

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Human Services to which was referred Senate Bill No.  
3 16 entitled “An act relating to expanding patient access to the Medical  
4 Marijuana Registry” respectfully reports that it has considered the same and  
5 recommends that the House propose to the Senate that the bill be amended by  
6 striking out all after the enacting clause and inserting in lieu thereof the  
7 following:

8 Sec. 1. 18 V.S.A. § 4472 is amended to read:

9 § 4472. DEFINITIONS

10 As used in this subchapter:

11 (1)(A) “Bona fide health care professional-patient relationship” means a  
12 treating or consulting relationship of not less than three months’ duration, in  
13 the course of which a health care professional has completed a full assessment  
14 of the registered patient’s medical history and current medical condition,  
15 including a personal physical examination.

16 (B) The three-month requirement shall not apply if:

17 (i) a patient has been diagnosed with:

18 (I) a terminal illness;

19 (II) cancer; or

20 (III) acquired immune deficiency syndrome; ~~or,~~

21 ~~(IV) is currently under hospice care.~~

1                    (ii) a patient is currently under hospice care.

2                    ~~(ii)~~(iii) a patient had been diagnosed with a debilitating medical  
3 condition by a health care professional in another jurisdiction in which the  
4 patient had been formerly a resident and the patient, now a resident of  
5 Vermont, has the diagnosis confirmed by a health care professional in this  
6 State or a neighboring state as provided in subdivision (6) of this section, and  
7 the new health care professional has completed a full assessment of the  
8 patient’s medical history and current medical condition, including a personal  
9 physical examination.

10                   ~~(iii)~~(iv) a patient who is already on the ~~registry~~ Registry changes  
11 health care professionals three months or less prior to the annual renewal of the  
12 patient’s registration, provided the patient’s new health care professional has  
13 completed a full assessment of the patient’s medical history and current  
14 medical condition, including a personal physical examination.

15                   (v) a patient is referred by his or her health care professional to  
16 another health care professional who has completed advanced education and  
17 clinical training in specific debilitating medical conditions, and that health care  
18 professional conducts a full assessment of the patient’s medical history and  
19 current medical condition, including a personal physical examination.

20

21

\* \* \*

1  
2 (5) “Dispensary” means a ~~nonprofit entity~~ business organization  
3 registered under section 4474e of this title ~~which~~ that acquires, possesses,  
4 cultivates, manufactures, transfers, transports, supplies, sells, or dispenses  
5 marijuana, marijuana-infused products, and marijuana-related supplies and  
6 educational materials for or to a registered patient who has designated it as his  
7 or her center and to his or her registered caregiver for the registered patient’s  
8 use for symptom relief. ~~A dispensary may provide marijuana for symptom~~  
9 ~~relief to registered patients at only one facility or location, but may have a~~  
10 ~~second location associated with the dispensary where the marijuana is~~  
11 ~~cultivated or processed. Both locations are considered to be part of the same~~  
12 ~~dispensary.~~ A dispensary may serve patients and caregivers at more than one  
13 location, as approved by the Department in accordance with this chapter, and  
14 may cultivate and process marijuana at a separate location from where patients  
15 and caregivers are served. All locations shall be considered part of the same  
16 dispensary operation under one registration.

17 (6) “Financier” means a person, other than a financial institution as  
18 defined in 8 V.S.A. § 11101, who makes an investment in, or a gift, loan, or  
19 other financing to, another person with the expectation of a financial return. If  
20 a financier is a business organization, as used in this chapter, the term  
21 “financier” includes each owner and principal of that organization.

1           ~~(6)~~(7) (A) "Health care professional" means an individual licensed to  
2           practice medicine under 26 V.S.A. chapter 23 or 33, an individual licensed as a  
3           naturopathic physician under 26 V.S.A. chapter 81, an individual certified as a  
4           physician assistant under 26 V.S.A. chapter 31, or an individual licensed as an  
5           advanced practice registered nurse under 26 V.S.A. chapter 28.

6           (B) This definition includes individuals who are professionally  
7           licensed under substantially equivalent provisions in New Hampshire,  
8           Massachusetts, or New York.

9           ~~(7)~~ (8) "Immature marijuana plant" means a female marijuana plant that  
10          has not flowered and which does not have buds that may be observed by visual  
11          examination.

