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H.196

Introduced by Representatives Young of Greensboro, Anthony of Barre City,  
Beck of St. Johnsbury, Birong of Vergennes, Bock of Chester,  
Burke of Brattleboro, Campbell of St. Johnsbury, Carroll of  
Bennington, Chesnut-Tangerman of Middletown Springs,  
Christie of Hartford, Cina of Burlington, Coffey of Guilford,  
Colburn of Burlington, Colston of Winooski, Copeland-Hanzas  
of Bradford, Cordes of Lincoln, Donovan of Burlington,  
Gonzalez of Winooski, Haas of Rochester, Hashim of  
Dummerston, Hill of Wolcott, Hooper of Randolph, Hooper of  
Burlington, Kitzmiller of Montpelier, Lanpher of Vergennes,  
Lefebvre of Newark, McCarthy of St. Albans City, McCormack  
of Burlington, McCullough of Williston, Mrowicki of Putney,  
Nicoll of Ludlow, Notte of Rutland City, Noyes of Wolcott,  
O'Brien of Tunbridge, O'Sullivan of Burlington, Pajala of  
Londonderry, Patt of Worcester, Rachelson of Burlington,  
Ralph of Hartland, Scheu of Middlebury, Smith of Derby,  
Squirrell of Underhill, Stevens of Waterbury, Sullivan of  
Burlington, Szott of Barnard, Trieber of Rockingham, Troiano  
of Stannard, Walz of Barre City, White of Hartford, Wood of

1 Waterbury, Yacovone of Morristown, and Yantachka of

2 Charlotte

3 Referred to Committee on

4 Date:

5 Subject: Cannabis; Cannabis Control Board

6 Statement of purpose of bill as introduced: This bill proposes to establish a  
7 comprehensive regulatory system for the production and sale of cannabis and  
8 cannabis products in Vermont. While the new regulatory structure is being  
9 implemented, existing registered medical marijuana dispensaries may apply to  
10 the Department of Public Safety for a temporary license to sell cannabis and  
11 cannabis products to the public on a limited basis while also serving registered  
12 patients and caregivers. Fees paid by dispensaries for temporary licenses and  
13 taxes on the sale of cannabis and cannabis products would be used to fund  
14 implementation of the new commercial system. The bill creates the Cannabis  
15 Control Board as the independent regulatory authority for a commercial  
16 cannabis market. The Board is responsible for adopting regulations and  
17 administering a licensing program, including compliance and enforcement, for  
18 cannabis establishments. Five types of licenses are available: cultivator,  
19 product manufacturer, wholesaler, retailer, and testing laboratory. Applicants  
20 are limited to obtaining a maximum of one type of each license. Applicants  
21 are not required to be Vermont residents, but residency will be considered in

1 prioritizing issuance of licenses. Application and license fees and an 11  
2 percent tax on cannabis and cannabis products will fund the Board in  
3 performance of its duties. Additionally, cannabis and cannabis products will  
4 be subject to the six percent sales tax and a potential three percent local option  
5 tax for municipalities that choose to host a cannabis retailer. Municipalities  
6 have authority to require municipal permits for a cannabis establishment and  
7 may prohibit the operation of a cannabis establishment or a specific type of  
8 cannabis establishment within the municipality by majority vote of those  
9 present and voting at an annual or special meeting warned for the purpose. On  
10 January 1, 2021, new statutes, as well as rules adopted by the Board, governing  
11 the Medical Cannabis Registry and Medical Cannabis Dispensaries take effect,  
12 and those programs transfer from the Department of Public Safety to the  
13 Board. The bill also directs the Office of Legislative Council to change  
14 “marijuana” to “cannabis” throughout the statutes as needed for consistency  
15 with the act.

16 An act relating to the regulation of cannabis and cannabis products for  
17 commercial and medical purposes

1 It is hereby enacted by the General Assembly of the State of Vermont:

2 \* \* \* Title Redesignation \* \* \*

3 Sec. 1. Title 7 of the V.S.A. is redesignated to read:

4 7. ALCOHOLIC BEVERAGES, CANNABIS, AND TOBACCO

5 \* \* \* Cannabis Generally; Cannabis Control Board \* \* \*

6 Sec. 2. 7 V.S.A. chapter 31 is added to read:

7 CHAPTER 31. CANNABIS

8 Subchapter 1. General Provisions

9 § 831. DEFINITIONS

10 As used in this chapter:

11 (1) “Board” means the Cannabis Control Board.

12 (2)(A) “Cannabis” means all parts of the plant Cannabis sativa L.,  
13 except as provided by subdivision (B) of this subdivision (2), whether growing  
14 or harvested, and includes:

15 (i) the seeds of the plant;

16 (ii) the resin extracted from any part of the plant; and

17 (iii) any compound, manufacture, salt, derivative, mixture, or  
18 preparation of the plant, its seeds, or resin.

19 (B) “Cannabis” does not include:

20 (i) the mature stalks of the plant and fiber produced from the  
21 stalks;

1                   (ii) oil or cake made from the seeds of the plant;

2                   (iii) any compound, manufacture, salt, derivative, mixture, or  
3 preparation of the mature stalks, fiber, oil, or cake;

4                   (iv) the sterilized seed of the plant that is incapable of  
5 germination; or

6                   (v) hemp or hemp products, as defined in 6 V.S.A. § 562.

7                   (3) “Cannabis product” means concentrated cannabis and a product that  
8 is composed of cannabis and other ingredients and is intended for use or  
9 consumption, including an edible product, ointment, and tincture.

10                  (4) “Chair” means the chair of the Cannabis Control Board.

11                  (5) “Public place” means any street, alley, park, sidewalk, public  
12 building other than individual dwellings, any place of public accommodation  
13 as defined in 9 V.S.A. § 4501, and any place where the use or possession of a  
14 lighted tobacco product, tobacco product, or tobacco substitute as defined in  
15 section 1001 of this title is prohibited by law.

16                  § 832. CANNABIS POSSESSED UNLAWFULLY SUBJECT TO

17                                 SEIZURE AND FORFEITURE

18                  Cannabis possessed unlawfully in violation of this title may be seized by  
19 law enforcement and is subject to forfeiture.

1     § 833. CONSUMPTION OF CANNABIS IN A PUBLIC PLACE

2         No person shall consume cannabis in a public place unless specifically  
3     authorized by law. Violations shall be punished in accordance with 18 V.S.A.  
4     § 4230a.

5                     Subchapter 2. Cannabis Control Board

6     § 841. CANNABIS CONTROL BOARD; DUTIES; MEMBERS

7         (a) Creation. There is created within the Executive Branch an independent  
8     commission named the Cannabis Control Board for the purpose of safely,  
9     equitably, and effectively implementing and administering the laws enabling  
10    access to medical and adult-use cannabis in Vermont.

11         (b) Duties. The duties of the Board shall be:

12             (1) rulemaking in accordance with this chapter, chapters 33–37 of this  
13    title, and 3 V.S.A. chapter 25;

14             (2) administration of a program for licensed cannabis establishments,  
15    which shall include compliance and enforcement;

16             (3) administration of the Medical Cannabis Registry on and after  
17    January 1, 2021;

18             (4) administration of a program for licensed medical cannabis  
19    dispensaries, which shall include compliance and enforcement, on and after  
20    January 1, 2021; and

21             (5) submission of an annual budget to the Governor.

1        (c) Membership.

2            (1) The Board shall consist of three members who shall be appointed as  
3 follows:

4            (A) one member appointed by the Governor;

5            (B) one member appointed by the Speaker of the House; and

6            (C) one member appointed by the Senate Committee on Committees.

7            (2) Board members shall serve for a term of three years or until a  
8 successor is appointed and shall be eligible for reappointment, provided that no  
9 member may serve more than nine years.

10           (3) A vacancy created before the expiration of a term shall be filled in  
11 the same manner as the original appointment for the unexpired portion of the  
12 term. A member appointed to fill a vacancy created before the expiration of a  
13 term shall not be deemed to have served a term for the purpose of subdivision  
14 (2) of this subsection.

15           (4) A member may be removed only for cause by the remaining  
16 members of the Commission in accordance with the Vermont Administrative  
17 Procedure Act.

18           (5) The Commission shall elect a chair from among its membership.

19           (d)(1) Conflicts of interest. No Board member shall, during his or her term  
20 or terms on the Board, be an officer of, director of, organizer of, employee of,  
21 consultant to, or attorney for any person subject to regulation by the Board.

1           (2) No Board member shall participate in creating or applying any law,  
2           rule, or policy or in making any other determination if the Board member,  
3           individually or as a fiduciary, or the Board member's spouse, parent, or child  
4           wherever residing or any other member of the Board member's family residing  
5           in his or her household has an economic interest in the matter before the Board  
6           or has any more than a de minimus interest that could be substantially affected  
7           by the proceeding.

8           (3) No Board member shall, during his or her term or terms on the  
9           Board, solicit, engage in negotiations for, or otherwise discuss future  
10           employment or a future business relationship of any kind with any person  
11           subject to supervision or regulation by the Board.

