

1 TO THE HONORABLE SENATE:

2 The Committee on Finance to which was referred Senate Bill No. 241
3 entitled “An act relating to personal possession and cultivation of cannabis and
4 the regulation of commercial cannabis establishments” respectfully reports that
5 it has considered the same and recommends that the bill be amended as
6 follows:

7 First: By striking out Sec. 2 in its entirety and inserting in lieu thereof the
8 following:

9 Sec. 2. MARIJUANA YOUTH EDUCATION AND PREVENTION

10 (a)(1) Relying on lessons learned from tobacco and alcohol prevention
11 efforts, the Department of Health, in collaboration with the Department of
12 Public Safety, the Agency of Education, and the Governor’s Highway Safety
13 Program, shall develop and administer an education and prevention program
14 focused on use of marijuana by youth under 25 years of age. In so doing, the
15 Department shall consider at least the following:

16 (A) Community- and school-based youth and family-focused
17 prevention initiatives that strive to:

18 (i) expand the number of school-based grants for substance abuse
19 services to enable each Supervisory Union to develop and implement a plan for
20 comprehensive substance abuse prevention education in a flexible manner that
21 ensures the needs of individual communities are addressed;

1 (ii) improve the Screening, Brief Intervention and Referral to
2 Treatment (SBIRT) practice model for professionals serving youth in schools
3 and other settings; and

4 (iii) expand family education programs.

5 (B) An informational and counter-marketing campaign using a public
6 website, printed materials, mass and social media, and advertisements for the
7 purpose of preventing underage marijuana use.

8 (C) Education for parents and health care providers to encourage
9 screening for substance use disorders and other related risks.

10 (D) Expansion of the use of SBIRT among the State’s pediatric
11 practices and school-based health centers.

12 (E) Strategies specific to lesbian, gay, bisexual, transgender, and
13 questioning youth and increased risks of substance abuse they face.

14 (b) The Department shall include questions in its biannual Youth Risk
15 Behavior Survey to monitor the use of marijuana by youth in Vermont and to
16 understand the source of marijuana used by this population.

17 (c) Any data collected by the Department on the use of marijuana by youth
18 shall be maintained and organized in a manner that enables the pursuit of
19 future longitudinal studies.

1 Second: By adding a Sec. 10a to read as follows:

2 Sec. 10a. 18 V.S.A. § 4230g is added to read:

3 § 4230g. SALE OR FURNISHING MARIJUANA TO A PERSON UNDER

4 21 YEARS OF AGE; CIVIL ACTION FOR DAMAGES

5 (a) A spouse, child, guardian, employer, or other person who is injured in
6 person, property, or means of support by a person under 21 years of age who is
7 impaired by marijuana, or in consequence of the impairment by marijuana of
8 any person under 21 years of age, shall have a right of action in his or her own
9 name, jointly or severally, against any person or persons who have caused in
10 whole or in part such impairment by selling or furnishing marijuana to a person
11 under 21 years of age.

12 (b) Upon the death of either party, the action and right of action shall
13 survive to or against the party's executor or administrator. The party injured or
14 his or her legal representatives may bring either a joint action against the
15 impaired person under 21 years of age and the person or persons who sold or
16 furnished the marijuana, or a separate action against either or any of them.

17 (c) An action to recover for damages under this section shall be
18 commenced within two years after the cause of action accrues, and not after.

19 (d) In an action brought under this section, evidence of responsible actions
20 taken or not taken is admissible if otherwise relevant. Responsible actions may
21 include a marijuana establishment's instruction to employees as to laws

1 governing the sale of marijuana to adults 21 years of age or older and
2 procedures for verification of age of customers.

3 (e) A defendant in an action brought under this section has a right of
4 contribution from any other responsible person or persons, which may be
5 enforced in a separate action brought for that purpose.

6 (f)(1) Except as provided in subdivision (2) of this subsection, nothing in
7 this section shall create a statutory cause of action against a social host for
8 furnishing marijuana to any person without compensation or profit. However,
9 this subdivision shall not be construed to limit or otherwise affect the liability
10 of a social host for negligence at common law.

