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H.766

Introduced by Representatives Sullivan of Dorset and Browning of Arlington

Referred to Committee on

Date:

Subject: Cannabis; Cannabis Control Board

Statement of purpose of bill as introduced: This bill proposes to establish a comprehensive regulatory system for the production and sale of cannabis and cannabis products in Vermont. The bill creates the Cannabis Control Board as the independent regulatory authority for a commercial cannabis market. The Board is responsible for adopting regulations and administering a licensing program, including compliance and enforcement, for cannabis establishments.

Six types of licenses are available: cultivator, product manufacturer, wholesaler, retailer, café, and testing laboratory. Applicants are limited to obtaining a maximum of one type of license with a maximum of four licenses.

Applicants are not required to be Vermont residents, but residency will be considered in prioritizing issuance of licenses. Application and license fees fund the Board in performance of its duties. Cannabis is subject to a 12 percent excise tax, six percent sales tax, and a potential one percent local option tax for municipalities that choose to host a cannabis retailer or café.

Prior to a cannabis wholesaler, product manufacturer, retailer, or café operating within a municipality, the municipality must affirmatively permit the operation

1 of such cannabis establishments or a subset of them by majority vote of those  
2 present and voting at an annual or special meeting. A licensed cannabis  
3 cultivator or testing laboratory may operate within a municipality unless the  
4 municipality affirmatively bans the operation of licensed cannabis cultivators  
5 or testing laboratories by majority vote of those present and voting at an annual  
6 or special meeting. Municipalities have authority to require municipal permits  
7 for a cannabis establishment. On January 1, 2022, new statutes, as well as  
8 rules adopted by the Board, governing the Medical Cannabis Registry and  
9 Medical Cannabis Dispensaries take effect, and those programs transfer from  
10 the Department of Public Safety to the Board. The bill also directs the Office  
11 of Legislative Council to change “marijuana” to “cannabis” throughout the  
12 statutes as needed for consistency with the act.

13 An act relating to the regulation of cannabis

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

15 \* \* \* Title Redesignation \* \* \*

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

17 7. ALCOHOLIC BEVERAGES, CANNABIS, AND TOBACCO

18 \* \* \* Cannabis Generally; Cannabis Control Board \* \* \*

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

20 CHAPTER 31. CANNABIS



1           (3) “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           (4) “Chair” means the chair of the Cannabis Control Board.

5           (5)(A) Except as provided in subdivision (B) of this subdivision (5),  
6           “public place” means any street, alley, park, sidewalk, public building other  
7           than individual dwellings, any place of public accommodation as defined in  
8           9 V.S.A. § 4501, and any place where the use or possession of a lighted  
9           tobacco product, tobacco product, or tobacco substitute as defined in  
10           section 1001 of this title is prohibited by law.

11           (B) “Public place” does not include a licensed cannabis café where  
12           cannabis consumption is allowed pursuant to chapter 33 of this title and  
13           regulations issued by the Cannabis Control Board.

14           § 832. CANNABIS POSSESSED UNLAWFULLY SUBJECT TO  
15           SEIZURE AND FORFEITURE

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

18           § 833. CONSUMPTION OF CANNABIS IN A PUBLIC PLACE

19           No person shall consume cannabis in a public place unless specifically  
20           authorized by law. Violations shall be punished in accordance with 18 V.S.A.  
21           § 4230a.

1                                    Subchapter 2. Cannabis Control Board

2                    § 841. CANNABIS CONTROL BOARD; DUTIES; MEMBERS

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

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

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

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

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

14                                   (4) administration of a program for licensed medical cannabis  
15                    dispensaries, which shall include compliance and enforcement, on and after

16                    January 1, 2021; and

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

18                    (c) Membership.

19                                   (1) The Board shall consist of five members who shall be appointed as  
20                    follows:

21                                   (A) two members appointed by the Governor;

1           (B) one member appointed by the Senate Committee on Committees;

2           (C) one member appointed by the Speaker of the House; and

3           (D) one member appointed by the Attorney General.

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

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

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

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

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

19           (2) No Board member shall participate in creating or applying any law,  
20 rule, or policy or in making any other determination if the Board member,  
21 individually or as a fiduciary, or the Board member's spouse, parent, or child

1 wherever residing or any other member of the Board member's family residing  
2 in his or her household has an economic interest in the matter before the Board  
3 or has any more than a de minimus interest that could be substantially affected  
4 by the proceeding.

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

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

13 (e) Salaries. The Chair and all members of the Board shall be full-time  
14 State employees and shall be exempt from the State classified system.  
15 Members shall receive compensation equal to one-third that of a Superior  
16 judge.

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

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

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

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

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

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

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

10           § 842. AUTHORITY FOR CRIMINAL BACKGROUND CHECKS

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

17           § 843. CANNABIS REGULATION FUND

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

21           (b) The Fund shall be composed of:



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

4           (2) all annual and renewal fees collected by the Board pursuant to  
5           chapter 35 (medical cannabis registry) of this title.

6           (c) Monies from the fund shall only be appropriated for the purposes of  
7           implementation, administration, and enforcement of this chapter and chapters  
8           33 (cannabis establishments), chapter 35 (medical cannabis registry), and  
9           37 (medical cannabis dispensaries).