12           (4) No Board member may appear before the Board or any other State  
13           agency on behalf of a person subject to supervision or regulation by the Board  
14           for a period of one year following his or her last day as a member of the  
15           Cannabis Control Board.

16           (e) Salaries. The Chair and all members of the Board shall be full-time  
17           State employees and shall be exempt from the State classified system. The  
18           Chair and members shall receive compensation equal to 60 percent that of a  
19           Windsor County Probate judge.

1       (f) Executive Director. The Board shall appoint an Executive Director.  
2       The Director shall be a full-time State employee and shall be exempt from the  
3       State classified system. The Director shall be responsible for:

4             (1) supervising and administering the operation and implementation of  
5       this chapter and the rules adopted by the Board as directed by the Board;

6             (2) assisting the Board in its duties and administering the licensing  
7       requirements of this chapter;

8             (3) acting as Secretary to the Board, but as a nonvoting member of the  
9       Board;

10            (4) employing such staff as may be required to carry out the functions of  
11       the Board; and

12            (5) preparing an annual budget for submission to the Board.

13       (g) Consultant. The Board is authorized to hire a consultant as needed to  
14       assist with its duties under this section.

15       § 842. AUTHORITY FOR CRIMINAL BACKGROUND CHECKS

16       The Board shall establish a user agreement with the Vermont Crime  
17       Information Center in accordance with 20 V.S.A. chapter 117 for the purpose  
18       of obtaining Vermont criminal history records, out-of-state criminal history  
19       records, and criminal history records from the Federal Bureau of Investigation  
20       as required by chapters 33 (cannabis establishments) and 37 (medical cannabis  
21       dispensaries) of this title.

1     § 843. CANNABIS REGULATION FUND

2           (a) There is established the Cannabis Regulation Fund, which shall be  
3     managed in accordance with 32 V.S.A. chapter 7, subchapter 5. The Fund  
4     shall be maintained by the Cannabis Control Board.

5           (b) The Fund shall be composed of:

6                 (1) all application fees, annual license fees, renewal fees, and civil  
7     penalties collected by the Board pursuant to chapters 33 (cannabis  
8     establishments) and 37 (medical cannabis dispensaries) of this title;

9                 (2) all annual and renewal fees collected by the Board pursuant to  
10    chapter 35 (medical cannabis registry) of this title; and

11                (3) all taxes collected by the Commissioner of Taxes pursuant to  
12    32 V.S.A. § 7901.

13           (c) Monies from the fund shall only be appropriated for the purposes of  
14    implementation, administration, and enforcement of this chapter and chapters  
15    33 (cannabis establishments), chapter 35 (medical cannabis registry), and 37  
16    (medical cannabis dispensaries).

17     § 844. FEES

18           (a) The Board shall have the authority to charge and collect fees as  
19    provided by this chapter and chapters 33–37 of this title.

20           (b) Fees shall be deposited in the Cannabis Regulation Fund.

1       Sec. 3. IMPLEMENTATION OF THE CANNABIS CONTROL BOARD

2           (a) The Cannabis Control Board, created in Sec. 2 of this act, is established  
3           on July 1, 2019.

4           (b) Members of the Commission shall be appointed on or before  
5           September 1, 2019 and terms of members shall officially begin on such date.

6           (c)(1) In order to stagger the terms of the members of the Board, the initial  
7           terms of those members shall be as follows:

8                   (A) the Governor shall appoint one member for a three-year term;

9                   (B) the Speaker of the House shall appoint a member for a two-year  
10           term; and

11                   (C) the Senate Committee on Committees shall appoint a member for  
12           a two-year term.

13           (2) After the expiration of the initial terms set forth in subdivision (1) of  
14           this subsection, Board member terms shall be as set forth in 7 V.S.A. § 841.

15       Sec. 4. IMPLEMENTATION OF RULEMAKING BY THE CANNABIS  
16       CONTROL BOARD

17           On or before October 15, 2019, the Cannabis Control Board shall initiate  
18           rulemaking for cannabis establishments pursuant to 7 V.S.A. § 881 as provided  
19           in Sec. 6 of this act, the Medical Cannabis Registry pursuant to 7 V.S.A. § 956  
20           as provided in Sec. 8 of this act, and medical cannabis dispensaries pursuant to  
21           7 V.S.A. § 974 as provided in Sec. 10 of this act.

1       Sec. 5. CANNABIS CONTROL BOARD; FEES

2           The Executive Director of the Cannabis Control Board shall provide  
3       recommendations for the following fees to be charged and collected in  
4       accordance with the Board's authority pursuant to 7 V.S.A. § 844 to the  
5       General Assembly on or before January 15, 2020. The recommendations shall  
6       be accompanied by information justifying the recommended rate as required  
7       by 32 V.S.A. § 605(d).

8           (1) Application fees, initial annual license fees, and annual license  
9       renewal fees for each type of cannabis establishment license as provided in  
10       7 V.S.A. § 909: cultivator, product manufacturer, wholesaler, retailer, and  
11       testing laboratory. If the Board establishes tiers within a licensing category, it  
12       shall provide a fee recommendation for each tier. Regarding tiers created for  
13       cultivator licenses as required by 7 V.S.A. § 901(d)(2), the Board shall take  
14       into consideration indoor versus outdoor cultivation and shall strive to make  
15       fees for outdoor cultivation lower than fees for indoor cultivation.

16           (2) Fee for a cannabis establishment identification card as provided in  
17       7 V.S.A. § 884.

18           (3) Initial annual fee and annual renewal fee for a patient on the Medical  
19       Cannabis Registry as provided in 7 V.S.A. § 955.

20           (4) Initial annual fee and annual renewal fee for a caregiver on the  
21       Medical Cannabis Registry as provided in 7 V.S.A. § 955.

1           (5) Application fee, initial annual fee, and annual renewal fee for  
2           medical cannabis dispensaries.

3           (6) Fee for a medical cannabis dispensary identification card as provided  
4           in 7 V.S.A. § 975.

5           Sec. 6. CANNABIS CONTROL BOARD; POSITIONS

6           The following new permanent positions are created in the Cannabis Control  
7           Board:

8           (1) three full-time, exempt members of the Board;

9           (2) one full-time, exempt Executive Director of the Board; and

10          (3) one full-time, classified Administrative Assistant.

11          Sec. 7. BUILDINGS AND GENERAL SERVICES; SPACE ALLOCATION

12          The Commissioner of Buildings and General Services shall allocate space  
13          for the Cannabis Control Board established in Sec. 2 of this act. This space  
14          shall be allocated on or before September 1, 2019.

15                   \* \* \* Temporary License for Early Sales to the Public \* \* \*

16          Sec. 8. TEMPORARY LICENSE FOR EARLY SALES TO THE PUBLIC

17          (a) As used in this section:

18               (1) “Board” means the Cannabis Control Board.

19               (2) “Department” means the Department of Public Safety.

20               (3) “Public” means persons 21 years of age or older who are not patients  
21               or caregivers on the Registry who have designated the dispensary as their

1 dispensary with the Department of Public Safety pursuant to 18 V.S.A.  
2 chapter 86.

3 (4) “Registry” means the Vermont Marijuana Registry established  
4 pursuant to 18 V.S.A. chapter 86.

5 (b) It is the intent of the General Assembly to allow registered medical  
6 cannabis dispensaries to sell cannabis and cannabis products on a limited basis  
7 to the public prior to implementation of the new licensing system for  
8 commercial cannabis establishments. The temporary licenses would expire  
9 once sales to the public have begun under the new commercial licenses and a  
10 dispensary that wants to continue in the commercial market would need to  
11 apply for a license under 7 V.S.A. chapter 33. A dispensary that is licensed for  
12 early sales to the public shall be required to meet the needs of its designated  
13 patients and caregivers during that time and shall not reduce access by patients  
14 and caregivers to products or services.

15 (c) Notwithstanding provisions in 18 V.S.A. chapter 86 and rules adopted  
16 pursuant to the chapter to the contrary, a dispensary registered pursuant to that  
17 chapter may apply to the Department for a temporary cannabis establishment  
18 license that allows the dispensary to sell cannabis and cannabis products to the  
19 public in addition to patients and caregivers on the Medical Cannabis Registry  
20 in accordance with the provisions of this section.

1       (d)(1) From August 1, 2019 to October 1, 2019, a dispensary may submit to  
2       the Department a letter of intent to obtain a license pursuant to this section.  
3       The letter shall contain a detailed explanation of how the dispensary plans to  
4       implement a temporary program for cannabis sales to the public while  
5       maintaining its obligations to patients and caregivers. The Department shall  
6       work with a dispensary applicant on meeting this criteria and compliance with  
7       the provisions in 18 V.S.A. chapter 86 and rules adopted pursuant to the  
8       chapter relevant to the new license. The Department shall issue a temporary  
9       license no more than 60 days after the letter of intent is received by the  
10       Department. Sales to the public may begin January 1, 2020. All temporary  
11       licenses issued pursuant to this section shall expire on July 1, 2021.