11 (2) A social host who knowingly furnishes marijuana to a person under
12 21 years of age may be held liable under this section if the social host knew, or
13 a reasonable person in the same circumstances would have known, that the
14 person who received the marijuana was under 21 years of age.

15 (3) As used in this subsection, “social host” means a person who is not
16 the holder of a marijuana establishment license and is not required under
17 chapter 87 of this title to hold a marijuana establishment license.

18 Third: In Sec. 12, 18 V.S.A. § 4505(a)(2), in the second sentence, after the
19 words “municipal permits” by adding under this subsection (a)

1 Fourth: In Sec. 12, after “Subchapter 2.” by striking out the words
2 “Department of Public Safety” and inserting in lieu thereof the word
3 Administration

4 Fifth: In Sec. 12, 18 V.S.A. § 4511, before the words “For the purpose of”
5 by adding (a) and by adding subsections (b) and (c) to read as follows:

6 (b)(1) For the purpose of regulating the cultivation and testing of marijuana
7 in accordance with this chapter, the Agency of Agriculture, Food and Markets
8 shall have the following authority and duties:

9 (A) rulemaking in accordance with this chapter and 3 V.S.A.
10 chapter 25;

11 (B) the inspection of licensed marijuana cultivators and testing of
12 marijuana; and

13 (C) the prevention of **contaminated or adulterated** marijuana from
14 being offered for sale.

15 (2) The authority and duties of the Agency shall be in addition to, and
16 not a substitute for, the authority and duties of the Department.

17 (c)(1) There is established a Marijuana Advisory Board within the
18 Department for the purpose of advising the Department and other
19 administrative agencies and departments regarding policy for the
20 implementation and operation of this chapter. The Board shall be composed of
21 the following members:

1 (A) the Commissioner of Public Safety or designee;

2 (B) the Secretary of Agriculture, Food and Markets or designee;

3 (C) the Commissioner of Health or designee;

4 (D) the Commissioner of Taxes or designee; and

5 (E) a member of local law enforcement appointed by the Governor.

6 (2) The Department shall endeavor to notify and consult with the Board
7 prior to the adoption of any significant policy decision.

8 (3) The Secretary of Administration shall convene the first meeting of
9 the Board on or before June 1, 2016 and shall attend Board meetings.

10 Sixth: In Sec. 12, 18 V.S.A. § 4512 by striking out “(1)–(3)” and inserting
11 in lieu thereof (1)–(4)

12 Seventh: In Sec. 12, 18 V.S.A. § 4512(1)(B) by striking out “principals”
13 and inserting in lieu thereof applicants

14 Eighth: In Sec. 12, 18 V.S.A. § 4512 by striking out subdivision (1)(K) in
15 its entirety and by inserting in lieu thereof the following:

16 (K) procedures for seed to sale traceability of marijuana, including
17 any requirements for tracking software;

18 Ninth: In Sec. 12, 18 V.S.A. § 4512 by striking out subdivisions
19 (2)(A)–(C) in their entirety and by relettering the remaining subdivisions to be
20 alphabetically correct

1 Tenth: In Sec. 12, 18 V.S.A. § 4512 by striking out subdivisions (4)(B) and
2 (C) in their entirety and in subdivision (4)(A) after “samples;” by adding the
3 word and, and by relettering the remaining subdivision to be alphabetically
4 correct

5 Eleventh: In Sec. 12, 18 V.S.A. § 4512 in the first sentence before the word
6 “The Department” by adding (a) and by adding a subsection (b) to read as
7 follows:

8 (b) In addition to the rules adopted by the Department pursuant to
9 subsection (a) of this section, the Agency of Agriculture, Food and Markets
10 shall adopt rules regarding the cultivation and testing of marijuana regulated
11 pursuant to this chapter as follows:

12 (1) restrictions on the use of pesticides by cultivators that are injurious
13 to human health;

14 (2) standards for both the indoor and outdoor cultivation of marijuana,
15 including environmental protection requirements;

16 (3) procedures and standards for testing marijuana for contaminants and
17 potency and for quality assurance and control;

18 (4) reporting requirements of a testing laboratory; and

19 (5) inspection requirements for cultivators and testing laboratories.

