

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Government Operations and Military Affairs to which  
3 was referred House Bill No. 612 entitled “An act relating to miscellaneous  
4 cannabis amendments” respectfully reports that it has considered the same and  
5 recommends that the bill be amended by striking out all after the enacting  
6 clause and inserting in lieu thereof the following:

7 Sec. 1. 6 V.S.A. § 562(4) is amended to read:

8 (4)(A) “Hemp products” or “hemp-infused products” means all products  
9 with the federally defined tetrahydrocannabinol concentration level for hemp  
10 derived from, or made by, processing hemp plants or plant parts, which are  
11 prepared in a form available for commercial sale, including cosmetics,  
12 personal care products, food intended for animal or human consumption, cloth,  
13 cordage, fiber, fuel, paint, paper, construction materials, plastics, and any  
14 product containing one or more hemp-derived cannabinoids, such as  
15 cannabidiol.

16 (B) Notwithstanding subdivision (A) of this subdivision (4), “hemp  
17 products” and “hemp-infused products” do not include any substance,  
18 manufacturing intermediary, or product that:

19 (i) is prohibited or deemed a regulated cannabis product by  
20 administrative rule of the Cannabis Control Board; or

1                   (ii) contains more than 0.3 percent total tetrahydrocannabinol on a  
2 dry-weight basis.

3                   (C) A hemp-derived product or substance that is excluded from the  
4 definition of “hemp products” or “hemp-infused products” pursuant to  
5 subdivision (B) of this subdivision (4) shall be considered a cannabis product  
6 as defined by 7 V.S.A. § 831(3); provided, however, that a person duly  
7 licensed or registered by the Cannabis Control Board lawfully may possess  
8 such products in conformity with the person’s license or hemp processor  
9 registration.

10           Sec. 2. 7 V.S.A. § 861(18) is amended to read:

11                   (18) “Controls,” “is controlled by,” and “under common control” mean  
12 the power to direct, or cause the direction or management and policies of a  
13 person, ~~whether through the direct or beneficial ownership of voting securities,~~  
14 ~~by contract, or otherwise.~~ A person who ~~directly or beneficially owns~~ has a  
15 10 percent or more ownership interest or equity interest, or the equivalent  
16 ~~thereof,~~ in the assets, capital, profits, or stock of another person shall be  
17 deemed to control the person.

18           Sec. 3. 7 V.S.A. § 868 is amended to read:

19           § 868. PROHIBITED PRODUCTS

20                   (a) The Except as provided in section 907 of this title relating to a retailer  
21 with a medical endorsement, the following are prohibited products and may

1 not be cultivated, produced, or sold pursuant to a license issued under this  
2 chapter:

3 (1) cannabis flower with greater than 30 percent tetrahydrocannabinol;

4 (2) flavored oil cannabis products sold prepackaged for use with battery-  
5 powered devices and any cannabis flower that contains characterizing flavor  
6 that is not naturally occurring in the cannabis;

7 (3) cannabis products that contain delta-9 tetrahydrocannabinol and  
8 nicotine or alcoholic beverages; and

9 (4) any cannabis, cannabis products, or packaging of such items that are  
10 designed to make the product more appealing to persons under 21 years of age.

11 (b)(1) Except as provided by subdivision (2) of this subsection and in  
12 section 907 of this title relating to a retailer with a medical endorsement, solid  
13 and liquid concentrate cannabis products with greater than 60 percent  
14 tetrahydrocannabinol may be produced by a licensee and sold to another  
15 licensee in accordance with subchapter 3 of this chapter but shall not be sold to  
16 the public by a licensed retailer or integrated licensee.

17 (2) Liquid concentrate cannabis products with greater than 60 percent  
18 tetrahydrocannabinol that are prepackaged for use with battery-powered  
19 devices shall be permitted to be sold to the public by a licensed retailer or  
20 integrated licensee.

1 Sec. 4. 7 V.S.A. § 881 is amended to read:

2 § 881. RULEMAKING; CANNABIS ESTABLISHMENTS

3 (a) The Board shall adopt rules to implement and administer this chapter in  
4 accordance with subdivisions (1)–(8) of this subsection.