12       (2) After a dispensary is approved for a temporary license, but before it  
13       begins operations permitted by the license, the dispensary shall pay a one-time  
14       fee of \$75,000.00 to the Board. Fees shall be deposited in the Cannabis  
15       Regulation Fund created by 7 V.S.A. 843 and appropriated for the purposes of  
16       implementation, administration, and enforcement of 7 V.S.A. chapters 31  
17       (cannabis), 33 (cannabis establishments), 35 (medical cannabis registry), and  
18       37 (medical cannabis dispensaries).

19       (e) A dispensary licensed pursuant to this section may:

20       (1) cultivate, package, label, transport, and test cannabis;

1           (2) use cannabis and cannabis products to produce cannabis products  
2           and package, label, and test cannabis products;

3           (3) sell cannabis and cannabis products to the public for consumption  
4           off the registered premises.

5           (f) For purposes of sales to the public, a dispensary licensed pursuant to  
6           this section is not subject to the cultivation plant limits in 18 V.S.A.  
7           chapter 86. A dispensary shall not reduce its cultivation of cannabis or  
8           production of cannabis products for patients or caregivers in order to supply  
9           the public.

10          (g) A dispensary may sell to the public only on Thursdays, Fridays, and  
11          Saturdays. Patients shall be entitled to make appointments on those days to  
12          avoid any significant wait times, but are not required to make appointments on  
13          those days.

14          (h)(1) In a single transaction, a dispensary may provide one-half ounce of  
15          cannabis or the equivalent in cannabis products, or a combination thereof, to a  
16          person 21 years of age or older upon verification of a valid government-issued  
17          photograph identification card.

18          (2) Cannabis and cannabis products sold to patients and caregivers shall  
19          be priced at least 10 percent below the same or similar products sold to the  
20          public.



1           (7) “Cannabis product” means concentrated cannabis and a product that  
2           is composed of cannabis and other ingredients and is intended for use or  
3           consumption, including an edible product, ointment, and tincture.

4           (8) “Cannabis product manufacturer” or “product manufacturer” means  
5           a person licensed by the Board to engage in activities provided in section 906  
6           of this chapter.

7           (9) “Cannabis retailer” or “retailer” means a person licensed by the  
8           Board to engage in activities provided in section 907 of this chapter.

9           (10) “Cannabis testing laboratory” or “testing laboratory” means a  
10           person licensed by the Board to engage in activities provided in section 908 of  
11           this chapter.

12           (11) “Cannabis wholesaler” or “wholesaler” means a person licensed by  
13           the Board to engage in activities provided in section 905 of this chapter.

14           (12) “Chair” means the Chair of the Cannabis Control Board.

15           (13) “Controls,” “is controlled by,” and “under common control” mean  
16           the power to direct, or cause the direction or management and policies of a  
17           person, whether through the direct or beneficial ownership of voting securities,  
18           by contract, or otherwise. A person who directly or beneficially owns  
19           10 percent or more equity interest, or the equivalent thereof, of another person  
20           shall be deemed to control the person. A franchisor shall be considered to  
21           control its franchisees.

1           (14) “Dispensary” means a business organization licensed pursuant to  
2 chapter 37 of this title.

3           (15) “Enclosed, locked facility” shall be either indoors or outdoors, not  
4 visible to the public, and may include a building, room, greenhouse, fully  
5 enclosed fenced-in area, or other location enclosed on all sides and equipped  
6 with locks or other security devices that permit access only by:

7           (A) Employees, agents, or owners of the cultivator, all of whom shall  
8 be 21 years of age or older.

9           (B) Government employees performing their official duties.

10          (C) Contractors performing labor that does not include cannabis  
11 cultivation, packaging, or processing. Contractors shall be accompanied by an  
12 employee, agent, or owner of the cultivator when they are in areas where  
13 cannabis is being grown, processed, packaged, or stored.

14          (D) Registered employees of other cultivators, members of the  
15 media, elected officials, and other individuals 21 years of age or older visiting  
16 the facility, provided they are accompanied by an employee, agent, or owner of  
17 the cultivator.

18          (16) “Municipality” means a town, city, or incorporated village.

19          (17) “Person” shall include any natural person; corporation;  
20 municipality; the State of Vermont or any department, agency, or subdivision

1 of the State; and any partnership, unincorporated association, or other legal  
2 entity.

3 (18) "Plant canopy" means the square footage dedicated to live plant  
4 production and does not include areas such as office space or areas used for the  
5 storage of fertilizers, pesticides, or other products.

6 (19) "Principal" means an individual vested with the authority to  
7 conduct, manage, or supervise the business affairs of a person, and may  
8 include the president, vice president, secretary, treasurer, manager, or similar  
9 executive officer of a business; a director of a corporation, nonprofit  
10 corporation, or mutual benefit enterprise; a member of a nonprofit corporation,  
11 cooperative, or member-managed limited liability company; and a partner of a  
12 partnership.

13 (20) "Resident" means a person who is domiciled in Vermont, subject to  
14 the following:

15 (A) The process for determining the domicile of an individual shall  
16 be the same as that required by rules adopted by the Department of Taxes  
17 related to determining domicile for the purpose of the interpretation and  
18 administration of 32 V.S.A. § 5401(14).

19 (B) The domicile of a business entity is the state in which it is  
20 organized.

1     § 862. NOT APPLICABLE TO HEMP OR MEDICAL USE OF  
2             CANNABIS

3             This chapter applies to the regulation of cannabis establishments by the  
4     Board and shall not apply to activities regulated by 6 V.S.A. chapter 34  
5     (hemp), 18 V.S.A. chapter 84 (therapeutic use of cannabis), or chapters 35  
6     (Medical Cannabis Registry) and 37 (medical cannabis dispensaries) of this  
7     title.

8     § 863. REGULATION BY LOCAL GOVERNMENT

9             (a) Nothing in this chapter shall be construed to prevent a municipality  
10     from regulating cannabis establishments through local ordinances as set forth  
11     in 24 V.S.A. § 2291 or through land use bylaws as set forth in 24 V.S.A.  
12     § 4414.

13             (b)(1) A municipality that hosts a cannabis establishment may establish a  
14     cannabis control commission, composed of cannabis control commissioners  
15     who shall be the members of the municipal legislative body. The commission  
16     shall administer municipal permits under this subsection for the cannabis  
17     establishments within the municipality.

18             (2) Prior to beginning operations within a municipality, a cannabis  
19     establishment shall obtain any local permit required by that municipality.

20             (c)(1) A municipality, by majority vote of those present and voting at an  
21     annual or special meeting warned for the purpose, may prohibit the operation

1 of a cannabis establishment or a specific type of cannabis establishment within  
2 the municipality. The provisions of this subdivision shall not apply to a  
3 cannabis establishment that is operating within the municipality at the time of  
4 the vote.

5 (2) A vote to prohibit the operation of a cannabis establishment within  
6 the municipality shall remain in effect until rescinded by majority vote of those  
7 present and voting at an annual or special meeting warned for the purpose.

8 § 864. ADVERTISING

9 (a) Cannabis advertising shall not contain any statement or illustration that:

10 (1) is deceptive, false or misleading;

11 (2) promotes overconsumption;

12 (3) represents that the use of cannabis has curative effects;

13 (4) depicts a person under 21 years of age consuming cannabis; or

14 (5) is designed to be or has the effect of being particularly appealing to  
15 children or persons under 21 years of age.

16 (b) Cannabis establishments shall not advertise their products via flyers,  
17 television, radio, billboards, print, or Internet unless the licensee can show that  
18 no more than 30 percent of the audience is reasonably expected to be under  
19 21 years of age.

1        (c) All advertising shall contain the following warnings:

2            (1) For use only by adults 21 years of age or older. Keep out of the  
3 reach of children.

4            (2) Cannabis has intoxicating effects and may impair concentration,  
5 coordination, and judgment.

6        § 865. EDUCATION

7            (a) A licensee shall complete an enforcement seminar every three years  
8 conducted by the Board. A license shall not be renewed unless the records of  
9 the Board show that the licensee has complied with the terms of this  
10 subsection.

11           (b) A licensee shall ensure that each employee involved in the sale of  
12 cannabis completes a training program approved by the Board prior to selling  
13 cannabis and at least once every 24 months thereafter. A licensee shall keep a  
14 written record of the type and date of training for each employee, which shall  
15 be signed by each employee. A licensee may comply with this requirement by  
16 conducting its own training program on its premises, using information and  
17 materials furnished by the Board. A licensee who fails to comply with the  
18 requirements of this section shall be subject to a suspension of not less than  
19 one day of the license issued under this chapter.