10       § 844. FEES

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

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

14       Sec. 3. IMPLEMENTATION OF THE CANNABIS CONTROL BOARD

15           (a) The Cannabis Control Board, created in Sec. 2 of this act, is established  
16           on July 1, 2020.

17           (b) Members of the Commission shall be appointed on or before  
18           September 1, 2020 and terms of members shall officially begin on such date.

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

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

1           (B) the Governor shall appoint one member for a one-year term;

2           (C) the Senate Committee on Committees shall appoint a member for  
3 a two-year term;

4           (D) the Speaker of the House shall appoint a member for a two-year  
5 term; and

6           (E) the Attorney General shall appoint a member for a one-year term.

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

9           Sec. 4. IMPLEMENTATION OF RULEMAKING BY THE CANNABIS

10                   CONTROL BOARD

11           On or before October 15, 2020, the Cannabis Control Board shall initiate  
12 rulemaking for cannabis establishments pursuant to 7 V.S.A. § 881 as provided  
13 in Sec. 6 of this act, the Medical Cannabis Registry pursuant to 7 V.S.A. § 956  
14 as provided in Sec. 8 of this act, and medical cannabis dispensaries pursuant to  
15 7 V.S.A. § 974 as provided in Sec. 10 of this act.

16           Sec. 5. CANNABIS CONTROL BOARD; FEES

17           On or before January 15, 2021, the Executive Director of the Cannabis  
18 Control Board shall provide recommendations for the following fees to be  
19 charged and collected in accordance with the Board's authority pursuant to  
20 7 V.S.A. § 844 to the General Assembly. The recommendations shall be

1 accompanied by information justifying the recommended rate as required by  
2 32 V.S.A. § 605(d).

3 (1) Application fees, initial annual license fees, and annual license  
4 renewal fees for each type of cannabis establishment license as provided in  
5 7 V.S.A. § 910: cultivator, product manufacturer, wholesaler, retailer, café,  
6 and testing laboratory. If the Board establishes tiers within a licensing  
7 category, it shall provide a fee recommendation for each tier.

8 (2) Fee for a cannabis establishment identification card as provided in  
9 7 V.S.A. § 884.

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

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

14 (5) Application fee, initial annual fee, and annual renewal fee for  
15 medical cannabis dispensaries.

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

18 Sec. 5a. CANNABIS CONTROL BOARD; TAXES

19 On or before the 15th day of December in 2021, 2022, 2023, and 2024, the  
20 Executive Director of the Cannabis Control Board shall provide  
21 recommendations to the House Committee on Ways and Means and the Senate

1 Committee on Finance regarding what rates the cannabis excise and cannabis  
2 local option taxes imposed pursuant to 32 V.S.A. chapter 207 should be  
3 assessed at in order to provide sufficient funding for preventing cannabis  
4 substance abuse, improving highway safety, and increasing law enforcement  
5 on a State and municipal level.

6 Sec. 5b. CANNABIS CONTROL BOARD; REGULATORY

7 COLLABORATION

8 On or before January 15, 2020, the Executive Director of the Cannabis  
9 Control Board shall report to the General Assembly regarding potential  
10 utilization of current expertise and resources within State government and  
11 cooperation with other State departments and agencies where there may be an  
12 overlap in duties. The Director shall specifically address, at a minimum,  
13 coordination with the Agency of Agriculture, Food and Markets and the  
14 Agency of Natural Resources.

15 Sec. 5c. CANNABIS CONTROL BOARD; CANNABIS COOPERATIVE

16 LICENSE

17 On or before January 15, 2021, the Executive Director of the Cannabis  
18 Control Board shall provide the General Assembly with a proposal for a  
19 cannabis cooperative license whereby member-owners of the cooperative  
20 would be able to obtain cannabis.

1       Sec. 6. CANNABIS CONTROL BOARD; POSITIONS

2           The following new permanent positions are created in the Cannabis Control  
3 Board:

4           (1) five full-time, exempt members of the Board;

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

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

7       Sec. 6a. BUILDINGS AND GENERAL SERVICES; SPACE ALLOCATION

8           The Commissioner of Buildings and General Services shall allocate space  
9 for the Cannabis Control Board established in Sec. 2 of this act. This space  
10 shall be allocated on or before September 1, 2020.

11                                   \* \* \* Cannabis Establishments \* \* \*

12       Sec. 7. 7 V.S.A. chapter 33 is added to read:

13                                   CHAPTER 33. CANNABIS ESTABLISHMENTS

14                                   Subchapter 1. General Provisions

15       § 861. DEFINITIONS

16           As used in this chapter:

17           (1) “Affiliate” means a person that directly or indirectly owns or  
18 controls, is owned or controlled by, or is under common ownership or control  
19 with another person.

20           (2) “Applicant” means a person that applies for a license to operate a  
21 cannabis establishment pursuant to this chapter.

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

2           (4) “Cannabis” shall have the same meaning as provided in section 831  
3 of this title.

4           (5) “Cannabis cultivator” or “cultivator” means a person licensed by the  
5 Board to engage in commercial cultivation of cannabis in accordance with this  
6 chapter.