12          ~~(8)~~ (9) "Marijuana" shall have the same meaning as provided in  
13          subdivision 4201(15) of this title.

14          ~~(9)~~ (10) "Mature marijuana plant" means a female marijuana plant that  
15          has flowered and which has buds that may be observed by visual examination.

16          (11) "Ounce" means 28.35 grams.

17          (12) "Owner" means:

18                 (A) a person who has a direct or beneficial ownership interest of ten  
19                 percent or more in a business organization, including attribution of the  
20                 ownership interests of a spouse, parent, spouse's parent, sibling, and  
21                 children; or

1           (B) a person who has the power to direct, or cause the direction of,  
2           the management and policies of a business organization, including through the  
3           ownership of voting securities, by contract, or otherwise.

4           ~~(10)~~(13) “Possession limit” means the amount of marijuana collectively  
5           possessed between the registered patient and the patient’s registered caregiver  
6           ~~which~~ that is no more than two mature marijuana plants, seven immature  
7           plants, and two ounces of usable marijuana.

8           (14) “Principal” means a person who has the authority to conduct,  
9           manage, or supervise the operation of a business organization, and includes the  
10           president, vice president, secretary, treasurer, manager, or similar executive  
11           officer of a business organization; a director of a business corporation,  
12           nonprofit corporation, or mutual benefit enterprise; a member of a nonprofit  
13           corporation, cooperative, or member-managed limited liability company; a  
14           manager of a manager-managed limited liability company; and a general  
15           partner of a partnership, limited partnership, or limited liability partnership.

16           ~~(11)~~(15) “Registered caregiver” means a person who is at least 21 years  
17           of age, has met eligibility requirements as determined by the Department in  
18           accordance with this chapter, and who has agreed to undertake responsibility  
19           for managing the well-being of a registered patient with respect to the use of  
20           marijuana for symptom relief.

1           ~~(12)~~(16) “Registered patient” means a resident of Vermont who has  
2           been issued a registration card by the Department of Public Safety, identifying  
3           the person as having a debilitating medical condition pursuant to the provisions  
4           of this subchapter. “Resident of Vermont” means a person whose domicile is  
5           Vermont.

6           ~~(13)~~(17) “Secure indoor facility” means a building or room equipped  
7           with locks or other security devices that permit access only by a registered  
8           caregiver, registered patient, or a principal officer or employee of a dispensary.

9           ~~(14)~~(18) “Transport” means the movement of marijuana and marijuana-  
10          infused products from registered growing locations to their associated  
11          dispensaries, between dispensaries, to registered patients and registered  
12          caregivers in accordance with delivery protocols, or as otherwise allowed  
13          under this subchapter.

14          ~~(15)~~(19) “Usable marijuana” means the dried leaves and flowers of  
15          marijuana, and any mixture or preparation thereof, and does not include the  
16          seeds, stalks, and roots of the plant.

17          ~~(16)~~(20) “Use for symptom relief” means the acquisition, possession,  
18          cultivation, use, transfer, or transportation of marijuana, or of paraphernalia  
19          relating to the administration of marijuana to alleviate the symptoms or effects  
20          of a registered patient’s debilitating medical condition ~~which~~ that is in  
21          compliance with all the limitations and restrictions of this subchapter.

1 Sec. 2. 18 V.S.A. § 4473 is amended to read:

2 § 4473. REGISTERED PATIENTS; QUALIFICATION STANDARDS AND  
3 PROCEDURES

4 \* \* \*

5 (b) The Department of Public Safety shall review applications to become a  
6 registered patient using the following procedures:

7 (1) A patient with a debilitating medical condition shall submit a signed  
8 application for registration to the Department. ~~A patient's initial application to~~  
9 ~~the registry shall be notarized, but subsequent renewals shall not require~~  
10 ~~notarization.~~ If the patient is under 18 years of age, the application must be  
11 signed by both the patient and a parent or guardian. The application shall  
12 require identification and contact information for the patient and the patient's  
13 registered caregiver applying for authorization under section 4474 of this title,  
14 if any, and the patient's designated dispensary under section 4474e of this title,  
15 if any. The applicant shall attach to the application a medical verification form  
16 developed by the Department pursuant to subdivision (2) of this subsection.