1           (J) regulation of additives to cannabis, including those that are toxic  
2           or designed to make the product more addictive, more appealing to children, or  
3           to mislead consumers;

4           (K) procedures for seed-to-sale traceability of cannabis, including  
5           any requirements for tracking software;

6           (L) regulation of the storage and transportation of cannabis;

7           (M) sanitary requirements;

8           (N) procedures for the renewal of a license, which shall allow  
9           renewal applications to be submitted up to 90 days prior to the expiration of  
10          the cannabis establishment's license;

11          (O) procedures for suspension and revocation of a license; and

12          (P) requirements for banking and financial transactions.

13          (2)(A) Rules concerning cultivators shall include:

14               (i) creation of a tiered system of licensing based on square footage  
15               of cultivation space;

16               (ii) restrictions on the use by cultivators of pesticides that are  
17               injurious to human health;

18               (iii) standards for both the indoor and outdoor cultivation of  
19               cannabis, including environmental protection requirements;

20               (iv) procedures and standards for testing cannabis for  
21               contaminants and potency and for quality assurance and control;

1           (v) labeling requirements for products sold to retailers that include  
2           appropriate warnings concerning the potential risks of consuming cannabis  
3           and the need to keep the product away from children;

4           (vi) regulation of visits to the establishments, including the  
5           number of visitors allowed at any one time and record keeping concerning  
6           visitors; and

7           (vii) facility inspection requirements and procedures.

8           (B) The Board shall consider the different needs and risks of small  
9           cultivators of not more than 500 square feet when adopting rules and shall  
10          make an exception or accommodation to such rules for cultivators of this size  
11          where appropriate.

12          (3) Rules concerning product manufacturers shall include:

13           (A) identification of the amount of tetrahydrocannabinol and  
14           cannabidiol that constitutes a single serving;

15           (B) limitations to a specific number of servings for each individual  
16           package of edible cannabis products with the exception of infused oils,  
17           powders, and liquids;

18           (C) requirements for opaque, child-resistant packaging;

19           (D) requirements for labeling of cannabis products that include the  
20           length of time it typically takes for products to take effect and appropriate

1 warnings concerning the potential risks of consuming cannabis and the need to  
2 keep the product away from children;

3 (E) requirements that a cannabis product is clearly identifiable with a  
4 standard symbol indicating that it contains cannabis; and

5 (F) a prohibition on:

6 (i) products or packaging that make the product more appealing to  
7 children;

8 (ii) the inclusion of nicotine or alcoholic beverages in a cannabis  
9 product;

10 (iii) the production and sale of cannabis products that are not  
11 reasonably detectable to consumers, including tasteless powders.

12 (4) Rules concerning retailers shall include:

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

14 (B) restrictions that cannabis shall be stored behind a counter or other  
15 barrier to ensure a customer does not have direct access to cannabis or  
16 cannabis products without the assistance and supervision of an employee; and

17 (C) facility inspection requirements and procedures.

18 (5) Rules concerning testing laboratories shall include:

19 (A) procedures and standards for testing cannabis for contaminants  
20 and potency and for quality assurance and control;

1           (B) reporting requirements, including requirements for chain-of-  
2           custody record keeping; and

3           (C) procedures for destruction of all cannabis and cannabis products  
4           samples.

5           (b) The Board shall consult with other State agencies and departments as  
6           necessary in the development and adoption of rules where there is shared  
7           expertise and duties.

8           § 882. SUSPENSION AND REVOCATION OF LICENSES; CIVIL  
9           VIOLATIONS

10          (a) The Board shall have the authority to suspend or revoke a license for  
11          violations of this chapter in accordance with rules adopted pursuant to this  
12          chapter.

13          (b) The Board shall have the authority to adopt rules for the issuance of  
14          civil citations for violations of this chapter and the rules adopted pursuant to  
15          this chapter. Any proposed rule under this section shall include the full,  
16          minimum, and waiver penalty amounts for each violation.

17          § 883. CRIMINAL BACKGROUND RECORD CHECKS; APPLICANTS

18          (a) The Board shall obtain from the Vermont Crime Information Center a  
19          copy of a license applicant's fingerprint-based Vermont criminal history  
20          records, out-of-state criminal history records, and criminal history records from  
21          the Federal Bureau of Investigation.

1       (b) The Board shall adopt rules that set forth standards for determining  
2       whether an applicant should be denied a cannabis establishment license  
3       because of his or her criminal history record. Nonviolent drug offenses shall  
4       not automatically disqualify a candidate.

5       § 884. CANNABIS ESTABLISHMENT IDENTIFICATION CARD

6       (a) Every owner, principal, and employee of a cannabis establishment shall  
7       obtain an identification card issued by the Board.

8       (b)(1) Prior to issuing the identification card, the Board shall obtain from  
9       the Vermont Crime Information Center a copy of the person's Vermont  
10       fingerprint-based criminal history records, out-of-state criminal history  
11       records, and criminal history records from the Federal Bureau of Investigation.

12       (2) The Board shall adopt rules that set forth standards for determining  
13       whether a person should be denied a cannabis establishment identification card  
14       because of his or her criminal history record. Nonviolent drug offenses shall  
15       not automatically disqualify a candidate.

16       (c) Once an identification card application has been submitted, a person  
17       may serve as an employee of a cannabis establishment pending the background  
18       check, provided the person is supervised in his or her duties by someone who  
19       is a cardholder. The Board shall issue a temporary permit to the person for this  
20       purpose, which shall expire upon the issuance of the identification card or  
21       disqualification of the person in accordance with this section.



1           (3) An applicant and its affiliates may obtain a maximum of one type of  
2           each license under this chapter. Each license shall permit only one location of  
3           the establishment. A dispensary license issued pursuant to chapter 37 of this  
4           title does not count toward the license limits provided in this section.

5           (e) A dispensary that obtains a retailer license pursuant to this chapter shall  
6           maintain the dispensary and retail operations in a manner that protects patient  
7           and caregiver privacy in accordance with rules adopted by the Board.

8           (f) Each licensee shall obtain and maintain commercial general liability  
9           insurance in accordance with rules adopted by the Board. Failure to provide  
10           proof of insurance to the Board, as required, may result in revocation of the  
11           license.

12           (g) All records relating to security, transportation, public safety, and trade  
13           secrets in an application for a license under this chapter are exempt from public  
14           inspection and copying under the Public Records Act and shall be confidential.  
15           Notwithstanding 1 V.S.A. § 317(e), the Public Records Act exemption created  
16           in this subsection shall continue in effect and shall not be repealed through  
17           operation of 1 V.S.A. § 317(e).

18           § 902. LICENSE QUALIFICATIONS AND APPLICATION PROCESS

19           (a) An applicant, principal of an applicant, and person who owns or  
20           controls an applicant, who is a natural person:

21           (1) shall be 21 years of age or older; and

1           (2) shall consent to the release of his or her criminal and administrative  
2 history records.

3           (b) As part of the application process, each applicant shall submit, in a  
4 format prescribed by the Board, an operating plan. The Board shall adopt rules  
5 regarding the required components of an application for each type of license.

6           (c) The Board shall obtain a fingerprint-based Vermont criminal history  
7 record, an out-of-state criminal history record, a criminal history record from  
8 the Federal Bureau of Investigation, and any regulatory records relating to the  
9 operation of a business in this State or any other jurisdiction for each of the  
10 following who is a natural person:

11           (1) the applicant;

12           (2) each proposed principal;

13           (3) each individual who would control the business.

14   § 903. PRIORITIES

15           (a) The Board shall issue licenses pursuant to this chapter as determined  
16 according to a system of priorities adopted by rule by the Board. The system  
17 of priorities shall require consideration of criteria, including:

18           (1) whether the applicants, a majority of principals, and those holding  
19 majority control of the proposed business are residents of Vermont;

20           (2) the geographic distribution of cannabis establishments based on  
21 population and market needs;

1           (3) whether the applicants would foster social justice and equity in the  
2           cannabis industry by:

3                   (A) being a minority- or women-owned business or proposing  
4           specific plans to recruit, hire, and implement a development ladder for  
5           minorities and women; or

6                   (B) paying employees a living wage and offering benefits;

7           (4) whether the project incorporates principles of environmental  
8           resiliency or sustainability, including energy efficiency; and

9           (5) whether the applicants have an existing medical cannabis dispensary  
10          license in good standing.

11          (b) In an annual license renewal application, a cannabis establishment that  
12          was granted a priority license based on this section shall include information  
13          demonstrating that it continues to satisfy such criteria.

14          § 904. CULTIVATOR LICENSE

15               (a) A cultivator licensed under this chapter may cultivate, package, label,  
16          transport, test, and sell cannabis to a licensed wholesaler, product  
17          manufacturer, retailer, or dispensary.

18               (b) Cultivation of cannabis shall occur only in an enclosed, locked facility.

19               (c) Representative samples of each lot or batch of cannabis intended for  
20          human consumption shall be tested for safety and potency in accordance with  
21          rules adopted by the Board.

1        (d) Each cultivator shall create packaging for its cannabis.

2            (1) Packaging shall include:

3                    (A) The name and registration number of the cultivator.