20 Twelfth: In Sec. 12, 18 V.S.A. § 4513(b)(2) by striking out “January 1,
21 2018” and inserting in lieu thereof January 2, 2018

1 Thirteenth: In Sec. 12, by striking out 18 V.S.A. § 4513 in its entirety and
2 inserting in lieu thereof the following:

3 § 4513. IMPLEMENTATION

4 (a)(1) On or before March 15, 2017, the Department shall begin accepting
5 applications for cultivator licenses and testing laboratory licenses. The initial
6 application period shall remain open for 30 days. The Department may reopen
7 the application process for any period of time at its discretion.

8 (2) On or before June 15, 2017, the Department shall begin issuing
9 cultivator licenses and testing laboratory licenses to qualified applicants.

10 (b)(1) On or before May 15, 2017, the Department shall begin accepting
11 applications for retail licenses. The initial application period shall remain open
12 for 30 days. The Department may reopen the application process for any
13 period of time at its discretion.

14 (2) On or before September 15, 2017, the Department shall begin
15 issuing retailer licenses to qualified applicants. A license shall not permit a
16 licensee to open the store to the public or sell marijuana to the public prior to
17 January 2, 2018.

18 (c)(1) Prior to July 1, 2018, provided applicants meet the requirements of
19 this chapter, the Department shall issue:

20 (A) a maximum of 10 cultivator licenses that permit a cultivation
21 space of not more than 5,000 square feet;

1 (B) a maximum of five cultivator licenses that permit a cultivation
2 space of 5,001–10,000 square feet;

3 (C) a maximum of five testing laboratory licenses; and

4 (D) a maximum of 15 retailer licenses.

5 (2) On or after July 1, 2018 and before July 1, 2019, provided applicants
6 meet the requirements of this chapter and in addition to the licenses authorized
7 in subdivision (1) of this subsection, the Department shall issue:

8 (A) a maximum of 10 cultivator licenses that permit a cultivation
9 space of not more than 5,000 square feet for a total of 20 such licenses;

10 (B) a maximum of five cultivator licenses that permit a cultivation
11 space of 5,001–10,000 square feet for a total of 10 such licenses;

12 (C) a maximum of five testing laboratory licenses for a total of 10
13 such licenses; and

14 (C) a maximum of 15 retailer licenses for a total of 30 such licenses.

15 (3) On or after July 1, 2019, the limitations in subdivision (1) of this
16 subsection shall not apply and the Department shall use its discretion to issue
17 licenses in a number and size for the purpose of competing with and
18 undercutting the illegal market based on available data and recommendations
19 of the Marijuana Program Review Commission. A cultivator licensed under
20 the limitations of subdivisions (1) or (2) of this subsection may apply to the
21 Department to modify its license to expand its cultivation space.

1 Fourteenth: In Sec. 12, 18 V.S.A. § 4522(c)(1) by inserting a subdivision
2 (G) to read as follows:

3 (G) how the applicant will meet its operation’s need for energy
4 services at the lowest present value life-cycle cost, including environmental
5 and economic costs, through a strategy combining investments and
6 expenditures on energy efficiency and energy supply;

7 and by relettering the remaining subdivisions to be alphabetically correct

8 Fifteenth: In Sec. 12, 18 V.S.A. § 4524(e) after the words “drug-related” by
9 adding the word criminal

10 Sixteenth: In Sec. 12, 18 V.S.A. § 4525, in subsection (d), after the word
11 “Department” by adding the words and Agency of Agriculture, Food and
12 Markets and by adding a subsection (f) to read as follows:

13 (f)(1) Only **unadulterated** marijuana shall be offered for sale. If, upon
14 inspection, the Agency of Agriculture, Food and Markets finds any **violative**
15 **pesticide residue or other contaminants of concern**, the Agency may order the
16 marijuana, either individually or in blocks, to be:

17 (A) put on stop-sale;

18 (B) treated in a particular manner; or

19 (C) destroyed according to the Agency’s instructions.

20 (2) Marijuana ordered destroyed or placed on stop-sale shall be clearly
21 separable from **salable** marijuana. Any order shall be confirmed in writing

1 within seven days. The writing shall include the reason for action, a
2 description of the marijuana affected, and any recommended treatment.