17 (2) The Department of Public Safety shall develop a medical  
18 verification form to be completed by a health care professional and submitted  
19 by a patient applying for registration in the program. The form shall include:

20 (A) A cover sheet ~~which~~ that includes the following:

21 (i) A statement of the penalties for providing false information.

1 (ii) Definitions of the following statutory terms:

2 (I) “Bona fide health care professional-patient relationship” as  
3 defined in section 4472 of this title.

4 (II) “Debilitating medical condition” as defined in section 4472  
5 of this title.

6 (III) “Health care professional” as defined in section 4472 of  
7 this title.

8 (iii) A statement that the medical verification form is not  
9 considered a prescription and that the only purpose of the medical verification  
10 form is to confirm that the applicant patient has a debilitating medical  
11 condition.

12 (B) A verification sheet ~~which~~ that includes the following:

13 (i) A statement that a bona fide health care professional-patient  
14 relationship exists under section 4472 of this title; or that, under subdivision  
15 (3)(A) of this subsection (b), the debilitating medical condition is of recent or  
16 sudden onset, ~~and the patient has not had a previous health care professional~~  
17 ~~who is able to verify the nature of the disease and its symptoms.~~

18 (ii) ~~A statement that reasonable medical efforts have been made~~  
19 ~~over a reasonable amount of time without success to relieve the symptoms.~~

20 [Repealed.]



1 (iii) A statement that the patient has a debilitating medical  
2 condition as defined in section 4472 of this title, including the specific disease  
3 or condition ~~which~~ that the patient has and whether the patient meets the  
4 criteria under section 4472.

5 (iv) A signature line ~~which~~ that provides in substantial part:  
6 “I certify that I meet the definition of ‘health care professional’ under  
7 18 V.S.A. § 4472, that I am a health care professional in good standing in the  
8 State of ..... , and that the facts stated above are accurate to the  
9 best of my knowledge and belief.”

10 (v) The health care professional’s contact information, license  
11 number, category of his or her health care profession as defined in subdivision  
12 4472(6) of this title, and contact information for the out-of-state licensing  
13 agency, if applicable. The Department of ~~Public Safety~~ shall adopt rules for  
14 verifying the goodstanding of out-of-state health care professionals.

15 (vi) A statement that the medical verification form is not  
16 considered a prescription and that the only purpose of the medical verification  
17 form is to confirm that the applicant patient has a debilitating medical  
18 condition.

19 (3)(A) The Department of ~~Public Safety~~ shall transmit the completed  
20 medical verification form to the health care professional and contact him or her  
21 for purposes of confirming the accuracy of the information contained in the

1 form. The Department may approve an application, notwithstanding the ~~six-~~  
2 ~~month~~ three-month requirement in section 4472 of this title, if the Department  
3 is satisfied that the medical verification form confirms that the debilitating  
4 medical condition is of recent or sudden onset, ~~and that the patient has not had~~  
5 ~~a previous health care professional who is able to verify the nature of the~~  
6 ~~disease and its symptoms.~~

7 (B) If the health care professional is licensed in another state as  
8 provided section 4472 of this title, the Department shall verify that the health  
9 care professional is in good standing in that state.

10 \* \* \*

11 Sec. 3. 18 V.S.A. § 4474d is amended to read:

12 § 4474d. LAW ENFORCEMENT VERIFICATION OF INFORMATION;  
13 RULEMAKING

14 \* \* \*

15 (b) In response to a person-specific or property-specific inquiry by a law  
16 enforcement officer or agency made in the course of a bona fide investigation  
17 or prosecution, the Department may verify the identities and registered  
18 property addresses of the registered patient and the patient's registered  
19 caregiver, a dispensary, ~~and the principal officer, the Board members, an~~  
20 owner, principal, or financier of a dispensary, and the employees of a  
21 dispensary.

1 (c) The Department shall maintain a separate secure electronic database  
2 accessible to law enforcement personnel 24 hours a day that uses a unique  
3 identifier system to allow law enforcement to verify that a person or entity is a  
4 registered patient, a registered caregiver, a dispensary, ~~or the principal officer,~~  
5 ~~a board member~~ an owner, principal, or financier of a dispensary, or an  
6 employee of a dispensary.