5 (1) Rules concerning any cannabis establishment shall include:

6 (A) the form and content of license and renewal applications;

7 (B) qualifications for licensure that are directly and demonstrably  
8 related to the operation of a cannabis establishment, including:

9 (i) a requirement to submit an operating plan, which shall include  
10 information concerning:

11 (I) the type of business organization, the identity of its  
12 controlling owners and principals, and the identity of the controlling owners  
13 and principals of its affiliates; and

14 (II) the sources, amount, and nature of its capital, assets, and  
15 financing; the identity of its financiers; and the identity of the controlling  
16 owners and principals of its financiers;

17 (ii) a requirement to file an amendment to its operating plan in the  
18 event of a significant change in organization, operation, or financing; and

19 (iii) the requirement for a fingerprint-based criminal history record  
20 check and regulatory record check pursuant to section 883 of this title;

1           (C) oversight requirements, including provisions to ensure that a  
2 licensed establishment complies with State and federal regulatory requirements  
3 governing insurance, securities, workers’ compensation, unemployment  
4 insurance, and occupational health and safety;

5           (D) inspection requirements;

6           (E) records to be kept by licensees and the required availability of the  
7 records;

8           (F) employment and training requirements;

9           (G) security requirements, including any appropriate lighting,  
10 physical security, video, and alarm requirements;

11           (H) health and safety requirements;

12           (I) regulation of additives to cannabis and cannabis products,  
13 including cannabidiol derived from hemp and substances that are toxic or  
14 designed to make the product more addictive, more appealing to persons under  
15 21 years of age, or to mislead consumers;

16           (J) procedures for seed-to-sale traceability of cannabis, including any  
17 requirements for tracking software;

18           (K) regulation of the storage and transportation of cannabis;

19           (L) sanitary requirements;

1 (M) procedures for the renewal of a license, which shall allow  
2 renewal applications to be submitted up to 90 days prior to the expiration of  
3 the cannabis establishment’s license;

4 (N) procedures for suspension and revocation of a license;

5 (O) requirements for banking and financial transactions, including  
6 provisions to ensure that the Board, the Department of Financial Regulation,  
7 and financial institutions have access to relevant information concerning  
8 licensed establishments to comply with State and federal regulatory  
9 requirements;

10 (P) disclosure or eligibility requirements for a financier, its owners  
11 and principals, and its affiliates, which may include:

12 (i) requirements to disclose information to a licensed  
13 establishment, the Board, or the Department of Financial Regulation;

14 (ii) a minimum age requirement and a requirement to conduct a  
15 background check for natural persons;

16 (iii) requirements to ensure that a financier complies with  
17 applicable State and federal laws governing financial institutions, licensed  
18 lenders, and other financial service providers; and

19 (iv) any other requirements, conditions, or limitations on the type  
20 or amount of loans or capital investments made by a financier or its affiliates,  
21 which the Board, in consultation with the Department of Financial Regulation,

1 determines are necessary to protect the public health, safety, and general  
2 welfare;

3 (Q) policies and procedures for conducting outreach and promoting  
4 participation in the regulated cannabis market by diverse groups of individuals,  
5 including those who have been disproportionately harmed by cannabis  
6 prohibition;

7 (R) advertising and marketing; and

8 (S) requirements for cannabis control testing of hemp, hemp-infused  
9 products, cannabis, and cannabis products.

10 (2)(A) Rules concerning cultivators shall include:

11 (i) creation of a tiered system of licensing based on the plant  
12 canopy size of the cultivation operation or plant count for breeding stock;

13 (ii) pesticides or classes of pesticides that may be used by  
14 cultivators, provided that any rules adopted under this subdivision shall  
15 comply with and shall be at least as stringent as the Agency of Agriculture,  
16 Food and Markets' Vermont Pesticide Control Regulations;

17 (iii) standards for indoor cultivation of cannabis;

18 (iv) procedures and standards for testing cannabis for  
19 contaminants, potency, and quality assurance and control;

1 (v) labeling requirements for cannabis sold to retailers and  
2 integrated licensees, including health warnings developed in consultation with  
3 the Department of Health;

4 (vi) regulation of visits to the establishments, including the  
5 number of visitors allowed at any one time and record keeping concerning  
6 visitors; ~~and~~

7 (vii) facility inspection requirements and procedures; and  
8 (viii) performance standards that would allow the Board to  
9 relegate a cultivator into a lower tier or expand into a tier that may not be  
10 otherwise available to new applicants.