7           (6) “Cannabis establishment” means a cannabis cultivator, wholesaler,  
8 product manufacturer, retailer, café, or testing laboratory licensed by the Board  
9 to engage in commercial cannabis activity in accordance with this chapter.

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

13           (8) “Cannabis product manufacturer” or “product manufacturer” means  
14 a person licensed by the Board to manufacture, prepare, and package cannabis  
15 products and to sell cannabis products to a licensed retailer, wholesaler, or  
16 another product manufacturer in accordance with this chapter.

17           (9) “Cannabis retailer” or “retailer” means a person licensed by the  
18 Board to sell cannabis and cannabis products to consumers for off-site  
19 consumption in accordance with this chapter.

20           (10) “Cannabis testing laboratory” or “testing laboratory” means a  
21 person licensed by the Board to test cannabis for cultivators, product

1 manufacturers, wholesalers, retailers, and cafés in accordance with this  
2 chapter.

3 (11) “Cannabis wholesaler” or “wholesaler” means a person licensed by  
4 the Board to buy cannabis from cultivators and process, transport, and sell  
5 cannabis to licensed product manufacturers, retailers, and cafés.

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

7 (13) “Controls,” “is controlled by,” and “under common control” mean  
8 the power to direct, or cause the direction or management and policies of a  
9 person, whether through the direct or beneficial ownership of voting securities,  
10 by contract, or otherwise. A person who directly or beneficially owns  
11 10 percent or more equity interest, or the equivalent thereof, of another person  
12 shall be deemed to control the person.

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

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

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

21 (B) Government employees performing their official duties.

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

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

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

10           (17) “Person” shall include any natural person; corporation;  
11           municipality; the State of Vermont or any department, agency, or subdivision  
12           of the State; and any partnership, unincorporated association, or other legal  
13           entity.

14           (18) “Plant canopy” means the square footage dedicated to live plant  
15           production and does not include areas such as office space or areas used for the  
16           storage of fertilizers, pesticides, or other products.

17           (19) “Principal” means an individual vested with the authority to  
18           conduct, manage, or supervise the business affairs of a person, and may  
19           include the president, vice president, secretary, treasurer, manager, or similar  
20           executive officer of a business; a director of a corporation, nonprofit  
21           corporation, or mutual benefit enterprise; a member of a nonprofit corporation,



1 cooperative, or member-managed limited liability company; and a partner of a  
2 partnership.

3 (20) “Resident” means a person who is domiciled in Vermont, subject to  
4 the following:

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

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

11 (21) “Cannabis café” or “café” means a person licensed by the Board to  
12 engage in the commercial sale of cannabis to consumers for on-site  
13 consumption in accordance with this chapter.

14 § 862. NOT APPLICABLE TO HEMP OR MEDICAL USE OF  
15 CANNABIS

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

1     § 863. REGULATION BY LOCAL GOVERNMENT

2           (a)(1) Prior to a cannabis wholesaler, product manufacturer, retailer, or café  
3           operating within a municipality, the municipality shall affirmatively permit the  
4           operation of such cannabis establishments or a subset of them by majority vote  
5           of those present and voting by Australian ballot at an annual or special meeting  
6           warned for that purpose.

7           (2) A vote to permit the operation of a licensed cannabis wholesaler,  
8           product manufacturer, retailer, or café within the municipality shall remain in  
9           effect until rescinded by majority vote of those present and voting by  
10          Australian ballot at a subsequent annual or special meeting warned for that  
11          purpose. A rescission of the permission to operate a licensed cannabis  
12          wholesaler, product manufacturer, retailer, or café within the municipality  
13          under this subdivision shall not apply to a licensed cannabis wholesaler,  
14          product manufacturer, retailer, or cafe that is operating within the municipality  
15          at the time of the vote.

16          (b) A licensed cannabis cultivator or testing laboratory may operate within  
17          a municipality unless the municipality affirmatively bans the operation of  
18          licensed cannabis cultivators or testing laboratories by majority vote of those  
19          present and voting by Australian ballot at an annual or special meeting warned  
20          for that purpose.

1       (c) A municipality that hosts a cannabis establishment may establish a  
2       cannabis control commission composed of commissioners who may be  
3       members of the municipal legislative body. The local cannabis control  
4       commission may issue and administer local control licenses under this  
5       subsection for cannabis establishments within the municipality. The  
6       commissioners may condition the issuance of a local control license upon  
7       compliance with any bylaw adopted pursuant to 24 V.S.A. § 4414 or  
8       ordinances regulating signs or public nuisances adopted pursuant to 24 V.S.A.  
9       § 2291. The commission may suspend or revoke a local control license for a  
10       violation of any condition placed upon the license. The Board shall adopt rules  
11       relating to a municipality's issuance of a local control license in accordance  
12       with this subsection, and the local commissioners shall administer the rules  
13       furnished to them by the Board as necessary to carry out the purposes of this  
14       section.

15       (d) Prior to issuing a license to a cannabis establishment under this chapter,  
16       the Board shall ensure that the applicant has obtained a local control license  
17       from the municipality, if required.