7 Sec. 4. 18 V.S.A. § 4474e is amended to read:

8 § 4474e. DISPENSARIES; CONDITIONS OF OPERATION

9 \* \* \*

10 (d)(1) A dispensary shall implement appropriate security measures to deter  
11 and prevent the unauthorized entrance into areas containing marijuana and the  
12 theft of marijuana and shall ensure that each location has an operational  
13 security alarm system. All cultivation of marijuana shall take place in an  
14 enclosed, locked facility which is either indoors or ~~otherwise~~ outdoors, but not  
15 visible to the public, and which can only be accessed by ~~principal officers~~ the  
16 owners, principals, and employees of the dispensary who have valid ~~registry~~  
17 Registry identification cards. An outdoor facility is not required to have a roof  
18 provided all other requirements are met. The Department ~~of Public Safety~~  
19 shall perform an annual on-site assessment of each dispensary and may  
20 perform on-site assessments of a dispensary without limitation for the purpose  
21 of determining compliance with this subchapter and any rules adopted pursuant

1 to this subchapter and may enter a dispensary at any time for such purpose.

2 During an inspection, the Department may review the dispensary's confidential  
3 records, including its dispensing records, which shall track transactions  
4 according to registered patients' ~~registry~~ Registry identification numbers to  
5 protect their confidentiality.

6 \* \* \*

7 (f) A person may be denied the right to serve as an owner, ~~a principal~~  
8 ~~officer, board member~~, financier, or employee of a dispensary because of the  
9 person's criminal history record in accordance with section 4474g of this title  
10 and rules adopted by the Department of Public Safety pursuant to that section.

11 (g)(1) A dispensary shall notify the Department of ~~Public Safety~~ within 10  
12 days of when a ~~principal officer, board member~~, an owner, principal, financier,  
13 or employee ceases to be associated with or work at the dispensary. His or her  
14 registry identification card shall be deemed null and void, and the person shall  
15 be liable for any penalties that may apply.

16 (2) A dispensary shall notify the Department of ~~Public Safety~~ in writing  
17 of the name, address, and date of birth of any proposed new ~~principal officer,~~  
18 ~~board member~~ owner, principal, financier, or employee and shall submit a fee  
19 for a new registry identification card before a new ~~principal officer, board~~  
20 ~~member~~ owner, principal, or employee begins his or her official duties related  
21 to the dispensary and shall submit a complete set of fingerprints for the

1 prospective ~~principal officer, board member~~ owner, principal, financier, or  
2 employee.

3 \* \* \*

4 (k)(1) No dispensary; ~~principal officer, board member~~ or owner, principal,  
5 financier of a dispensary shall:

6 \* \* \*

7 (B) acquire usable marijuana or marijuana plants from any source  
8 other than registered dispensary ~~principal officers, board members~~ owners,  
9 principals, or employees who cultivate marijuana in accordance with this  
10 subchapter;

11 (C) dispense more than two ounces of usable marijuana to a  
12 registered patient directly or through the qualifying patient's registered  
13 caregiver during a 30-day period;

14 (D) dispense an amount of usable marijuana to a qualifying patient or  
15 a designated caregiver that the ~~principal officer, board member~~ owner,  
16 principal, or employee knows would cause the recipient to possess more  
17 marijuana than is permitted under this subchapter;

18 (E) dispense marijuana to a person other than a registered patient  
19 who has designated the dispensary to provide for his or her needs or other than  
20 the patient's registered caregiver.

1           (2) A person found to have violated subdivision (1) of this subsection  
2 may no longer serve as a ~~principal officer, board member~~ an owner, principal,  
3 financier, or employee of any dispensary, and such person's registry  
4 identification card shall be immediately revoked by the Department of ~~Public~~  
5 ~~Safety~~.

6           (1)(1) A registered dispensary shall not be subject to the following,  
7 provided that it is in compliance with this subchapter:

8           (A) prosecution for the acquisition, possession, cultivation,  
9 manufacture, transfer, transport, supply, sale, or dispensing of marijuana,  
10 marijuana-infused products, or marijuana-related supplies for symptom relief  
11 in accordance with the provisions of this subchapter and any rule adopted by  
12 the Department of ~~Public Safety~~ pursuant to this subchapter;

13           (B) inspection and search, except pursuant to this subchapter or upon  
14 a search warrant issued by a court or judicial officer;

15           (C) seizure of marijuana, marijuana-infused products, and  
16 marijuana-related supplies, except upon a valid order issued by a court;

17           (D) imposition of any penalty or denied any right or privilege,  
18 including imposition of a civil penalty or disciplinary action by an  
19 occupational or professional licensing board or entity, solely for acting in  
20 accordance with this subchapter to assist registered patients or registered  
21 caregivers.