4                    (B) The strain of cannabis contained. Cannabis strains shall be either  
5 pure breeds or hybrid varieties of cannabis and shall reflect properties of the  
6 plant.

7                    (C) The potency of the cannabis represented by the percentage of  
8 tetrahydrocannabinol and cannabidiol by mass.

9                    (D) A “produced on” date reflecting the date that the cultivator  
10 finished producing the cannabis.

11                   (E) Appropriate warnings as prescribed by the Board in rule.

12                   (F) Any additional requirements contained in rules adopted by the  
13 Board in accordance with this chapter. Rules shall take into consideration that  
14 different labeling requirements may be appropriate depending on whether the  
15 cannabis is sold to a wholesaler, product manufacturer, or retailer.

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

18                   (e)(1) Only unadulterated cannabis shall be offered for sale. If, upon  
19 inspection, the Board finds any violative pesticide residue or other  
20 contaminants of concern, the Board shall order the cannabis, either  
21 individually or in blocks, to be:

- 1           (A) put on stop-sale;  
2           (B) treated in a particular manner; or  
3           (C) destroyed according to the Board's instructions.

4           (2) Cannabis ordered destroyed or placed on stop-sale shall be clearly  
5           separable from salable cannabis. Any order shall be confirmed in writing  
6           within seven days. The order shall include the reason for action, a description  
7           of the cannabis affected, and any recommended treatment.

8           (3) A person may appeal an order issued pursuant to this section within  
9           15 days after receiving the order. The appeal shall be made in writing to the  
10           Secretary and shall clearly identify the cannabis affected and the basis for the  
11           appeal.

12           § 905. WHOLESALER LICENSE

13           A wholesaler licensed under this chapter may:

14           (1) purchase cannabis from licensed cultivators and wholesalers and  
15           cannabis products from licensed wholesalers and product manufacturers;

16           (2) transport, package, and sell cannabis and cannabis products to a  
17           licensed wholesaler, product manufacturer, retailer, and dispensary.

18           § 906. PRODUCT MANUFACTURER LICENSE

19           A product manufacturer licensed under this chapter may:

20           (1) purchase cannabis from licensed cultivators and wholesalers and  
21           cannabis products from licensed wholesalers and product manufacturers;

1           (2) use cannabis and cannabis products to produce cannabis products;

2           and

3           (3) transport, package, and sell cannabis products to licensed  
4           wholesalers, product manufacturers, retailers, and dispensaries.

5           § 907. RETAILER LICENSE

6           (a) A retailer licensed under this chapter may:

7           (1) purchase cannabis from a licensed cultivator or wholesaler and  
8           cannabis products from a licensed wholesaler or licensed product  
9           manufacturer; and

10           (2) transport and sell cannabis and cannabis products to the public for  
11           consumption off the registered premises.

12           (b) In a single transaction, a retailer may provide one ounce of cannabis or  
13           the equivalent in cannabis products, or a combination thereof, to a person  
14           21 years of age or older upon verification of a valid government-issued  
15           photograph identification card.

16           (c) Online ordering for pick-up or personal delivery is permitted.

17           (d)(1) Packaging shall include:

18           (A) The strain of cannabis contained. Cannabis strains shall be either  
19           pure breeds or hybrid varieties of cannabis and shall reflect properties of the  
20           plant.

1           (B) The potency of the cannabis represented by the percentage of  
2           tetrahydrocannabinol and cannabidiol by mass.

3           (C) A “produced on” date reflecting the date that the cultivator  
4           finished producing the cannabis.

5           (D) Appropriate warnings as prescribed by the Board in rule.

6           (E) Any additional requirements contained in rules adopted by the  
7           Board in accordance with this chapter.

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

10          (e) A retailer shall display a safety information flyer or flyers developed or  
11          approved by the Board and supplied to the retailer free of charge. The flyer or  
12          flyers shall contain information concerning the methods for administering  
13          cannabis, the amount of time it may take for cannabis products to take effect,  
14          the risks of driving under the influence of cannabis, the potential risks of  
15          cannabis use, the symptoms of problematic usage, and how to receive help for  
16          cannabis abuse.

17          § 908. TESTING LABORATORY LICENSE

18          (a) A testing laboratory licensed under this chapter may acquire, analyze,  
19          test, and transport cannabis samples obtained from a licensed cannabis  
20          establishment, a dispensary, or a member of the public.

1           (b) Testing may address the following:

2               (1) residual solvents;

3               (2) poisons or toxins;

4               (3) harmful chemicals;

5               (4) dangerous molds, mildew, or filth;

6               (5) harmful microbials, such as E. coli or salmonella;

7               (6) pesticides; and

8               (7) tetrahydrocannabinol and cannabidiol potency.

9           (c) A testing laboratory shall have a written procedural manual made  
10 available to employees to follow meeting the minimum standards set forth in  
11 rules detailing the performance of all methods employed by the facility used to  
12 test the analytes it reports.

13           (d) In accordance with rules adopted pursuant to this chapter, a testing  
14 laboratory shall establish a protocol for recording the chain of custody of all  
15 cannabis samples.

16           (e) A testing laboratory shall establish, monitor, and document the ongoing  
17 review of a quality assurance program that is sufficient to identify problems in  
18 the laboratory systems when they occur.

19           (f)(1) Except as provided in subdivision (2) of this subsection, a cannabis  
20 establishment that is subject to testing requirements under this chapter or rules  
21 adopted pursuant to this chapter shall have its cannabis or cannabis products

1 tested by an independent licensed testing laboratory and not a licensed testing  
2 laboratory owned or controlled by the license holder of the cannabis  
3 establishment.

4 (2) The Board may limit or suspend this requirement on a temporary  
5 basis upon a finding that there are not sufficient licensed testing laboratories to  
6 enable licensees to comply with the testing requirements of this chapter.

7 § 909. FEES

8 (a) The Board shall charge and collect license application fees, initial  
9 annual license fees, and annual license renewal fees for each type of cannabis  
10 establishment license under this chapter. Fees shall be due and payable at the  
11 time of license application, annual license, or renewal.

12 (b) Fees shall be deposited in the Cannabis Regulation Fund.

13 Sec. 10. IMPLEMENTATION OF LICENSING CANNABIS

14 ESTABLISHMENTS

15 (a)(1) On or before September 15, 2020, the Board shall begin accepting  
16 applications for cultivator licenses and testing laboratory licenses. The initial  
17 application period shall remain open for 30 days. The Board may reopen the  
18 application process for any period of time at its discretion. During this initial  
19 application period, the Board shall give preference to smaller cultivation  
20 operations in an effort to encourage small local farmers to enter the market.

1           (2) On or before December 1, 2020, the Board shall begin issuing  
2           cultivator and testing laboratory licenses to qualified applicants.

3           (b)(1) On or before November 15, 2020, the Board shall begin accepting  
4           applications for product manufacturer licenses and wholesaler licenses. The  
5           initial application period shall remain open for 30 days. The Board may  
6           reopen the application process for any period of time at its discretion.

7           (2) On or before February 1, 2021, the Board shall begin issuing product  
8           manufacturer and wholesaler licenses to qualified applicants.

9           (c)(1) On or before January 15, 2021, the Board shall begin accepting  
10          applications for retailer licenses. The initial application period shall remain  
11          open for 30 days. The Board may reopen the application process for any  
12          period of time at its discretion.

13          (2) On or before April 1, 2021, the Board shall begin issuing retailer  
14          licenses to qualified applicants.

15                                   \* \* \* Medical Cannabis Registry \* \* \*

16          Sec. 11. 7 V.S.A. chapter 35 is added to read:

17                                   CHAPTER 35. MEDICAL CANNABIS REGISTRY

18          § 951. DEFINITIONS

19           As used in this chapter:

20           (1) “Board” means the Cannabis Control Board.

1           (2) “Cannabis” has the same meaning as provided in section 831 of this  
2 title.

3           (3) “Cannabis product” has the same meaning as provided in section 831  
4 of this title.

5           (4) “Dispensary” means a business organization licensed under  
6 chapter 37 of this title.

7           (5)(A) “Health care professional” means an individual licensed to  
8 practice medicine under 26 V.S.A. chapter 23 or 33, an individual licensed as a  
9 naturopathic physician under 26 V.S.A. chapter 81, an individual certified as a  
10 physician assistant under 26 V.S.A. chapter 31, or an individual licensed as an  
11 advanced practice registered nurse under 26 V.S.A. chapter 28.

12           (B) This definition includes individuals who are professionally  
13 licensed under substantially equivalent provisions in New Hampshire,  
14 Massachusetts, or New York.

15           (6) “Immature cannabis plant” means a female cannabis plant that has  
16 not flowered and that does not have buds that may be observed by visual  
17 examination.

18           (7) “Mature cannabis plant” means a female cannabis plant that has  
19 flowered and that has buds that may be observed by visual examination.