18       (e) A municipality shall not:

19               (1) prohibit the operation of a cannabis establishment within the  
20       municipality through an ordinance adopted pursuant to 24 V.S.A. § 2291 or a  
21       bylaw adopted pursuant to 24 V.S.A. § 4414;

1           (2) condition the operation of a cannabis establishment, or the issuance  
2           or renewal of a municipal permit to operate a cannabis establishment, on any  
3           basis other than the conditions in subsection (b) of this section; and

4           (3) exceed the authority granted to it by law to regulate a cannabis  
5           establishment.

6           § 864. ADVERTISING

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

8           (1) is deceptive, false, or misleading;

9           (2) promotes overconsumption;

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

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

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

14          (b) Cannabis establishments shall not advertise their products via flyers,  
15          television, radio, billboards, print, or Internet unless the licensee can show that  
16          not more than 30 percent of the audience is reasonably expected to be under  
17          21 years of age.

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

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

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

3           § 865. EDUCATION

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

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

17                                   Subchapter 2. Administration

18           § 881. RULEMAKING; CANNABIS ESTABLISHMENTS

19           (a) The Board shall adopt rules to implement and administer this chapter in  
20           accordance with subdivisions (1)–(5) of this subsection.

21           (1) Rules concerning any cannabis establishment shall include:

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

2           (B) qualifications for licensure that are directly and demonstrably

3 related to the operation of a cannabis establishment, including:

4           (i) a requirement to submit an operating plan, which shall include  
5 information concerning:

6           (I) the type of business organization; the identity of its  
7 controlling owners and principals; and the identity of the controlling owners  
8 and principals of its affiliates; and

9           (II) the sources, amount, and nature of its capital, assets, and  
10 financing; the identity of its financiers; and the identity of the controlling  
11 owners and principals of its financiers;

12           (ii) a requirement to file an amendment to its operating plan in the  
13 event of a significant change in organization, operation, or financing; and

14           (iii) the requirement for a fingerprint-based criminal history record  
15 check and regulatory record check pursuant to section 883 of this title;

16           (C) oversight requirements;

17           (D) inspection requirements;

18           (E) records to be kept by licensees and the required availability of the  
19 records;

20           (F) employment and training requirements;

1           (G) security requirements, including lighting, physical security,  
2 video, and alarm requirements;

3           (H) restrictions on advertising, marketing, and signage;

4           (I) health and safety requirements;

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

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

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

11          (M) sanitary requirements;

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

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

16          (P) requirements for banking and financial transactions.

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

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

20                (ii) restrictions on the use of pesticides that are injurious to human  
21 health;

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

3                   (iv) procedures and standards for testing cannabis for  
4                   contaminants and potency and for quality assurance and control;

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

8                   (vi) regulation of visits to the establishments, including the  
9                   number of visitors allowed at any one time and record keeping concerning  
10                  visitors; and

11                  (vii) facility inspection requirements and procedures.

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

16                  (3) Rules concerning product manufacturers shall include:

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

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



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

2           (D) requirements for labeling of cannabis products that include the  
3 length of time it typically takes for products to take effect and appropriate  
4 warnings concerning the potential risks of consuming cannabis and the need to  
5 keep the product away from children;

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

8           (F) a prohibition on:

9                 (i) products or packaging that make the product more appealing to  
10 children;

11                (ii) the inclusion of nicotine or alcoholic beverages in a cannabis  
12 product;

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

15           (4) Rules concerning retailers shall include:

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

17                 (B) restrictions that cannabis shall be stored behind a counter or other  
18 barrier to ensure a customer does not have direct access to the cannabis; and

19                 (C) facility inspection requirements and procedures.

20           (5) Rules concerning testing laboratories shall include:

1           (A) procedures and standards for testing cannabis for contaminants  
2           and potency and for quality assurance and control;

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

5           (C) procedures for destruction of all cannabis and cannabis products  
6           samples.

7           (6) Rules concerning cafés shall include:

8           (A) permissible hours of operation;

9           (B) appropriate requirements to address ventilation and odor control,  
10          including how to minimize employee exposure to smoke;

11          (C) limits on the quantity of cannabis and cannabis products that may  
12          be sold to customers for on-site consumption and protocols for preventing  
13          overconsumption by customers;

14          (D) training specifically for employees of cafés on how to recognize  
15          overconsumption; and

16          (E) a requirement that a café post materials regarding the risks of  
17          driving while impaired.

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

1     § 882. SUSPENSION AND REVOCATION OF LICENSES; CIVIL

2             VIOLATIONS

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

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

10     § 883. CRIMINAL BACKGROUND RECORD CHECKS; APPLICANTS

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

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

19     § 884. CANNABIS ESTABLISHMENT IDENTIFICATION CARD

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

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

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

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

15       (d) An identification card shall expire one year after its issuance or upon  
16       the expiration of the cannabis establishment's license, whichever occurs first.

17                               Subchapter 3. Licenses

18       § 901. GENERAL PROVISIONS

19       (a) Except as otherwise permitted by law, a person shall not engage in the  
20       cultivation, preparation, processing, packaging, transportation, testing, or sale  
21       of cannabis or cannabis products without obtaining a license from the Board.