1           (2) No ~~principal officer, board member~~ owner, principal, financier, or  
2 employee of a dispensary shall be subject to arrest, prosecution, search,  
3 seizure, or penalty in any manner or denied any right or privilege, including  
4 civil penalty or disciplinary action by an occupational or professional licensing  
5 board or entity, solely for working for or with a dispensary to engage in acts  
6 permitted by this subchapter.

7                                                   \* \* \*

8           Sec. 5. 18 V.S.A. § 4474f is amended to read:

9           § 4474f. DISPENSARY APPLICATION, APPROVAL, AND  
10                                           REGISTRATION

11                                                   \* \* \*

12           (c) Each application for a dispensary registration certificate shall include  
13 all of the following:

14                   (1) a nonrefundable application fee in the amount of \$2,500.00 paid to  
15 the Department of ~~Public Safety~~;

16                   (2) the legal name, ~~articles of incorporation, and bylaws~~ of the  
17 dispensary and the organizational documents that create the dispensary, govern  
18 its internal affairs, and govern relations between or among its interest holders;

19                   (3) the proposed physical address of the dispensary, if a precise address  
20 has been determined or, if not, the general location where it would be located;

1 (4) a description of the enclosed, locked facility where marijuana will be  
2 grown, cultivated, harvested, or otherwise prepared for distribution by the  
3 dispensary;

4 (5) the name, address, and date of birth of each ~~principal officer and~~  
5 ~~board member~~ owner, principal, and financier of the dispensary and a complete  
6 set of fingerprints for each of them;

7 (6) proposed security and safety measures, which shall include at least  
8 one security alarm system for each location and planned measures to deter and  
9 prevent the unauthorized entrance into areas containing marijuana and the theft  
10 of marijuana;

11 (7) proposed procedures to ensure accurate record-keeping.

12 (d) Any time one or more dispensary registration applications are being  
13 considered, the Department of ~~Public Safety~~ shall solicit input from registered  
14 patients and registered caregivers.

15 (e) Each time a dispensary certificate is granted, the decision shall be based  
16 on the overall health needs of qualified patients. The following factors shall  
17 weigh heavily in the consideration of an application:

18 (1) geographic convenience to patients from throughout the State of  
19 Vermont to a dispensary if the applicant were approved;

20 (2) the entity's ability to provide an adequate supply to the registered  
21 patients in the State;



1           (3) the entity’s ability to demonstrate ~~its board members’~~ that its owners  
2 and principals have sufficient experience running a ~~nonprofit organization or~~  
3 business;

4           (4) the comments, if any, of registered patients and registered caregivers  
5 regarding which applicant should be granted a registration certificate;

6           (5) the sufficiency of the applicant’s plans for record-keeping, which  
7 records shall be considered confidential health care information under Vermont  
8 law and are intended to be deemed protected health care information for  
9 purposes of the federal Health Insurance Portability and Accountability Act of  
10 1996, as amended;

11           (6) the sufficiency of the applicant’s plans for safety and security,  
12 including the proposed location and security devices employed.

13           (f) The Department of ~~Public Safety~~ may deny an application for a  
14 dispensary if it determines that an applicant’s criminal history record indicates  
15 that the ~~person’s~~ association of an owner, principal, or financier with a  
16 dispensary would pose a demonstrable threat to public safety.

17           (g) After a dispensary is approved but before it begins operations, it shall  
18 submit the following to the Department:

19           (1) the legal name ~~and articles of incorporation~~ of the dispensary and the  
20 organizational documents that create the dispensary govern its internal affairs,  
21 and govern relations between or among its interest holders;

1 (2) the physical address of the dispensary;

2 (3) the name, address, and date of birth of each ~~principal officer and~~  
3 ~~board member~~ owner, principal, and financier of the dispensary along with a  
4 complete set of fingerprints for each;

5 (4) a registration fee of \$20,000.00 for the first year of operation, and an  
6 annual fee of \$25,000.00 in subsequent years.

