

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 in the assets, capital,
16 profits, or stock, or the equivalent thereof, of another person shall be deemed
17 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 * * *

11 (5) Rules concerning retailers shall include:

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

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

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

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

20 (E) requirements and procedures for facility inspection to occur at
21 least annually;

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

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

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

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

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

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

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

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

5 (A) that are otherwise prohibited for sale to non-medical customers
6 pursuant to subdivisions 868(a)(1) and (b)(1) of this title;

7 (B) that are otherwise prohibited for sale to non-medical customers if
8 they are determined to be appropriate for use by a registered patient as
9 determined by the Board through rulemaking; and

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

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

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

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

19 § 910. CANNABIS ESTABLISHMENT FEE SCHEDULE

20 The following fees shall apply to each person or product licensed by the
21 Board:

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(4) Retailers.

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

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

* * *

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

(8) “Qualifying medical condition” means:

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

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

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

§ 955. REGISTRATION; FEES

(a) A registration card shall expire ~~one year after the date of issuance for patients with a qualifying medical condition of chronic pain and the caregivers~~

1 ~~who serve those patients. For all other patients and the caregivers who serve~~
2 ~~those patients, a registration card shall expire~~ three years after the date of
3 issuance. A patient or caregiver may renew the card according to protocols
4 adopted by the Board.

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

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

9 § 977. FEES

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

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

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

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

15 ~~(4)(3)~~ an annual Registry identification or renewal card fee of \$50.00 to
16 be paid by the dispensary for each owner, principal, financier, and employee of
17 the dispensary.

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

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

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

2 [Repealed.]

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

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

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

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

12 * * *

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

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

17 § 7902. CANNABIS EXCISE TAX

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

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

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

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

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

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

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

21 § 9741. SALES NOT COVERED

1 to fund technical assistance and provide loans and grants pursuant to 7 V.S.A.
2 § 987.

3 **Sec. 16. CULTIVATOR LICENSE MORATORIUM**

4 (a) Notwithstanding 2020 Acts and Resolves No. 164, Sec. 8, except as
5 provided in subsection (b) of this section, the Board shall not issue any new
6 cultivator licenses between July 1, 2024 and July 1, 2026, but may renew the
7 licenses of cultivators who meet the requirements under law.

8 (b) The Board may accept applications for new cultivator licenses
9 November 1 through November 30, 2024 and shall act on such applications no
10 later than March 1, 2025.

11 **Sec. 17. EFFECTIVE DATES**

12 Sec. 6 shall take effect on July 1, 2025, and the remainder of the act shall
13 take effect on passage.

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19 (Committee vote: _____)

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Representative _____

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FOR THE COMMITTEE