1       (b) All licenses shall expire at midnight on April 30 of each year, beginning  
2       not earlier than 10 months after the original license was issued to the cannabis  
3       establishment.

4       (c) Applications for licenses and renewals shall be submitted on forms  
5       provided by the Board and shall be accompanied by the fees provided for in  
6       section 910 of this title.

7       (d)(1) There shall be six types of licenses available:

8               (A) a cultivator license;

9               (B) a wholesaler license;

10              (C) a product manufacturer license;

11              (D) a retailer license;

12              (E) a testing laboratory license; and

13              (F) a café license.

14       (2) The Board shall develop tiers for cultivator licenses based on the  
15       plant canopy size of the cultivation operation and may develop tiers for other  
16       licenses as appropriate.

17       (3) An applicant and its affiliates may obtain only one type of license  
18       under this chapter, with a maximum of four licenses. Each license shall permit  
19       only one location of the establishment. A dispensary license issued pursuant to  
20       chapter 37 of this title does not count toward the license limits provided in this  
21       section.

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

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

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

14       § 902. LICENSE QUALIFICATIONS AND APPLICATION PROCESS

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

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

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

1       (b) As part of the application process, each applicant shall submit, in a  
2       format prescribed by the Board, an operating plan that shall include  
3       information concerning:

4               (1) the type of business organization; the identity of its controlling  
5       owners and principals; and the identity of the controlling owners and principals  
6       of its affiliates; and

7               (2) the sources, amount, and nature of its capital, assets, and financing;  
8       the identity of its financiers; and the identity of the controlling owners and  
9       principals of its financiers; and

10              (3) a requirement to file an amendment to its operating plan in the event  
11       of a significant change in organization, operation, or financing.

12       (c) The Board shall adopt rules regarding the required components of an  
13       application for each type of license.

14       (d) The Board shall obtain a fingerprint-based Vermont criminal history  
15       record, an out-of-state criminal history record, a criminal history record from  
16       the Federal Bureau of Investigation, and any regulatory records relating to the  
17       operation of a business in this State or any other jurisdiction for each of the  
18       following who is a natural person:

19              (1) the applicant;

20              (2) each proposed principal;

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

1       (e) An operating plan for a cultivation license shall include a proposal that  
2       minimizes the use of chemical pesticides, herbicides, fungicides, solvents, and  
3       any other hazardous chemicals. Such plans shall include recapture or filtration  
4       to ensure that the chemicals do not enter the larger environment either through  
5       air pollution or surface water pollution or groundwater pollution.

6       (f) An operating plan for any cultivation license that includes indoor  
7       cultivation shall include plans to retain, filter, and reuse water and to prevent  
8       any discharge of polluted water into ground water or surface water.

9       (g) An operating plan for a cultivation license that includes indoor growing,  
10       or for a wholesaler license that includes processing, or for a product  
11       manufacturer license shall include proposals to generate renewable energy on  
12       site or purchase renewable energy from a renewable energy generation site  
13       within 50 miles of the facility that is sufficient to cover 90 percent of the  
14       energy needs of the facility, or both.

15       § 903. PRIORITIES

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

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



1           (2) whether the applicants have an existing medical cannabis dispensary  
2           license in good standing;

3           (3) the geographic distribution of cannabis establishments based on  
4           population and market needs;

5           (4) whether the applicants would foster social justice and equity in the  
6           cannabis industry by:

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

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

11           (5) whether the project incorporates principles of environmental  
12           resiliency or sustainability, including energy efficiency.

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

16           § 904. CULTIVATOR LICENSE

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

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

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

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

5           (1) Packaging shall include:

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

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

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

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

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

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

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

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

5               (A) put on stop-sale;

6               (B) treated in a particular manner; or

7               (C) destroyed according to the Board's instructions.

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

12       (3) A person may appeal an order issued pursuant to this section within  
13       15 days after receiving the order. The appeal shall be made in writing to the  
14       Secretary and shall clearly identify the cannabis affected and the basis for the  
15       appeal.

16       § 905. WHOLESALER LICENSE

17       A wholesaler licensed under this chapter may:

18               (1) purchase cannabis from licensed cultivators and cannabis products  
19       from licensed product manufacturers;

20               (2) transport, possess, package, and sell cannabis and cannabis products  
21       to a licensed product manufacturer, retailer, and dispensary.

1     § 906. PRODUCT MANUFACTURER LICENSE

2         A product manufacturer licensed under this chapter may:

3             (1) purchase cannabis from licensed cultivators and wholesalers and  
4     cannabis products from licensed wholesalers and product manufacturers;

5             (2) use cannabis and cannabis products to produce cannabis products;  
6     and

7             (3) transport, possess, package, and sell cannabis products to licensed  
8     wholesalers, product manufacturers, cafés, and retailers.

9     § 907. RETAILER LICENSE

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

11             (1) purchase cannabis from a licensed cultivator or wholesaler and  
12     cannabis products from a licensed wholesaler or licensed product  
13     manufacturer; and

14             (2) transport, possess, and sell cannabis and cannabis products to the  
15     public for consumption off the registered premises.

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

1           (c)(1) Packaging shall include:

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

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

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

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

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

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

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

21                  (e) Internet sales and delivery of cannabis to customers are prohibited.