7 Sec. 6. 18 V.S.A. § 4474g is amended to read:

8 § 4474g. DISPENSARY REGISTRY IDENTIFICATION CARD;

9 CRIMINAL BACKGROUND CHECK

10 (a) Except as provided in subsection (b) of this section, the Department of  
11 ~~Public Safety~~ shall issue each ~~principal officer, Board member~~ owner,  
12 principal, and employee of a dispensary a registry identification card or  
13 renewal card within 30 days of receipt of the person's name, address, and date  
14 of birth and a fee of \$50.00. The fee shall be paid by the dispensary and the  
15 cost shall not be passed on to a ~~principal officer, Board member~~ an owner,  
16 principal, or employee. A person shall not serve as ~~principal officer, Board~~  
17 ~~member~~ an owner, principal, or employee of a dispensary until that person has  
18 received a registry identification card issued under this section. Each card shall  
19 specify whether the cardholder is a ~~principal officer, Board member~~ an owner,  
20 principal, or employee of a dispensary and shall contain the following:

21 (1) the name, address, and date of birth of the person;

- 1 (2) the legal name of the dispensary with which the person is affiliated;
- 2 (3) a random identification number that is unique to the person;
- 3 (4) the date of issuance and the expiration date of the registry
- 4 identification card;
- 5 (5) a photograph of the person.

6 (b) Prior to acting on an application for a registry identification card, the  
7 Department of ~~Public Safety~~ shall obtain with respect to the applicant a  
8 Vermont criminal history record, an out-of-state criminal history record, and a  
9 criminal history record from the Federal Bureau of Investigation. Each  
10 applicant shall consent to the release of criminal history records to the  
11 Department on forms developed by the Vermont Crime Information Center.

12 (c) When the Department of ~~Public Safety~~ obtains a criminal history  
13 record, the Department shall promptly provide a copy of the record to the  
14 applicant and to the ~~principal officer and Board~~ principals of the dispensary if  
15 the applicant is to be an employee. The Department shall inform the applicant  
16 of the right to appeal the accuracy and completeness of the record pursuant to  
17 rules adopted by the Department.

18 (d) The Department of ~~Public Safety~~ shall comply with all laws regulating  
19 the release of criminal history records and the protection of individual privacy.  
20 No person shall confirm the existence or nonexistence of criminal history

1 record information to any person who would not be eligible to receive the  
2 information pursuant to this subchapter.

3 (e) The Department of ~~Public Safety~~ shall not issue a registry identification  
4 card to any applicant who has been convicted of a drug-related offense or a  
5 violent felony or who has a pending charge for such an offense. ~~For purposes~~  
6 ~~of~~ As used in this subchapter, “violent felony” means a listed crime as defined  
7 in 13 V.S.A. § 5301(7) or an offense involving sexual exploitation of children  
8 in violation of 13 V.S.A. chapter 64.

9 (f) The Department of ~~Public Safety~~ shall adopt rules for the issuance of a  
10 registry identification card and shall set forth standards for determining  
11 whether an applicant should be denied a registry identification card because his  
12 or her criminal history record indicates that the person’s association with a  
13 dispensary would pose a demonstrable threat to public safety. The rules shall  
14 consider whether a person who has a conviction for an offense not listed in  
15 subsection (e) of this section has been rehabilitated. A conviction for an  
16 offense not listed in subsection (e) of this section shall not automatically  
17 disqualify a person for a registry identification card. A dispensary may deny a  
18 person the opportunity to serve as a Board member or an employee based on  
19 his or her criminal history record. An applicant who is denied a registry  
20 identification card may appeal the ~~Department of Public Safety’s~~ Department’s

1 determination in Superior Court in accordance with Rule 75 of the Vermont  
2 Rules of Civil Procedure.

3 (g) A registration identification card of ~~a principal officer, Board member~~  
4 an owner, principal, or employee shall expire one year after its issuance or  
5 upon the expiration of the registered organization's registration certificate,  
6 whichever occurs first.

7 Sec. 7. AUTHORITY FOR CURRENTLY REGISTERED NONPROFIT  
8 DISPENSARY TO CONVERT TO FOR-PROFIT BUSINESS

9 (a) Notwithstanding any contrary provision of Title 11B of the Vermont  
10 Statutes Annotated, a nonprofit dispensary registered pursuant to 18 V.S.A.  
11 chapter 86 may convert to a different type of business organization by  
12 approving a plan of conversion pursuant to this section.