20           (8) “Qualifying medical condition” means:

1           (A) cancer, multiple sclerosis, positive status for human  
2           immunodeficiency virus, acquired immune deficiency syndrome, glaucoma,  
3           Crohn’s disease, Parkinson’s disease, or the treatment of these conditions if the  
4           disease or the treatment results in severe, persistent, and intractable symptoms;

5           (B) post-traumatic stress disorder, provided the Department confirms  
6           the applicant is undergoing psychotherapy or counseling with a licensed  
7           mental health care provider; or

8           (C) another disease, condition, or treatment as determined in writing  
9           by a patient’s health care professional.

10           (9) “Registry” means the Vermont Medical Cannabis Registry.

11           § 952. REGISTRY

12           (a) The Board shall establish and manage the Vermont Medical Cannabis  
13           Registry for the purpose of allowing persons with qualifying medical  
14           conditions and their caregivers to obtain privileges regarding cannabis and  
15           cannabis product possession, use, cultivation, and purchase.

16           (b) A person who is a registered patient or a registered caregiver on behalf  
17           of a patient may:

18           (1) Cultivate no more than two mature and seven immature cannabis  
19           plants. Any cannabis harvested from the plants shall not count toward the  
20           three-ounce possession limit in subdivision (b)(2) of this section, provided it is  
21           stored in an indoor facility on the property where the cannabis was cultivated

1 and reasonable precautions are taken to prevent unauthorized access to the  
2 cannabis.

3 (2) Possess no more than three ounces of cannabis.

4 (3) Purchase cannabis and cannabis products at a licensed medical  
5 cannabis dispensary. Pursuant to chapter 37 of this title, a dispensary may  
6 offer goods and services that are not permitted at a cannabis establishment  
7 licensed pursuant to chapter 33 of this title.

8 (c) Individual names and identifying information about patients and  
9 caregivers on the Registry are exempt from public inspection and copying  
10 under the Public Records Act and shall be kept confidential. Notwithstanding  
11 1 V.S.A. § 317(e), the Public Records Act exemption created in this subsection  
12 shall continue in effect and shall not be repealed through operation of 1 V.S.A.  
13 § 317(e).

14 (d) The Board shall establish an application process through rulemaking.

15 § 953. PATIENTS

16 (a) Pursuant to rules adopted by the Board, a person may register with the  
17 Board to obtain the benefits of the Registry as provided in section 952 of this  
18 title.

19 (b) An application by a person under 18 years of age shall be signed by  
20 both the applicant and the applicant's parent or guardian.

1     § 954. CAREGIVERS

2           (a) Pursuant to rules adopted by the Board, a person may register with the  
3     Board as a caregiver of a registered patient to obtain the benefits of the  
4     Registry as provided in section 952 of this title.

5           (b)(1) Except as provided in subdivision (2) of this subsection, a caregiver  
6     shall serve only one patient at a time, and a patient shall have only one  
7     registered caregiver at a time. A patient may serve as a caregiver for one other  
8     patient.

9           (2) A patient who is under 18 years of age may have two caregivers.

10    § 955. REGISTRATION; FEES

11           (a) A registration card shall expire one year after the date of issuance. A  
12    patient or caregiver may renew the card according to protocols adopted by the  
13    Board.

14           (b) The Board shall charge and collect fees for annual registration for  
15    patients and caregivers. Fees shall be deposited in the Cannabis Regulation  
16    Fund as provided in section 843 of this title.

17    § 956. RULEMAKING

18           The Board shall adopt rules for the administration of this chapter. No rule  
19    shall be more restrictive than any rule adopted by the Department of Public  
20    Safety pursuant to 18 V.S.A. chapter 86.

1       Sec. 12. IMPLEMENTATION OF MEDICAL CANNABIS REGISTRY

2           (a) On January 1, 2021, patients and caregivers who are on the Department  
3           of Public Safety’s Medical Marijuana Registry pursuant to 18 V.S.A.  
4           chapter 86 shall transfer to the Cannabis Control Board’s Medical Cannabis  
5           Registry pursuant to 7 V.S.A. chapter 35. At such time, those patients and  
6           caregivers will be entitled to the privileges afforded registrants under 7 V.S.A.  
7           chapter 35 and rules adopted by the Board pursuant to 7 V.S.A. chapter 35.

8           (b) The registration card of a patient or caregiver who transfers to the new  
9           Registry shall expire on the date of the registration card and a patient or  
10           caregiver who wishes to continue participation on the Registry shall renew the  
11           registration card under rules adopted by the Board.

12       Sec. 13. REPEAL

13           18 V.S.A. chapter 86 (Therapeutic use of cannabis) is repealed.

14                           \* \* \* Medical Cannabis Dispensaries \* \* \*

15       Sec. 14. 7 V.S.A. chapter 37 is added to read:

16                           CHAPTER 37. MEDICAL CANNABIS DISPENSARIES

17           § 971. INTENT; PURPOSE

18           (a) It is the intent of the General Assembly to provide a well-regulated  
19           system of licensed medical cannabis dispensaries for the purpose of providing  
20           cannabis, cannabis products, and related services to patients and caregivers  
21           who are registered on the Medical Cannabis Registry pursuant to chapter 35 of

1 this title. Vermont first authorized dispensaries in 2011, and it is the intent of  
2 the General Assembly that dispensaries continue to provide unique goods and  
3 services to registered patients and caregivers for therapeutic purposes in a  
4 market that also allows cannabis establishments licensed pursuant to  
5 chapter 33 of this title.

6 (b) A dispensary licensed pursuant to this chapter may engage in practices  
7 that are not permitted for a cannabis establishment. As such, a dispensary  
8 may:

9 (1) be vertically integrated under one license;

10 (2) sell tax-free cannabis and cannabis products to patients and  
11 caregivers;

12 (3) allow patients and caregivers to purchase cannabis and cannabis  
13 products without leaving their vehicles;

14 (4) produce and sell cannabis and cannabis products that have a higher  
15 THC content than is permitted for a cannabis establishment;

16 (5) produce and sell cannabis products that may not otherwise be  
17 permitted for a cannabis establishment, but that would be appropriate for use  
18 by a patient as determined by the Board through rulemaking; and

19 (6) sell larger quantities of cannabis and cannabis products than is  
20 permitted for a cannabis establishment.

1     § 972. DEFINITIONS

2             As used in this chapter:

3             (1) “Board” means the Cannabis Control Board.

4             (2) “Cannabis” has the same meaning as provided in section 831 of this  
5 title.

6             (3) “Cannabis product” has the same meaning as provided in section 831  
7 of this title.

8             (4) “Dispensary” means a business organization licensed under this  
9 chapter.

10            (5) “Registry” means the Vermont Medical Cannabis Registry.

11     § 973. DISPENSARY LICENSE

12            A dispensary licensed pursuant to this chapter may:

13            (1) cultivate, package, label, test, and transport cannabis;

14            (2) produce, package, label, test, and transport cannabis products;

15            (3) sell and deliver cannabis and cannabis products to patients and

16 caregivers registered under chapter 35 of this title;

17            (4) acquire, purchase, or borrow cannabis, cannabis products, and

18 services from another licensed Vermont medical cannabis dispensary or give,

19 sell, or lend cannabis, cannabis products, and services to another licensed

20 Vermont medical cannabis dispensary; and

1           (5) purchase cannabis and cannabis products from a cannabis  
2           establishment licensed pursuant to chapter 33 of this title.

3           § 974. RULEMAKING

4           (a) The Board shall adopt rules to implement and administer this chapter.  
5           In adoption of rules, the Board shall strive for consistency with rules adopted  
6           for cannabis establishments pursuant to chapter 33 of this title where  
7           appropriate. No rule shall be more restrictive than any rule adopted by the  
8           Department of Public Safety pursuant to 18 V.S.A. chapter 86.