1     § 908. TESTING LABORATORY LICENSE

2           (a) A testing laboratory licensed under this chapter may acquire, possess,  
3     analyze, test, and transport cannabis samples obtained from a licensed cannabis  
4     establishment.

5           (b) Testing may address the following:

6                 (1) residual solvents;

7                 (2) poisons or toxins;

8                 (3) harmful chemicals;

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

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

11                (6) pesticides; and

12                (7) tetrahydrocannabinol and cannabidiol potency.

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

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

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

4       (f) A cannabis establishment that is subject to testing requirements under  
5       this chapter or rules adopted pursuant to this chapter shall have its cannabis or  
6       cannabis products tested by an independent licensed testing laboratory and not  
7       a licensed testing laboratory owned or controlled by the license holder of the  
8       cannabis establishment.

9       § 909. CAFÉ LICENSE

10       (a) A café licensed under this chapter may:

11               (1) purchase cannabis from a licensed cultivator or wholesaler and  
12               cannabis products from a licensed wholesaler or product manufacturer; and

13               (2) transport, possess, and sell cannabis and cannabis products to adults  
14               21 years of age and older for consumption on the registered premises.

15       (b) Cafés shall provide a menu or other written material to customers that  
16       lists the potency of any cannabis and cannabis product, represented by the  
17       percentage of tetrahydrocannabinol and cannabidiol by mass.

18       (c) A café shall display a safety information flyer or flyers developed or  
19       approved by the Board and supplied to the café free of charge. The flyer or  
20       flyers shall contain information concerning the methods for administering  
21       cannabis, the amount of time it may take for cannabis products to take effect,

1 the risks of driving under the influence of cannabis, the potential risks of  
2 cannabis use, the symptoms of problematic usage, and how to receive help for  
3 cannabis abuse.

4 (d) A café shall abide by any additional requirements contained in rules  
5 adopted by the Board in accordance with this chapter.

6 § 910. FEES

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

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

12 Sec. 8. IMPLEMENTATION OF LICENSING CANNABIS

13 ESTABLISHMENTS

14 (a)(1) On or before September 15, 2021, the Board shall begin accepting  
15 applications for cultivator licenses and testing laboratory licenses. The initial  
16 application period shall remain open for 30 days. The Board may reopen the  
17 application process for any period of time at its discretion. During this initial  
18 application period, the Board shall give preference to smaller cultivation  
19 operations in an effort to encourage small local farmers to enter the market.

20 (2) On or before December 1, 2021, the Board shall begin issuing  
21 cultivator and testing laboratory licenses to qualified applicants.



1       (b)(1) On or before November 15, 2021, the Board shall begin accepting  
2       applications for product manufacturer licenses and wholesaler licenses. The  
3       initial application period shall remain open for 30 days. The Board may  
4       reopen the application process for any period of time at its discretion.

5       (2) On or before February 1, 2022, the Board shall begin issuing product  
6       manufacturer and wholesaler licenses to qualified applicants.

7       (c)(1) On or before January 15, 2022, the Board shall begin accepting  
8       applications for retailer and café licenses. The initial application period shall  
9       remain open for 30 days. The Board may reopen the application process for  
10       any period of time at its discretion.

11       (2) On or before April 1, 2022, the Board shall begin issuing retailer and  
12       café licenses to qualified applicants.

13                   \* \* \* Medical Cannabis Registry \* \* \*

14       Sec. 9. 7 V.S.A. chapter 35 is added to read:

15                   CHAPTER 35. MEDICAL CANNABIS REGISTRY

16       § 951. DEFINITIONS

17       As used in this chapter:

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

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

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

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

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

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

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

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

18           (8) “Qualifying medical condition” means:

19           (A) cancer, multiple sclerosis, positive status for human  
20           immunodeficiency virus, acquired immune deficiency syndrome, glaucoma,  
21           Crohn’s disease, Parkinson’s disease, or the treatment of these conditions, if

1 the disease or the treatment results in severe, persistent, and intractable  
2 symptoms:

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

6 (C) another disease, condition, or treatment as determined in writing  
7 by a patient's health care professional.

8 (9) "Registry" means the Vermont Medical Cannabis Registry.

9 § 952. REGISTRY

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

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

16 (1) Cultivate not more than two mature and seven immature cannabis  
17 plants. Any cannabis harvested from the plants shall not count toward the  
18 three-ounce possession limit in subdivision (b)(2) of this section, provided it is  
19 stored in an indoor facility on the property where the cannabis was cultivated  
20 and reasonable precautions are taken to prevent unauthorized access to the  
21 cannabis.

1           (2) Possess not more than three ounces of cannabis.

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

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

12           (d) The Board shall establish an application process through rulemaking.  
13           § 953. PATIENTS

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

17           (b) An application by a person under 18 years of age shall be signed by  
18           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. 10. 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. 11. REPEAL

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

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

15       Sec. 12. 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) deliver cannabis and cannabis products to patients and caregivers;

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

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

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

20 (7) sell larger quantities of cannabis and cannabis products than is  
21 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 of his or her criminal history record. Nonviolent  
15       drug 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 or upon  
2       the expiration of the dispensary's license, whichever occurs first.