13 (b) A plan of conversion shall include:

14 (1) the name of the converting organization;

15 (2) the name and type of organization of the converted organization;

16 (3) the manner and basis for converting the assets of the converting  
17 organization into interests in the converted organization or other consideration;

18 (4) the proposed organizational documents of the converted  
19 organization; and

20 (5) the other terms and conditions of the conversion.

1       (c) A converting organization shall approve a plan of conversion by a  
2       majority vote of its directors, and by a separate majority vote of its members if  
3       it has members.

4       (d) A converting organization may amend or abandon a plan of conversion  
5       before it takes effect in the same manner it approved the plan, if the plan does  
6       not specify how to amend the plan.

7       (e) A converting organization shall sign a statement of conversion and  
8       deliver it to the Secretary of State for filing. A statement of conversion shall  
9       include:

10           (1) the name and type of organization prior to the conversion;

11           (2) the name and type of organization following the conversion;

12           (3) a statement that the converting organization approved the plan of  
13       conversion in accordance with the provisions of this act; and

14           (4) the organizational documents of the converted organization.

15       (f) The conversion of a nonprofit dispensary takes effect when the  
16       statement of conversion takes effect, and when the conversion takes effect:

17           (1) The converted organization is:

18               (A) organized under and subject to the governing statute of the  
19       converted organization; and

20               (B) the same organization continuing without interruption as the  
21       converting organization.

1           (2) Subject to the plan of conversion, the property of the converting  
2           organization continues to be vested in the converted organization without  
3           transfer, assignment, reversion, or impairment.

4           (3) The debts, obligations, and other liabilities of the converting  
5           organization continue as debts, obligations, and other liabilities of the  
6           converted organization.

7           (4) A court or other authority may substitute the name of the converted  
8           organization for the name of the converting organization in any pending action  
9           or proceeding.

10          (5) The organizational documents of the converted organization take  
11          effect.

12          (6) The assets of the converting organization are converted pursuant to  
13          the plan of conversion.

14          (g) When a conversion takes effect, a person who did not have personal  
15          liability with respect to the converting organization and becomes subject to  
16          personal liability with respect to the converted organization as a result of the  
17          conversion has personal liability only to the extent provided by the governing  
18          statute of the converted organization and only for those debts, obligations, and  
19          other liabilities that the converted organization incurs after the conversion.

20          (h) When a conversion takes effect, a person who had personal liability for  
21          a debt, obligation, or other liability of the converting organization but who

1 does not have personal liability with respect to the converted organization is  
2 subject to the following rules:

3 (1) The conversion does not discharge any personal liability under this  
4 title to the extent the personal liability was incurred before the conversion took  
5 effect.

6 (2) The person does not have personal liability under this title for any  
7 debt, obligation, or other liability that arises after the conversion takes effect.

8 (3) Title 11B continues to apply to the release, collection, or discharge  
9 of any personal liability preserved under subdivision (1) of this subsection as if  
10 the conversion had not occurred.

11 (i) A conversion does not require an organization to wind up its affairs and  
12 does not constitute or cause the dissolution of the organization.

13 Sec. 8. MARIJUANA-INFUSED PRODUCT TESTING; REPORT

14 The General Assembly recognizes the importance of independent testing of  
15 marijuana-infused products sold by dispensaries to determine proper labeling  
16 of products in compliance with 18V.S.A. § 4474e(h). Therefore, the Agency  
17 of Agriculture, Food and Markets and the Department of Public Safety, in  
18 consultation with registered dispensaries, shall report its recommendations to  
19 the General Assembly no later than October 15, 2017 on the following:

20 (1) Who should be responsible for testing marijuana-infused products.

21 (2) The approved methods and frequency of testing.



1           (3) Estimated costs associated with such testing and how these costs  
2           should be funded.

3           (4) If testing will be done through an independent testing entity, the  
4           process by which the State will certify such entities and oversee such testing.

5           Sec. 9. EFFECTIVE DATE

6           This act shall take effect on July 1, 2017.

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13           (Committee vote: \_\_\_\_\_)

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Representative \_\_\_\_\_

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FOR THE COMMITTEE