11 \* \* \*

12 (5) Rules concerning retailers shall include:

13 (A) requirements for proper verification of age of customers;

14 (B) restrictions that cannabis shall be stored behind a counter or other  
15 barrier to ensure a customer does not have direct access to the cannabis;

16 (C) requirements that if the retailer sells hemp or hemp products, the  
17 hemp and hemp products are clearly labeled as such;

18 (D) requirements for opaque, child-resistant packaging of cannabis  
19 products and child-deterrent packaging for cannabis at point of sale to  
20 customer; ~~and~~



1 (E) requirements and procedures for facility inspection to occur at  
2 least annually;

3 (F) location or siting requirements that increase the geographic  
4 distribution of new cannabis retail establishments based on population and  
5 market needs; and

6 (G) requirements for a medical-use endorsement, including rules  
7 requiring access for patients who are under 21 years of age.

8 \* \* \*

9 Sec. 5. 7 V.S.A. § 907 is amended to read:

10 § 907. RETAILER LICENSE

11 (a) A retailer licensed under this chapter may:

12 (1) purchase cannabis and cannabis products from a licensed cannabis  
13 establishment; and

14 (2) transport, possess, package, and sell cannabis and cannabis products  
15 to the public for consumption off the registered premises or for cultivation.

16 (b) In a single transaction, a retailer may provide one ounce of cannabis or  
17 the equivalent in cannabis products, or a combination thereof, to a person 21  
18 years of age or older upon verification of a valid government-issued  
19 photograph identification card.

20 (c)(1) Packaging shall include:

21 (A) the strain and variety of cannabis contained;

1 (B) the potency of the cannabis represented by the amount of  
2 tetrahydrocannabinol and cannabidiol in milligrams total and per serving;

3 (C) a “produced on” date reflecting the date that the cultivator  
4 finished producing the cannabis;

5 (D) appropriate warnings as prescribed by the Board in rule; and

6 (E) any additional requirements contained in rules adopted by the  
7 Board in accordance with this chapter.

8 (2) Packaging shall not be designed to appeal to persons under 21 years  
9 of age.

10 (d) A retailer shall display a safety information flyer at the point of  
11 purchase and offer a customer a copy of the flyer with each purchase. A  
12 retailer shall inform the customer that if the customer elects not to receive the  
13 flyer, the information contained in the flyer is available on the website for the  
14 Board. The flyer shall be developed by the Board in consultation with the  
15 Department of Health, posted on the Board’s website, and supplied to the  
16 retailer free of charge. At a minimum, the flyer or flyers shall contain  
17 information concerning the methods for administering cannabis, the amount of  
18 time it may take for cannabis products to take effect, the risks of driving under  
19 the influence of cannabis, the potential health risks of cannabis use, the  
20 symptoms of problematic usage, how to receive help for cannabis abuse, and a  
21 warning that cannabis possession is illegal under federal law.

1 (e) Delivery of cannabis to customers is prohibited, except as provided in  
2 subsection (f) of this section.

3 (f) A retailer may obtain a medical-use endorsement in compliance with  
4 rules adopted by the Board and the endorsement shall permit the retailer to:

5 (1) sell tax-free cannabis and cannabis products to registered patients  
6 directly or through their registered caregivers:

7 (A) that are otherwise prohibited for sale to nonmedical customers  
8 pursuant to subdivisions 868(a)(1) and (b)(1) of this title;

9 (B) that are otherwise prohibited for sale to nonmedical customers if  
10 they are determined to be appropriate for use by a registered patient as  
11 determined by the Board through rulemaking; and

12 (C) quantities in excess of the single transaction limit in subsection  
13 (b) of this section provided they do not exceed the per patient possession limit  
14 in section 952 of this title .

15 (2) deliver cannabis and cannabis products to registered patients directly  
16 or through their registered caregivers; and

17 (3) allow registered patients to purchase directly or through their  
18 registered caregivers cannabis and cannabis products without leaving their  
19 vehicles.

1 Sec. 6. 7 V.S.A. § 910 is amended to read:

2 § 910. CANNABIS ESTABLISHMENT FEE SCHEDULE

3 The following fees shall apply to each person or product licensed by the  
4 Board:

5 \* \* \*

6 (4) Retailers.

7 (A) Retailers that sell cannabis and cannabis products to consumers  
8 shall be assessed an annual licensing fee of \$10,000.00.

9 (B) Retailers that include a medical-use endorsement shall be  
10 assessed an annual licensing fee of \$10,250.00.