9           (b) Rules shall include:

10           (1) the form and content of license and renewal applications;

11           (2) qualifications for licensure that are directly and demonstrably related  
12           to the operation of a dispensary, including submission of an operating plan and  
13           the requirement for a fingerprint-based criminal history record check and  
14           regulatory record check pursuant to section 975 of this title;

15           (3) oversight requirements;

16           (4) inspection requirements;

17           (5) records to be kept by licensees and the required availability of the  
18           records;

19           (6) employment and training requirements, including requiring that each  
20           employee have an identification badge;

- 1           (7) security requirements, including lighting, physical security, video,  
2           and alarm requirements;
- 3           (8) guidelines on advertising, marketing, and signage;
- 4           (9) health and safety requirements;
- 5           (10) procedures for suspension and revocation of a license;
- 6           (11) requirements for banking and financial transactions;
- 7           (12) procedures for the renewal of a license, which shall allow renewal  
8           applications to be submitted up to 90 days prior to the expiration of the  
9           cannabis establishment's license;
- 10           (13) restrictions on the use of pesticides that are injurious to human  
11           health;
- 12           (14) standards for both the indoor and outdoor cultivation of cannabis,  
13           including environmental protection requirements;
- 14           (15) regulation of additives to cannabis, prohibiting those that are toxic  
15           or designed to make the product more addictive, more appealing to children, or  
16           to mislead patients and caregivers;
- 17           (16) a prohibition on the inclusion of nicotine or alcoholic beverages in  
18           a cannabis product;
- 19           (17) requirements for opaque, child-resistant packaging of cannabis and  
20           cannabis products;

1           (18) labeling requirements for products sold to patients and caregivers  
2           that include:

3                   (A) requirements that products are clearly identifiable with a standard  
4                   symbol indicating that it is cannabis; and

5                   (B) appropriate warnings concerning the potential negative  
6                   consequences of consuming cannabis and the need to keep the product away  
7                   from children;

8           (19) labeling requirements for cannabis products sold to patients and  
9           caregivers that include:

10                   (A) requirements that cannabis products are clearly identifiable with  
11                   a standard symbol indicating that it contains cannabis;

12                   (B) identification of the amount of tetrahydrocannabinol and  
13                   cannabidiol that constitutes a single serving; and

14                   (C) the length of time it typically takes for products to take effect and  
15                   appropriate warnings concerning the potential negative consequences of  
16                   consuming cannabis and the need to keep the product away from children;

17                   (20) limitations to a specific number of servings for each individual  
18                   package of edible cannabis products with the exception of infused oils,  
19                   powders, and liquids;

20                   (21) procedures and standards for testing cannabis for contaminants and  
21                   potency and for quality assurance and control;

1           (22) regulation of the storage and transportation of cannabis and  
2           cannabis products;

3           (23) pricing guidelines with a goal of ensuring cannabis and cannabis  
4           products are sufficiently affordable to patients and caregivers;

5           (24) regulation of visits to the establishments, including the number of  
6           visitors allowed at any one time and record keeping concerning visitors;

7           (25) requirements for the dissemination of educational materials to  
8           consumers who purchase cannabis and cannabis products;

9           (26) requirements for verification of a customer's Registry status;

10          (27) restrictions that cannabis and cannabis products shall be stored  
11          behind a counter or other barrier to ensure a customer does not have direct  
12          access to the cannabis or cannabis product;

13          (28) reporting requirements, including requirements for chain-of-  
14          custody record keeping for testing samples; and

15          (29) procedures for destruction of all testing samples.

16          § 975. CRIMINAL BACKGROUND RECORD CHECKS; APPLICANTS

17          (a) The Board shall obtain from the Vermont Crime Information Center a  
18          copy of a license applicant's fingerprint-based Vermont criminal history  
19          records, out-of-state criminal history records, and criminal history records from  
20          the Federal Bureau of Investigation.

1       (b) The Board shall adopt rules that set forth standards for determining  
2       whether an applicant should be denied a medical cannabis dispensary license  
3       because of his or her criminal history record. Nonviolent drug offenses shall  
4       not automatically disqualify a candidate.

5       § 976. DISPENSARY IDENTIFICATION CARD

6       (a) Every owner, principal, and employee of a medical cannabis dispensary  
7       shall obtain an identification card issued by the Board.

8       (b)(1) Prior to issuing the identification card, the Board shall obtain from  
9       the Vermont Crime Information Center a copy of the person's fingerprint-  
10       based Vermont criminal history records, out-of-state criminal history records,  
11       and criminal history records from the Federal Bureau of Investigation.

12       (2) The Board shall adopt rules that set forth standards for determining  
13       whether an applicant should be denied a medical cannabis dispensary  
14       identification card because his or her criminal history record. Nonviolent drug  
15       offenses shall not automatically disqualify a candidate.

16       (c) Once an identification card application has been submitted, a person  
17       may serve as an employee of a dispensary pending the background check,  
18       provided the person is supervised in his or her duties by someone who is a  
19       cardholder. The Board shall issue a temporary permit to the person for this  
20       purpose, which shall expire upon the issuance of the identification card or  
21       disqualification of the person in accordance with this section.

1        (d) An identification card shall expire one year after its issuance.

2        § 977. FEES

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

4            (1) application fees;

5            (2) annual license fees; and

6            (3) annual renewal fees.

7        (b) Fees shall be deposited in the Cannabis Regulation Fund as provided in  
8        section 843 of this title.

9        Sec. 15. IMPLEMENTATION OF MEDICAL CANNABIS REGISTRIES

10       (a) On January 1, 2021, regulation of medical marijuana dispensaries that  
11       are registered pursuant to 18 V.S.A. chapter 86 shall transfer from the  
12       Department of Public Safety to the Cannabis Control Board. At such time,  
13       those registered dispensaries shall operate pursuant to 7 V.S.A. chapter 37 and  
14       the rules adopted by the Board pursuant to chapter 37.

15       (b) The registration certificate of a dispensary that transfers to the Board  
16       shall expire on the date of issue of the certificate and a dispensary that wishes  
17       to continue operating as a dispensary shall apply to the Board for a dispensary  
18       license pursuant to 7 V.S.A. chapter 37 and the rules adopted by the Board  
19       pursuant to chapter 37.

1                   \* \* \* Creation of Excise and Local Option Tax \* \* \*

2           Sec. 16. 32 V.S.A. chapter 207 is added to read:

3                                   CHAPTER 207. CANNABIS TAXES

4           § 7901. CANNABIS EXCISE TAX

5           (a) There is imposed a cannabis excise tax equal to 11 percent of the sales  
6           price, as that term is defined in subdivision 9701(4) of this title, of each retail  
7           sale in this State of cannabis and cannabis products, including food or  
8           beverages, as defined under 7 V.S.A. § 831.

9           (b) The tax imposed by this section shall be paid by the purchaser to the  
10           retailer. Each retailer shall collect from the purchaser the full amount of the  
11           tax payable on each taxable sale.

12           (c) The tax imposed by this section is separate from and in addition to the  
13           cannabis local option tax authorized under section 7902 of this title and the  
14           general sales and use tax imposed by chapter 233 of this title. The tax imposed  
15           by this section shall not be part of the sales price to which the cannabis local  
16           option tax and general sales and use tax applies. The cannabis excise tax shall  
17           be separately itemized from the cannabis local option tax and sales tax on the  
18           receipt provided to the purchaser.

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

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

3           (2) sales made by any dispensary as authorized under 18 V.S.A.  
4           chapter 86, provided that the cannabis or cannabis product is sold only to  
5           registered qualifying patients directly or through their registered caregivers;  
6           and

7           (3) sales for resale.

8           (e) The revenue generated by the taxes imposed under this section shall be  
9           deposited into the Cannabis Control Fund.

10           § 7902. CANNABIS LOCAL OPTION TAX

11           (a) Notwithstanding 24 V.S.A. § 138, any municipality may collect a  
12           cannabis local option tax equal to three percent of the sales price, as that term  
13           is defined in subdivision 9701(4) of this title, on each retail sale in the  
14           municipality of cannabis and cannabis products, including food and beverages,  
15           as defined under 7 V.S.A. § 831.

16           (b) The cannabis local option tax may be adopted by a municipality that  
17           has:

18           (1) not prohibited the retail sale of cannabis and cannabis products  
19           within the municipality pursuant to 7 V.S.A. § 863(c) or 24 V.S.A. §§ 2291  
20           and 4414; and

1           (2) provided notice of the imposition to the Department of Taxes at least  
2           90 days prior to the first day of the tax quarter when the cannabis local option  
3           tax will be collected.

4           (c) The tax imposed by this section shall be paid by the purchaser to the  
5           retailer. Each retailer shall collect from the purchaser the full amount of the  
6           tax payable on each taxable sale.

7           (d) The tax imposed by this section is separate from and in addition to the  
8           cannabis excise tax authorized under section 7901 of this title. The tax  
9           imposed by this section shall not be part of the sales price to which the  
10           cannabis excise tax applies. The cannabis local option tax shall be separately  
11           itemized from the cannabis excise tax on the receipt provided to the purchaser.

12           (e) The following sales shall be exempt from the tax imposed under this  
13           section:

14           (1) sales under any circumstances in which the State is without power to  
15           impose the tax;

16           (2) sales made by any dispensary as authorized under 18 V.S.A.  
17           chapter 86, provided that the cannabis or cannabis product is sold only to  
18           registered qualifying patients directly or through their registered caregivers;  
19           and

20           (3) sales for resale.

1       (f) Any tax imposed under the authority of this section shall be collected  
2       and administered by the Department of Taxes, in accordance with State law  
3       governing such State tax or taxes, and provided to the municipality in which  
4       they were collected on a quarterly basis less a \$5.96 per return fee, which shall  
5       be retained to compensate the Department for the cost of collecting and  
6       administering the tax.

7       (g) As used in this section, “municipality” means a city, town, or  
8       incorporated village.

9       (h) The cannabis local option tax may be collected instead of, and not in  
10       addition to, any local option sales tax permitted to be collected pursuant to  
11       24 V.S.A. § 138. Nothing in this section shall affect the validity of any  
12       existing provision of law or municipal charter authorizing a municipality to  
13       impose a local option tax on anything not subject to the cannabis local option  
14       tax.