3 (3) A person may appeal an order issued pursuant to this section within
4 15 days of receiving the order. The appeal shall be made in writing to the
5 Secretary of Agriculture, Food and Markets and shall clearly identify the
6 marijuana affected and the basis for the appeal.

7 Seventeenth:

8 Eighteenth: In Sec. 12, by striking out 18 V.S.A. § 4528 in its entirety and
9 inserting in lieu thereof the following:

10 § 4528. FEES

11 (a) The Department of Public Safety shall charge and collect initial license
12 application fees and annual license renewal fees for each type of marijuana
13 license under this chapter. Fees shall be due and payable at the time of license
14 application or renewal.

15 (b)(1) The nonrefundable fee accompanying an application for a cultivator
16 license pursuant to section 4525 of this chapter shall be determined as follows:

17 (A) For a cultivator license that permits a cultivation space of not
18 more than 5,000 square feet, the application fee shall be \$15,000.00.

19 (B) For a cultivator license that permits a cultivation space of
20 5,001–10,000 square feet, the application fee shall be \$25,000.00.

1 (2) The nonrefundable fee accompanying an application for a retailer
2 license pursuant to section 4526 of this chapter shall be \$15,000.00.

3 (3) The nonrefundable fee accompanying an application for a marijuana
4 testing laboratory license pursuant to section 4527 of this chapter shall be
5 \$500.00.

6 (4) If person submits a qualifying application for a marijuana
7 establishment license during an open application and pays the nonrefundable
8 application fee, but is not selected to receive a license due to the limited
9 number of licenses available, the person may reapply, based on availability, for
10 such a license within two years by resubmitting the application with any
11 necessary updated information, and shall be charged a fee that is:

12 (A) fifty percent of the application fees set forth in subdivision
13 (1)–(3) of this subsection if the original application was submitted prior to
14 July 1, 2018; or

15 (B) twenty-five percent of the application fees set forth in
16 subdivisions (1)–(3) of this subsection if the original application was submitted
17 on or after July 1, 2018 and before July 1, 2019.

18 (c)(1) The initial annual license fee and subsequent annual renewal fee for
19 a cultivator license pursuant to section 4525 of this chapter shall be shall be
20 determined as follows:

1 (A) For a cultivator license that permits a cultivation space of not
2 more than 5,000 square feet, the initial annual license and subsequent renewal
3 fee shall be \$15,000.00.

4 (B) For a cultivator license that permits a cultivation space of
5 5,001–10,000 square feet, the initial annual license and subsequent renewal fee
6 shall be \$25,000.00.

7 (2) The initial annual license fee and subsequent annual renewal fee for
8 a retailer license pursuant to section 4526 of this chapter shall be \$15,000.00.

9 (3) The initial annual license fee and subsequent annual renewal fee for
10 a marijuana testing laboratory license pursuant to section 4527 of this chapter
11 shall be \$2,500.00.

12 (d) The following administrative fees shall apply:

13 (1) Change of corporate structure fee (per person) shall be \$1,000.00.

14 (2) Change of name fee shall be \$1,000.00.

15 (3) Change of location fee shall be \$1,000.00.

16 (4) Modification of license premises fee shall be \$250.00.

17 (5) Addition of financier fee shall be \$250.00.

18 (6) Duplicate license fee shall be \$100.00.

19 Nineteenth: In Sec. 12, 18 V.S.A. chapter 87, by striking out subchapter 4
20 in its entirety and by redesignating subchapter 5 to be subchapter 4

1 Twentieth: In Sec. 12, 18 V.S.A. § 4546(b)(5) after the word “public” by
2 inserting , one of whom shall have expertise in public health,

3 Twenty-first: In Sec. 12, 18 V.S.A. § 4547(a) in subdivision (7) by striking
4 out the word “and” and in subdivision (8) by striking out “.” and inserting in
5 lieu thereof “;” and by striking out subdivision (10) in its entirety and inserting
6 in lieu thereof the following:

7 (10) monitor the extent to which marijuana is accessed through both the
8 legal and illegal market by persons under 21 years of age;

9 (11) identify strategies for preventing youth from using marijuana;

10 (12) identify academic and scientific research, including longitudinal
11 research questions, that when completed may assist policymakers in
12 developing marijuana policy in accordance with this act;

13 (13) consider whether to create a local revenue stream which may
14 include a local option excise tax on marijuana sales or municipally assessed
15 fees; and

16 (14) report any recommendations to the General Assembly and the
17 Governor, as needed.