11 \* \* \*

12 Sec. 7. 7 V.S.A. § 951(8) is amended to read:

13 (8) “Qualifying medical condition” means:

14 (A) cancer, multiple sclerosis, positive status for human  
15 immunodeficiency virus, acquired immune deficiency syndrome, glaucoma,  
16 Crohn’s disease, Parkinson’s disease, post-traumatic stress disorder, ulcerative  
17 colitis, or the treatment of these conditions, if the disease or the treatment  
18 results in severe, persistent, and intractable symptoms; or

19 (B) a disease or medical condition or its treatment that is chronic,  
20 debilitating, and produces one or more of the following intractable symptoms:  
21 cachexia or wasting syndrome, chronic pain, severe nausea, or seizures.

1 Sec. 8. 7 V.S.A. § 955 is amended to read:

2 § 955. REGISTRATION; FEES

3 (a) A registration card shall expire ~~one year after the date of issuance for~~  
4 ~~patients with a qualifying medical condition of chronic pain and the caregivers~~  
5 ~~who serve those patients. For all other patients and the caregivers who serve~~  
6 ~~those patients, a registration card shall expire~~ three years after the date of  
7 issuance. A patient or caregiver may renew the card according to protocols  
8 adopted by the Board.

9 (b) The Board shall charge and collect a \$50.00 registration and renewal  
10 fee for patients and caregivers. Fees shall be deposited in the Cannabis  
11 Regulation Fund as provided in section 845 of this title.

12 Sec. 9. 7 V.S.A. § 977 is amended to read:

13 § 977. FEES

14 (a) The Board shall charge and collect the following fees for dispensaries:

15 (1) a one-time ~~\$2,500.00~~ \$1,000.00 application fee;

16 (2) a ~~\$20,000.00~~ registration fee for the first year of operation;

17 (3) an annual renewal fee of ~~\$25,000.00~~ for a subsequent year of  
18 operation \$5,000.00; and

19 (4)(3) an annual Registry identification or renewal card fee of \$50.00 to  
20 be paid by the dispensary for each owner, principal, financier, and employee of  
21 the dispensary.

1 (b) Fees shall be deposited in the Cannabis Regulation Fund as provided in  
2 section 845 of this title.

3 Sec. 10. 7 V.S.A. § 978(f) is amended to read:

4 (f) ~~The Board may charge and collect fees for review of advertisements.~~

5 [Repealed.]

6 Sec. 11. 18 V.S.A. § 4230(d) is amended to read:

7 (d) ~~Cannabis-infused~~ Cannabis-infused products. Only the portion of a  
8 cannabis-infused product that is attributable to cannabis shall count toward the  
9 possession limits of this section. The weight of cannabis that is attributable to  
10 cannabis-infused products shall be determined according to methods set forth  
11 in rule by the ~~Department of Public Safety in accordance with chapter 86 of~~  
12 ~~this title (therapeutic use of cannabis)~~ Cannabis Control Board.

13 Sec. 12. 20 V.S.A. § 2730(b) is amended to read:

14 (b) The term “public building” does not include:

15 \* \* \*

16 (5) A farm building that is used in the outdoor cultivation of cannabis by  
17 a person licensed pursuant to 7 V.S.A. chapter 33 in accordance with such  
18 chapter and related rules.

1 Sec. 13. 32 V.S.A. § 7902 is amended to read:

2 § 7902. CANNABIS EXCISE TAX

3 (a) There is imposed a cannabis excise tax equal to 14 percent of the sales  
4 price of each retail sale in this State of cannabis and cannabis products,  
5 including food or beverages.

6 (b) The tax imposed by this section shall be paid by the purchaser to the  
7 retailer or integrated licensee. Each retailer or integrated licensee shall collect  
8 from the purchaser the full amount of the tax payable on each taxable sale.

9 (c) The tax imposed by this section is separate from and in addition to the  
10 general sales and use tax imposed by chapter 233 of this title. The tax imposed  
11 by this section shall not be part of the sales price to which the general sales and  
12 use tax applies. The cannabis excise tax shall be separately itemized from the  
13 general sales and use tax on the receipt provided to the purchaser.