3       § 977. FEES

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

5           (1) application fees;

6           (2) annual license fees; and

7           (3) annual renewal fees.

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

10       Sec. 13. IMPLEMENTATION OF MEDICAL CANNABIS REGISTRIES

11       (a) On January 1, 2022, regulation of medical marijuana dispensaries that  
12       are registered pursuant to 18 V.S.A. chapter 86 shall transfer from the  
13       Department of Public Safety to the Cannabis Control Board. At such time,  
14       those registered dispensaries shall operate pursuant to 7 V.S.A. chapter 37 and  
15       the rules adopted by the Board pursuant to chapter 37.

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

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

2           Sec. 14. 32 V.S.A. chapter 207 is added to read:

3                                   CHAPTER 207. CANNABIS TAXES

4           § 7900. DEFINITIONS

5           As used in this chapter:

6                   (1) “Cannabis” has the same meaning as in 7 V.S.A. § 831.

7                   (2) “Cannabis café” or “café” has the same meaning as in 7 V.S.A.

8                   § 861.

9                   (3) “Cannabis cultivator” has the same meaning as in 7 V.S.A. § 861.

10                  (4) “Cannabis product” has the same meaning as in 7 V.S.A. § 831.

11                  (5) “Cannabis product manufacturer” has the same meaning as in

12                  7 V.S.A. § 861.

13                  (6) “Cannabis retailer” or “retailer” has the same meaning as in 7 V.S.A.

14                  § 861.

15                  (7) “Cannabis wholesaler” has the same meaning as in 7 V.S.A. § 861.

16                  (8) “Retail sale” or “sold at retail” means any sale, lease, or rental for

17                  any purpose other than for resale by a cannabis retailer.

18                  (9) “Sales price” has the same meaning as in section 9701 of this title.

1     § 7901. CANNABIS EXCISE TAX

2           (a) There is imposed a cannabis excise tax equal to 12 percent of the sales  
3     price of each retail sale in this State of cannabis and cannabis products,  
4     including food or beverages.

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

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

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

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

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



1 registered qualifying patients directly or through their registered caregivers;

2 and

3 (3) sales from a cannabis cultivator, cannabis product manufacturer, or  
4 cannabis wholesaler to a cannabis product manufacturer, cannabis wholesaler,  
5 cannabis retailer, or cannabis café.

6 § 7902. CANNABIS LOCAL OPTION TAX

7 (a) Notwithstanding 24 V.S.A. § 138, any municipality may collect a  
8 cannabis local option tax of one percent of the sales price on each retail sale in  
9 the municipality of cannabis and cannabis products, including food and  
10 beverages.

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

12 (1) allows the retail sale of cannabis and cannabis products within the  
13 municipality; and

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

17 (c) The tax imposed by this section shall be paid by the purchaser to the  
18 retailer or café. Each retailer or café shall collect from the purchaser the full  
19 amount of the tax payable on each taxable sale.

20 (d) The tax imposed by this section is separate from and in addition to the  
21 general sales and use tax imposed by chapter 233 of this title and the cannabis

1 excise tax imposed by section 7901 of this title. The tax imposed by this  
2 section shall not be part of the sales price to which the general sales and use  
3 tax or the cannabis excise tax applies. The cannabis local option tax shall be  
4 separately itemized from the general sales and use tax and the cannabis excise  
5 tax on the receipt provided to the purchaser.

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

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

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

14 (3) sales from a cannabis cultivator, cannabis product manufacturer, or  
15 cannabis wholesaler to a cannabis product manufacturer, cannabis wholesaler,  
16 cannabis retailer, or cannabis café.

17 (f) Any tax imposed under the authority of this section shall be collected  
18 and administered by the Department of Taxes, in accordance with State law  
19 governing the cannabis excise and cannabis local option taxes imposed under  
20 chapter 207 of this title, and provided to the municipality in which they were  
21 collected on a quarterly basis after reduction for the costs of administration and

1 collection. A tax imposed under this section shall be collected using a  
2 destination basis for taxation. A per-return fee of \$5.96 shall be assessed to  
3 compensate the Department for the costs of administration and collection,  
4 which shall be paid by the municipality. The fee shall be subject to the  
5 provisions of section 605 of this title.

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

8 (h) Nothing in this section shall affect the validity of any existing provision  
9 of law or municipal charter authorizing a municipality to impose a local option  
10 tax on anything not subject to the cannabis local option tax.

11 § 7903. LIABILITY FOR TAXES

12 (a) Any tax collected in accordance with this chapter shall be deemed to be  
13 held by the retailer or café in trust for the State of Vermont. Any tax collected  
14 under this chapter shall be accounted for separately so as to clearly indicate the  
15 amount of tax collected and that the same are the property of the State of  
16 Vermont.

17 (b) Every retailer or café required to collect and remit tax under this chapter  
18 to the Commissioner shall be personally and individually liable for the amount  
19 of such tax together with such interest and penalty as has accrued under the  
20 provisions of section 3202 of this title. If the retailer or café is a corporation or  
21 other entity, the personal liability shall extend to any officer or agent of the

1 corporation or entity who as an officer or agent of the same has the authority to  
2 collect and remit tax to the Commissioner of Taxes as required in this chapter.