1 Twenty-second: By adding a Sec. 12a to read as follows:

2 Sec. 12a. 32 V.S.A. chapter 207 is added to read:

3 CHAPTER 207. MARIJUANA TAXES

4 § 7901. TAX IMPOSED

5 (a) There is imposed a marijuana excise tax equal to 25 percent of the sales
6 price, as that term is defined in subdivision 9701(4), on each retail sale of
7 marijuana in this State. The tax imposed by this section shall be paid by the
8 buyer to the retailer. Each retailer shall collect from the buyer the full amount
9 of the tax payable on each taxable sale.

10 (b) The tax imposed by this section is separate from the general sales and
11 use tax imposed by chapter 233 of this title. The tax imposed under this
12 section shall be separately itemized from any State and local retail sales tax on
13 the sales receipt provided to the buyer.

14 (c) 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, provided the marijuana will be
19 provided only to registered qualifying patients directly or through their
20 registered caregivers.

1 § 7902. LIABILITY FOR TAX AND PENALTIES

2 (a) Any tax collected under this chapter shall be deemed to be held by the
3 retailer in trust for the State of Vermont. Any tax collected under this chapter
4 shall be accounted for separately so as to clearly indicate the amount of tax
5 collected, and that the tax receipts are the property of the State of Vermont.

6 (b) Every retailer required to collect the tax imposed by this chapter shall
7 be personally and individually liable for the amount of tax together with such
8 interest and penalty as has accrued under this title. If the retailer is a
9 corporation or other entity, the personal liability shall extend to any officer or
10 agent of the corporation or entity who as an officer or agent of the same has the
11 authority to collect the tax and transmit it to the Commissioner of Taxes as
12 required in this chapter.

13 (c) A retailer shall have the same rights in collecting the tax from his or her
14 purchaser or regarding nonpayment of the tax by the purchaser as if the tax
15 were a part of the purchase price of the marijuana and payable at the same
16 time; provided, however, if the retailer required to collect the tax has failed to
17 remit any portion of the tax to the Commissioner of Taxes, the Commissioner
18 of Taxes shall be notified of any action or proceeding brought by the retailer to
19 collect the tax and shall have the right to intervene in such action or
20 proceeding.

1 (d) A retailer required to collect the tax may also refund or credit to the
2 purchaser any tax erroneously, illegally, or unconstitutionally collected. No
3 cause of action that may exist under State law shall accrue against the retailer
4 for the tax collected unless the purchaser has provided written notice to a
5 retailer, and the retailer has had 60 days to respond.

6 (e) To the extent not inconsistent with this chapter, the provisions for the
7 assessment, collection, enforcement, and appeals of the sales and use taxes in
8 chapter 233 of this title shall apply to the tax imposed by this chapter.

9 § 7903. BUNDLED TRANSACTIONS

10 (a) Except as provided in subsection (b) of this section, a retail sale of a
11 bundled transaction that includes marijuana is subject to the tax imposed by
12 this chapter on the entire selling price of the bundled transaction.

13 (b) If the selling price is attributable to products that are taxable and
14 products that are not taxable under this chapter, the portion of the price
15 attributable to the nontaxable products are subject to the tax imposed by this
16 chapter unless the retailer can identify by reasonable and verifiable standards
17 the portion that is not subject to tax from its books and records that are kept in
18 the regular course of business.

19 (c) As used in this section, “bundled transaction” means:

20 (1) the retail sale of two or more products where the products are
21 otherwise distinct and identifiable, are sold for one nonitemized price, and at

1 least one of the products includes marijuana subject to the tax under this
2 chapter; or

3 (2) marijuana provided free of charge with the required purchase of
4 another product.

5 § 7904. RETURNS

6 (a) Any retailer required to collect the tax imposed by this chapter shall, on
7 or before the 15th day of every month, return to the Department of Taxes,
8 under oath of a person with legal authority to bind the retailer, a statement
9 containing its name and place of business, the amount of marijuana sales
10 subject to the excise tax imposed by this subchapter sold in the preceding
11 month, and any other information required by the Department of Taxes, along
12 with the tax due.