14 (d) The following sales shall be exempt from the tax imposed under this  
15 section:

16 (1) sales under any circumstances in which the State is without power to  
17 impose the tax; and

18 (2) sales made by any dispensary as authorized under 7 V.S.A. chapter  
19 37 or any retailer licensed with a medical-use endorsement as authorized under  
20 7 V.S.A. chapter 33, provided that the cannabis or cannabis product is sold  
21 only to registered ~~qualifying~~ patients directly or through their registered

1 caregivers. A retailer that sells cannabis or cannabis products that are exempt  
2 from tax pursuant to this subdivision shall retain information pertaining to each  
3 exempt transaction as required by the Commissioner of Taxes.

4 Sec. 14. 32 V.S.A. § 9741 is amended to read:

5 § 9741. SALES NOT COVERED

6 Retail sales and use of the following shall be exempt from the tax on retail  
7 sales imposed under section 9771 of this title and the use tax imposed under  
8 section 9773 of this title:

9 \* \* \*

10 (55) Cannabis and cannabis products, as defined under 7 V.S.A. § 831,  
11 sold by any dispensary as authorized under 7 V.S.A. chapter 37 or any retailer  
12 licensed with a medical-use endorsement as authorized under 7 V.S.A. chapter  
13 33, provided that the cannabis or cannabis product is sold only to registered  
14 qualifying patients directly or through their registered caregivers. A retailer  
15 that sells cannabis or cannabis products that are exempt from tax pursuant to  
16 this subdivision shall retain information pertaining to each exempt transaction  
17 as required by the Commissioner of Taxes.

18 \* \* \*

19 Sec. 15. TRANSFER AND APPROPRIATION

20 Notwithstanding 7 V.S.A. § 845(c), in fiscal year 2025:





1 (1) be regulated in the same manner as “farming” and not as  
2 “development” on the tract of land where cultivation occurs for the purposes of  
3 permitting under 10 V.S.A. chapter 151;

4 (2)(A) not be regulated by a municipal bylaw adopted under 24 V.S.A.  
5 chapter 117 in the same manner that Required Agricultural Practices are not  
6 regulated by a municipal bylaw under 24 V.S.A. § 4413(d)(1)(A), except that  
7 there shall be the following minimum setback distance between the cannabis  
8 plant canopy and a property boundary or edge of a highway:

9 (i) if the cultivation occurs in a cannabis cultivation district  
10 adopted by a municipality pursuant to 24 V.S.A. § 4414a, the setback shall be  
11 not larger than 25 feet as established by the municipality; and

12 (ii) if the cultivation occurs outside of cannabis cultivation district  
13 adopted by a municipality pursuant to 24 V.S.A. § 4414a or no cannabis  
14 cultivation district has been adopted by the municipality, the setback shall be  
15 not larger than 100 feet as established by the municipality;

16 (B) if a municipality does not have zoning, the setback shall be 10  
17 feet;

18 (3) be eligible to enroll in the Use Value Appraisal Program under  
19 32 V.S.A. chapter 124 for the cultivation of cannabis;

20 (4) be exempt under 32 V.S.A. § 9741(3), (25), and (50) from the tax on  
21 retail sales imposed under 32 V.S.A. § 9771; and

1           (5) be entitled to the rebuttable presumption that cultivation does not  
2 constitute a nuisance under 12 V.S.A. chapter 195 in the same manner as  
3 “agricultural activities” are entitled to the rebuttable presumption, provided  
4 that, notwithstanding 12 V.S.A. § 5753(a)(1)(A), the cultivation is complying  
5 with subsections (b) and (d) of this section.

6 Sec. 17. 24 V.S.A. § 4414a is added to read:

7 § 4414a. CANNABIS CULTIVATION DISTRICT

8       A municipality, after consultation with the municipal cannabis control  
9 commission, if one exists, may adopt a bylaw identifying cannabis cultivation  
10 districts where the outdoor cultivation of cannabis is preferred within the  
11 municipality. Cultivation of cannabis within a cannabis cultivation district  
12 shall be presumed not to result in an undue effect on the character of the area  
13 affected. The adoption of a cannabis cultivation district shall not have the  
14 effect of prohibiting cultivation of outdoor cannabis in the municipality.

15 Sec. 18. EFFECTIVE DATES

16       Sec. 6, 7 V.S.A. § 910, shall take effect on July 1, 2025, and the remainder  
17 of the act shall take effect on passage.

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1

2 (Committee vote: \_\_\_\_\_)

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\_\_\_\_\_

4

Representative \_\_\_\_\_

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FOR THE COMMITTEE