the opportunity to submit this testimony. If you have any questions or concerns, please contact DCP Legislative Director, C.J. Strand, or Legislative and Regulations Specialist, Sara LeMaster.