13 (b) Every retailer shall maintain, for not less than three years, accurate
14 records showing all transactions subject to tax liability under this chapter.
15 These records are subject to inspection by the Department of Taxes at all
16 reasonable times during normal business hours.

17 § 7905. LICENSES

18 (a) Every retailer required to collect the tax imposed by this chapter shall
19 apply for a marijuana excise tax license in the manner prescribed by the
20 Commissioner of Taxes. The Commissioner shall issue, without charge, to
21 each registrant a license empowering him or her to collect the marijuana excise

1 tax. Each license shall state the place of business to which it is applicable.
2 The license shall be prominently displayed in the place of business of the
3 registrant. The licenses shall be nonassignable and nontransferable and shall
4 be surrendered to the Commissioner immediately upon the registrant’s ceasing
5 to do business at the place named. A license to collect marijuana excise tax
6 shall be in addition to the licenses required by sections 9271 (meals and rooms
7 tax) and 9707 (sales and use tax) of this title and any license required by the
8 Department of Public Safety.

9 (b) The Department of Public Safety may require the Commissioner of
10 Taxes to suspend or revoke the tax license of any person for failure to comply
11 with any provision of this chapter.

12 Twenty-third: By adding a Sec. 12b to read as follows:

13 Sec. 12b. 32 V.S.A. § 5811 is amended to read:

14 § 5811. DEFINITIONS

15 The following definitions shall apply throughout this chapter unless the
16 context requires otherwise:

17 * * *

18 (18) “Vermont net income” means, for any taxable year and for any
19 corporate taxpayer:

20 (A) the taxable income of the taxpayer for that taxable year under the
21 laws of the United States, without regard to 26 U.S.C. § 168(k) of the Internal

1 Revenue Code, and excluding income which under the laws of the United
2 States is exempt from taxation by the states:

3 (i) increased by:

4 (I) the amount of any deduction for State and local taxes on or
5 measured by income, franchise taxes measured by net income, franchise taxes
6 for the privilege of doing business and capital stock taxes; and

7 (II) to the extent such income is exempted from taxation under
8 the laws of the United States by the amount received by the taxpayer on and
9 after January 1, 1986 as interest income from State and local obligations, other
10 than obligations of Vermont and its political subdivisions, and any dividends
11 or other distributions from any fund to the extent such dividend or distribution
12 is attributable to such Vermont State or local obligations;

13 (III) the amount of any deduction for a federal net operating
14 loss; and

15 (ii) decreased by:

16 (I) the “gross-up of dividends” required by the federal Internal
17 Revenue Code to be taken into taxable income in connection with the
18 taxpayer’s election of the foreign tax credit; ~~and~~

19 (II) the amount of income which results from the required
20 reduction in salaries and wages expense for corporations claiming the Targeted
21 Job or WIN credits; and

1 (III) any federal deduction that the taxpayer would have been
2 allowed for the cultivation, testing, processing, or sale of marijuana, as
3 authorized under 18 V.S.A. chapter 86 or 87, but for 26 U.S.C. § 280E.

4 * * *

5 (21) “Taxable income” means federal taxable income determined
6 without regard to 26 U.S.C. § 168(k) and:

7 (A) Increased by the following items of income (to the extent such
8 income is excluded from federal adjusted gross income):

9 (i) interest income from non-Vermont state and local obligations;

10 (ii) dividends or other distributions from any fund to the extent
11 they are attributable to non-Vermont state or local obligations;

12 (iii) the amount of State and local income taxes deducted from
13 federal adjusted gross income for the taxable year, but in no case in an amount
14 that will reduce total itemized deductions below the standard deduction
15 allowable to the taxpayer; and

16 (iv) the amount of total itemized deductions, other than deductions
17 for State and local income taxes, medical and dental expenses, or charitable
18 contributions, deducted from federal adjusted gross income for the taxable
19 year, that is in excess of two and one-half times the standard deduction
20 allowable to the taxpayer; and

1 (B) Decreased by the following items of income (to the extent such
2 income is included in federal adjusted gross income):

