



**STATE OF VERMONT**  
OFFICE OF LEGISLATIVE COUNCIL

*Turner Amendment to H.511 Summary*

*Prevention and Education*

Directs the Department of Health (DOH), in collaboration with the Department of Public Safety, the Agency of Education, and the Governor's Highway Safety Program, to develop and administer an education and prevention program focused on the use of marijuana by youths under 25 years of age. DOH must adopt rules on or before November 15, 2018 and implement the program on or before January 1, 2019 (six months prior to the first legal sales of marijuana).

\$437,500.00 is appropriated over FY18 and FY19 to DOH for initial prevention, education, and countermarketing programs.

DOH is required to monitor marijuana use by youths and collect data in a manner that enables future studies.

Persons under 21 years of age are prohibited from being on the premises of any marijuana establishment.

Advertising and labeling of marijuana may not be designed to appeal to youths.

Marijuana establishments and outdoor advertising of such establishments are prohibited from being located within 1,000 feet of a school or child care center.

*Marijuana Establishments*

Marijuana establishments are regulated by the Agency of Agriculture, Food and Markets (Agency), which is primarily responsible for adopting rules to implement and enforce the provisions of the act. The Agency is required to work with the Department of Public Safety on issues such as seed-to-sale tracking of marijuana, facility security, criminal background checks for licensees and employees of marijuana establishments, and enforcement.

Three types of licenses are available—cultivator, retailer, and testing laboratory. A person may only hold one license, with the exception of an existing dispensary which may hold one of each.

Applicants and financiers must be Vermont residents and are subject to criminal background checks.

Prior to July 1, 2019, provided applicants meet the requirements of this chapter, the Agency shall issue:

- An unlimited number of cultivator licenses of less than 500 square feet
- A maximum of 20 cultivator licenses of 501 to 1,000 square feet
- A maximum of 15 cultivator licenses of 1,001 to 2,500 square feet
- A maximum of 10 cultivator licenses of 2,501 to 5,000 square feet
- A maximum of five cultivator licenses of 5,001 to 10,000 square feet
- A maximum of five testing laboratory licenses
- A maximum of 42 retailer licenses

After July 1, 2019, based on available data, the Agency will use its discretion to issue licenses in a number and size for the purpose of competing with and undercutting the illegal market.

Only marijuana flowers may be sold to the public, and marijuana may not be packaged with other products for sale. A Vermont resident may purchase a maximum of one-half ounce in a single daily transaction and a nonresident may purchase no more than one-quarter ounce in a single daily transaction.

Monies from license application fees, annual license fees, civil penalties, and taxes are allocated for the purpose of implementation, administration, and enforcement of the marijuana regulatory program and, proportionately, for the prevention of substance abuse, treatment of substance abuse, and criminal justice efforts by State and local law enforcement to combat impaired driving and the illegal drug trade. “Criminal justice efforts” shall include efforts by both State and local criminal justice agencies, including law enforcement, prosecutors, public defenders, and the courts.

Retail marijuana is taxed at 25 percent. Medical marijuana continues to be untaxed. Dispensaries and marijuana establishments are permitted to deduct at the State level expenses that are currently prohibited by federal law.

The first legal marijuana sales by licensed retailers would be on July 1, 2019.

#### *Marijuana Regulation and Resource Fund; Appropriations; Positions*

Creates the Marijuana Regulation and Resource Fund which is composed of all application fees, license fees, renewal fees, and civil penalties collected by agencies and departments and all taxes collected pursuant to the act.

Appropriations made from the Fund are to be in addition to current funding of the identified priorities and not be used in place of existing State funding.

The Commissioner of Finance and Management shall anticipate receipts in accordance with current law, and the Secretary of Administration shall report annually to the Joint Fiscal

Committee on receipts and expenditures through the prior fiscal year on or before the Committee's regularly scheduled November meeting.

In fiscal years 2018 and 2019, the follow amounts are appropriated from the Marijuana Regulation and Resource Fund:

- Department of Health: \$437,500.00 for initial prevention, education, and countermarketing programs.
- Department of Taxes: \$660,000.00 for the acquisition of an excise tax module and staffing expenses to administer the excise tax established in this act.
- Agency of Agriculture, Food and Markets:
  - \$112,500.00 for the Vermont Agriculture and Environmental Lab.
  - \$272,500.00 for staffing expenses related to rulemaking, program administration, and processing of applications and licenses.
- Agency of Administration: \$150,000.00 for expenses and staffing of the Marijuana Program Review Commission established in this act.

The establishment of the following new permanent classified positions is authorized as follows:

- In the Department of Health—one (1) Substance Abuse Program Manager.
- In the Department of Taxes—one (1) Business Analyst AC: Tax and one (1) Tax Policy Analyst.
- In the Agency of Agriculture, Food and Markets—one (1) Agriculture Chemist and two (2) Program Administrator.
- In the Marijuana Program Review Commission—one (1) exempt Commission Director.

Requires the Secretary of Administration to report annually through 2021 to the Joint Fiscal Committee on the following:

- An update of the Administration's efforts concerning implementation, administration, and enforcement of the act.
- Any changes or updates to revenue expectations from fees and taxes based on changes in competitive pricing or other information.
- Projected budget adjustment needs for current year appropriations from the Marijuana Regulation and Resource Fund.
- A comprehensive spending plan with recommended appropriations from the Fund for the next fiscal year, by department, including an explanation and justification for the expenditures and how each recommendation meets the intent of the act.

### Local Government

A municipality retains any current authority to issue a civil ordinance to provide additional penalties for marijuana in a public place.

Voters may prohibit the operation of a marijuana establishment within a municipality by majority vote at an annual or special meeting. The ban would stay in effect until repealed by the voters.

A municipality could establish a local board of marijuana control for the purpose of issuing permits to marijuana establishments located in the municipality.

A municipality could regulate marijuana establishments through local ordinances or land use bylaws or require a marijuana establishment to obtain a license or permit from the municipality prior to beginning operations.

General Timeline

Upon passage	Agency of Agriculture, Food and Markets (Agency) and Department of Health (DOH) begin rulemaking process
11/15/18	The Agency and DOH adopt final rules
12/15/18–1/15/19	Cultivator and testing laboratory application period
1/1/19	DOH implements education and prevention program
1/15/19–2/15/19	Retailer application period
3/15/19	The Agency issues cultivator and testing laboratory licenses
4/15/19	The Agency issues retailer licenses
7/1/19	Licensed retail stores may sell marijuana to persons 21 years of age or older