15       § 7903. LIABILITY FOR TAXES

16       (a) Any tax collected in accordance with this chapter shall be deemed to be  
17       held by the retailer in trust for the State of Vermont. Any tax collected under  
18       this chapter shall be accounted for separately so as clearly to indicate the  
19       amount of tax collected and that the same are the property of the State of  
20       Vermont.

1       (b) Every retailer required to collect and remit tax under this chapter to the  
2       Commissioner shall be personally and individually liable for the amount of  
3       such tax together with such interest and penalty as has accrued under this title.  
4       If the retailer is a corporation or other entity, the personal liability shall extend  
5       to any officer or agent of the corporation or entity who as an officer or agent of  
6       the same has the authority to collect and remit tax to the Commissioner of  
7       Taxes as required in this chapter.

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

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

1     § 7904. RETURNS; RECORDS

2           (a) Any retailer required to collect tax imposed by this chapter shall, on or  
3     before the 15th day of every month, return to the Department of Taxes, under  
4     oath of a person with legal authority to bind the retailer, a statement containing  
5     its name and place of business, the total amount of sales subject to the cannabis  
6     excise tax and cannabis local option tax, if applicable, made in the preceding  
7     month, and any information required by the Department of Taxes, along with  
8     the total tax due. The Commissioner of Taxes may require that returns be  
9     submitted electronically.

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

14     § 7905. BUNDLED TRANSACTIONS

15          (a) Except as provided in subsection (b) of this section, a retail sale of a  
16     bundled transaction that includes cannabis or a cannabis product is subject to  
17     the cannabis excise tax and cannabis local option tax, where applicable,  
18     imposed by this chapter on the entire selling price of the bundled transaction.

19          (b) If the selling price is attributable to products that are taxable and  
20     products that are not taxable under this chapter, the portion of the price  
21     attributable to the products that are nontaxable are subject to the tax imposed

1 by this chapter unless the retailer can identify by reasonable and verifiable  
2 standards the portion that is not subject to tax from its books and records that  
3 are kept in the regular course of business, and any discounts applied to the  
4 bundle must be attributed to the products that are nontaxable under this  
5 chapter.

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

7 (1) the retail sale of two or more products where the products are  
8 otherwise distinct and identifiable, are sold for one nonitemized price, and  
9 at least one of the products is or contains cannabis; or

10 (2) cannabis or a cannabis product that is provided free of charge with  
11 the required purchase of another product.

12 § 7906. LICENSE

13 (a) Any retailer required to collect tax imposed by this chapter must apply  
14 for and receive a cannabis retail tax license from the Commissioner for each  
15 place of business within the State where he or she sells cannabis or cannabis  
16 products prior to commencing business. The Commissioner shall issue  
17 without charge a license, or licenses, empowering the retailer to collect the  
18 cannabis excise tax and cannabis local option tax, where applicable, provided  
19 that a retailer’s application is properly submitted and the retailer is otherwise in  
20 compliance with applicable laws, rules, and provisions.

1       (b) Each cannabis retail tax license shall state the place of business to  
2       which it is applicable and be prominently displayed in the place of business.  
3       The licenses shall be nonassignable and nontransferable and shall be  
4       surrendered to the Commissioner immediately upon the registrant ceasing to  
5       do business in the place named. A cannabis retail tax license shall be separate  
6       and in addition to any licenses required by sections 9271 (meals and rooms  
7       tax) and 9707 (sales and use tax) of this title.

8       (c) The Cannabis Control Board may require the Commissioner of Taxes to  
9       suspend or revoke the tax licenses issued under this section for any retailer that  
10       fails to comply with 7 V.S.A. chapter 33 or any rules adopted by the Board.

11       § 7907. APPLICABILITY OF SALES AND USE TAX PROVISIONS

12       To the extent not inconsistent with this chapter, the provisions for the  
13       assessment, collection, enforcement, and appeals of the sales and use tax in  
14       chapter 233 of this title shall apply to the taxes imposed by this chapter.

15       § 7908. STATUTORY PURPOSES

16       (a) The statutory purpose of the exemptions for cannabis and cannabis  
17       products as defined under 7 V.S.A. § 831 sold by any dispensary as authorized  
18       under 18 V.S.A. chapter 86 in subdivisions 7901(d)(2) and 7902(e)(2) of this  
19       title is to lower the cost of medical products in order to support the health and  
20       welfare of Vermont residents.



1 cost of medical products in order to support the health and welfare of Vermont  
2 residents.

3 \* \* \* Exemptions and Expenditures Post 18 V.S.A Chapter 86 Repeal \* \* \*

4 Sec. 20. 32 V.S.A. § 9741(53) is amended to read:

5 (53) cannabis and cannabis products as defined under 7 V.S.A. § 831 sold  
6 by any dispensary as authorized under ~~18 V.S.A. chapter 86~~ 7 V.S.A. chapter  
7 37, provided that the cannabis or cannabis products are sold only to registered  
8 qualifying patients directly or through their registered caregivers;

9 Sec. 21. 32 V.S.A. § 9706(mm) is amended to read:

10 (mm) The statutory purpose of the exemption for cannabis and cannabis  
11 products as defined under 7 V.S.A. § 831 sold by any dispensary as authorized  
12 under ~~18 V.S.A. chapter 86~~ 7 V.S.A. chapter 37 in subdivision 9741(53) of this  
13 title is to lower the cost of medical products in order to support the health and  
14 welfare of Vermont residents.

15 Sec. 22. 32 V.S.A. § 7901(d) is amended to read:

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

18 \* \* \*

19 (2) sales made by any dispensary as authorized under ~~18 V.S.A. chapter~~  
20 ~~86~~ 7 V.S.A. chapter 37, provided that the cannabis or cannabis product is sold

1 only to registered qualifying patients directly or through their registered  
2 caregivers; and

3 \* \* \*

4 Sec. 23. 32 V.S.A. § 7902(e) is amended to read:

5 (e) The following sales shall be exempt from the tax imposed under this  
6 section:

7 \* \* \*

8 (2) sales made by any dispensary as authorized under ~~18 V.S.A. chapter~~  
9 ~~86~~ 7 V.S.A. chapter 37, provided that the cannabis or cannabis product is sold  
10 only to registered qualifying patients directly or through their registered  
11 caregivers; and

12 \* \* \*

13 Sec. 24. 32 V.S.A. § 7908(a) is amended to read:

14 (a) The statutory purpose of the exemptions for cannabis and cannabis  
15 products as defined under 7 V.S.A. § 831 sold by any dispensary as authorized  
16 under ~~18 V.S.A. chapter 86~~ 7 V.S.A. chapter 37 in subdivisions 7901(d)(2) and  
17 7902(e)(2) of this title is to lower the cost of medical products in order to  
18 support the health and welfare of Vermont residents.





1 Price Index for All Urban Consumers published by the U.S. Department of  
2 Labor; and

3 (v) any federal deduction, except marketing expenses, that the  
4 taxpayer would have been allowed for the cultivation, transporting, processing,  
5 sale, or testing of cannabis or cannabis products as authorized under 7 V.S.A.  
6 chapter 33 or 37, but for 26 U.S.C. § 280E.

7 \* \* \*

8 \* \* \* Miscellaneous Cannabis Provisions \* \* \*

9 Sec. 26. 18 V.S.A. § 4230a(a)(2)(A) is amended to read:

10 (2)(A) A person shall not consume ~~marijuana~~ cannabis in a public place.  
11 “Public place” ~~means any street, alley, park, sidewalk, public building other~~  
12 ~~than individual dwellings, any place of public accommodation as defined in 9~~  
13 ~~V.S.A. § 4501, and any place where the use or possession of a lighted tobacco~~  
14 ~~product, tobacco product, or tobacco substitute as defined in 7 V.S.A. § 1001 is~~  
15 ~~prohibited by law~~ has the same meaning as provided by 7 V.S.A. § 831.

16 Sec. 27. 18 V.S.A. § 4230 is amended to read:

17 § 4230. ~~MARIJUANA~~ CANNABIS

18 \* \* \*

19 (b) Selling or dispensing.





1           (1) Sec. 11 (Medical Cannabis Registry chapter), except for 7 V.S.A.  
2           § 956 (rulemaking) and Sec. 14 (Medical Cannabis Dispensaries), except for  
3           7 V.S.A. § 974 (rulemaking).

4           (2) Secs. 13 (Repeal); 20 (sales and use tax exemption post 18 V.S.A  
5           chapter 86 repeal); 21 (sales and use tax expenditure post 18 V.S.A. chapter 86  
6           repeal); 22 (excise tax exemption post 18 V.S.A. chapter 86 repeal); 23 (local  
7           option tax exemption post 18 V.S.A. chapter 86 repeal); and 24 (excise and  
8           local option tax expenditure post 18 V.S.A. chapter 86 repeal).