3 (i) income from United States government obligations;

4 (ii) with respect to adjusted net capital gain income as defined in
5 26 U.S.C. § 1(h) reduced by the total amount of any qualified dividend
6 income: either the first \$5,000.00 of such adjusted net capital gain income; or
7 40 percent of adjusted net capital gain income from the sale of assets held by
8 the taxpayer for more than three years, except not adjusted net capital gain
9 income from:

10 (I) the sale of any real estate or portion of real estate used by
11 the taxpayer as a primary or nonprimary residence; or

12 (II) the sale of depreciable personal property other than farm
13 property and standing timber; or stocks or bonds publicly traded or traded on
14 an exchange, or any other financial instruments; regardless of whether sold by
15 an individual or business;

16 and provided that the total amount of decrease under this
17 subdivision (21)(B)(ii) shall not exceed 40 percent of federal taxable
18 income; ~~and~~

19 (iii) recapture of State and local income tax deductions not taken
20 against Vermont income tax; and

1 (iv) any federal deduction that the taxpayer would have been
2 allowed for the cultivation, testing, processing, or sale of marijuana, as
3 authorized under 18 V.S.A. chapter 86 or 87, but for 26 U.S.C. § 280E.

4 * * *

5 Twenty-fourth: By adding a Sec. 12c to read as follows:

6 Sec. 12c. 32 V.S.A. § 9741(51) is added to read:

7 (51) Marijuana sold by a dispensary as authorized under 18 V.S.A.
8 chapter 86 or by a retailer as authorized under 18 V.S.A. chapter 87.

9 Twenty-fifth: By adding a Sec. 18a to read as follows:

10 Sec. 18a. 18 V.S.A. § 4474e is amended to read:

11 § 4474e. DISPENSARIES; CONDITIONS OF OPERATION

12 * * *

13 ~~(b)(1) A dispensary shall be operated on a nonprofit basis for the mutual~~
14 ~~benefit of its patients but need not be recognized as a tax-exempt organization~~
15 ~~by the Internal Revenue Service.~~

16 ~~(2)~~ A dispensary shall have a sliding-scale fee system that takes into
17 account a registered patient's ability to pay.

18 * * *

19 (o) Notwithstanding any provision of law or any provision of its articles or
20 bylaws to the contrary, a dispensary formed as a nonprofit may convert to any
21 other type of business entity authorized by the laws of this State by:

1 § 122. FEES

2 Notwithstanding 32 V.S.A. § 603, the Agency shall establish fees for
3 providing agricultural, ~~and~~ environmental, and other necessary testing services
4 at the request of private individuals and State agencies. The fees shall be
5 reasonably related to the cost of providing the services. Fees collected under
6 this chapter shall be credited to a special fund which shall be established and
7 managed pursuant to 32 V.S.A. chapter 7, subchapter 5, and which shall be
8 available to the Agency to offset the cost of providing the services.

9 § 123. REGULATED DRUGS

10 (a) Except as provided in subsection (b) of this section, the provisions of
11 18 V.S.A. chapter 84 shall not apply to the Secretary or designee in the
12 otherwise lawful performance of his or her official duties requiring the
13 possession or control of regulated drugs.

14 (b) The central testing laboratory shall obtain a certificate of approval from
15 the Department of Health pursuant to 18 V.S.A. § 4207.

16 (c) As used in this section, “regulated drug” shall have the same meaning
17 as in 18 V.S.A. § 4201.

1 Twenty-eighth: By striking out Sec. 30 (effective dates) in its entirety and
2 inserting in lieu thereof the following:

3 Sec. 31. EFFECTIVE DATES

4 (a) This section and Secs. 1, 2, 12, 12a, 18a, and 29a shall take effect on
5 passage.

6 (b) Secs. 7, 10a, 11, 13 through 18, and 19 through 29 shall take effect on
7 July 1, 2016.

8 (c) Sec. 12b shall take effect January 1, 2017 and shall apply to taxable
9 year 2017 and after.

10 (d) Secs. 6, 8, 9, 10, 12c, and 30 shall take effect on January 2, 2018.

11

12 (Committee vote: _____)

13

14

Senator _____

15

FOR THE COMMITTEE