VERMONT LEGISLATIVE
Joint Fiscal Office
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Fiscal Note
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H.270 – An act relating to miscellaneous amendments to the adult-use and medical cannabis programs

As passed by the House of Representatives[1]

Bill Summary

This bill makes various changes to the Vermont adult-use and medical cannabis programs:

- Repeal the Cannabis Control Board Advisory Committee
- End the sunset of the Cannabis Control Board in 2024
- Clarifying what constitutes the advertisement of cannabis product
- Increase the maximum THC content of a packaged cannabis product from 50 to 100 mg
- Creates a new propagator license, which would allow for production of clones or immature cannabis plants
- Expand the qualifying medical conditions that would allow someone to participate in the medical cannabis program
- Allow a registered patient or caregiver to grow up to 6 mature plants and 12 immature plants
- Changes background check requirements for caregivers and allows caregivers to care for up to 2 people at a time
- Changes the renewal period for medical registry cards for people with certain types of qualifying conditions

Fiscal Impact

JFO estimates that the proposed bill will result in reduced revenue to the Cannabis Regulation Fund of $70,000.

Background and Details

The following sections have a potential fiscal impact.

Section 1

[1] https://legislature.vermont.gov/Documents/2024/Docs/BILLS/H-0270/H-0270%20As%20passed%20by%20the%20House%20Official.pdf

Section 1 would repeal the Cannabis Control Board Advisory Committee. The Cannabis Control Board budgeted for Advisory Committee per diems in the last fiscal year and no Advisory Committee member requested per diems. The budgetary savings associated with this change are minimal.

Section 4

As part of the rulemaking process, dispensaries in the adult-use program would be able to sell packaged products with a maximum 100mg of THC (the active component of cannabis), up from the current maximum of 50mg. Increasing package sizes will likely have a minimal impact on the total product sold. As a result, overall purchases, excise tax, and sales tax revenues likely will not change.

Section 8

Section 8 would create a new license for propagators. The propagator license would allow nursery-type cultivation of immature plants or clones. This new license type has an associated fee that is established in Section 12, discussed below.

Section 12

Section 12 establishes a $500 registration fee for nurseries. These funds would be deposited into the Cannabis Regulation Fund.

- **The Cannabis Control Board estimates licensing 100 propagators in fiscal year 2024 at the $500 registration fee, generating $50,000 in new Special Fund revenue.**

Section 12 also adjusts the revenue threshold of the Manufacturer – Tier 1 license. Currently, manufacturers with less than $10,000 in sales who do not use solvents are considered "Tier 1" and assessed a $750 fee. Manufacturers with more than $10,000 in sales are considered "Tier 2" and assessed a fee of $2,500. In Section 12, the definition of the Manufacturer – Tier 1 license would expand to include all manufacturers with less than $50,000 in revenue. This change is unlikely to change the number of Tier 1 and Tier 2 licenses and will not result in a net change in revenue.

Section 13

Section 13 makes a variety of changes to the medical cannabis program. Two main provisions have a fiscal impact.

- First, medical cannabis patients and caregivers are required to maintain registry cards and renew them annually at a cost of $50. The proposed legislation would change the renewal period to once every five years for all patients except those who qualify for chronic pain, who would still have to renew every year. According to the Cannabis Control Board, approximately 700 of the 3,700 patients in the medical program qualify for chronic pain and renew annually, while the remaining 3,000 would renew every five years. This would result in a $120,000 decrease in revenue to the Cannabis Regulation Fund annually.
- Second, registered patients or caregivers would be able to grow up to six mature plants and 12 immature plants, an increase from two mature plants and seven immature plants. The larger amounts of homegrown cannabis could potentially impact both the adult-use and medical program, which would potentially decrease both excise and sales tax revenues from cannabis. However, it is unlikely that the amount of product that could potentially enter the legacy market is large and so this change will not have an impact on revenues.

Section 15

Section 15 clarifies that tobacco paraphernalia sold at a cannabis establishment or medical cannabis dispensary would not be subject to regulation of tobacco products under the Department of Liquor and Lottery (DLL). Existing statute required cannabis establishments and medical program dispensaries that sold tobacco paraphernalia to participate in yearly inspections from DLL. This clarification will decrease inspection staff time at the Department of Liquor and Lottery.

On-going Cannabis Regulation Fund Fiscal Changes

Section	Special Fund
Sec. 8 and 12 – New propagator license	50,000
Sec. 13 –Extension of renewal period for patient registration cards	(120,000)
Total	(70,000)