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

11 (d) A retailer or café required to collect tax may also refund or credit to the  
12 purchaser any tax erroneously, illegally, or unconstitutionally collected. No  
13 cause of action that may exist under State law shall accrue against the retailer  
14 or café for tax collected, unless the purchaser has provided written notice to the  
15 retailer or café and the retailer or café has had 60 days to respond.

16 § 7904. RETURNS; RECORDS

17 (a) Any retailer or café required to collect tax imposed by this chapter shall,  
18 on or before the 25th day of every month, return to the Department of Taxes,  
19 under oath of a person with legal authority to bind the retailer or café, a  
20 statement containing its name and place of business, the total amount of sales  
21 subject to the cannabis excise tax and cannabis local option tax, if applicable,

1 made in the preceding month, and any information required by the Department  
2 of Taxes, along with the total tax due. The Commissioner of Taxes may  
3 require that returns be submitted electronically and may prohibit the remittance  
4 in cash of taxes collected.

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

9 § 7905. BUNDLED TRANSACTIONS

10 (a) Except as provided in subsection (b) of this section, a retail sale of a  
11 bundled transaction that includes cannabis or a cannabis product is subject to  
12 the general sales and use tax imposed by chapter 233 of this title and the  
13 cannabis excise and cannabis local option taxes imposed by this chapter on the  
14 entire sales price of the bundled transaction. If there is a conflict with the  
15 bundling transaction provisions applicable to another tax type, this section  
16 shall apply.

17 (b) If the sales price is attributable to products that are taxable and products  
18 that are not taxable under this chapter, the portion of the price attributable to  
19 the products that are nontaxable are subject to the taxes imposed by this  
20 chapter unless the retailer or café can identify by reasonable and verifiable  
21 standards the portion that is not subject to the cannabis excise and cannabis

1 local option taxes from its books and records that are kept in the regular course  
2 of business, and any discounts applied to the bundle must be attributed to the  
3 products that are nontaxable under this chapter.

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

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

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

10 § 7906. LICENSE

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

20 (b) Each cannabis retail tax license shall state the place of business to  
21 which it is applicable and be prominently displayed in the place of business.

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

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

10 § 7907. ADMINISTRATION OF CANNABIS TAXES

11 (a) The Commissioner of Taxes shall administer and enforce this chapter  
12 and the tax. The Commissioner may adopt rules pursuant to 3 V.S.A. chapter  
13 25 to carry out such administration and enforcement.

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

17 § 7908. STATUTORY PURPOSES

18 (a) The statutory purpose of the exemptions for cannabis and cannabis  
19 products sold by any dispensary as authorized under 7 V.S.A. chapter 37 in  
20 subdivisions 7901(d)(2) and 7902(e)(2) of this title is to lower the cost of

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

3 (b) The statutory purpose of the exemption for nonretail sales in 7901(d)(3)  
4 and 7902(e)(3) of this title is to avoid taxation when purchased cannabis or  
5 cannabis product is intended to be incorporated into a new cannabis product.

6 § 7909. APPLICABLE TAXES

7 The general sales and use tax imposed by chapter 233 of this title and  
8 cannabis excise and cannabis local option taxes imposed by this chapter are the  
9 only taxes that apply to a retail sale of cannabis or cannabis product in this  
10 State.

11 Sec. 14a. 32 V.S.A. § 3102(d)(3) is amended to read:

12 (3) to any person who inquires, provided that the information is limited  
13 to whether a person is registered to collect Vermont income withholding, sales  
14 and use, ~~or~~ meals and rooms, or cannabis excise tax; whether a person is in  
15 good standing with respect to the payment of these taxes; whether a person is  
16 authorized to buy or sell property free of tax; or whether a person holds a valid  
17 license under chapter 205 or 239 of this title or 10 V.S.A. § 1942;

18 \* \* \* Sales Tax Exemption \* \* \*

19 Sec. 15. 32 V.S.A. § 9701(31) is amended to read:

20 (31) “Food and food ingredients” means substances, whether in liquid,  
21 concentrated, solid, frozen, dried, or dehydrated form, that are sold for



1 ingestion or chewing by humans and are consumed for their taste or nutritional  
2 value. “Food and food ingredients” does not include alcoholic beverages,  
3 tobacco, cannabis and cannabis products as defined under 7 V.S.A. § 831, or  
4 soft drinks.

5 Sec. 16. 32 V.S.A. § 9741(53) is added to read:

6 (53) Cannabis and cannabis products as defined under 7 V.S.A. § 831  
7 sold by:

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

11 (B) any cannabis cultivator, cannabis product manufacturer, or  
12 cannabis wholesaler to a cannabis product manufacturer, cannabis retailer, or  
13 cannabis wholesaler.

14 \* \* \* Tax Expenditure \* \* \*

15 Sec. 17. 32 V.S.A. § 9706(mm) is added to read:

16 (mm) The statutory purpose of the exemption for cannabis  
17 and cannabis products as defined under 7 V.S.A. § 831 in subdivision  
18 9741(53) of this title is to lower the cost of medical products sold by any  
19 dispensary as authorized under 7 V.S.A. chapter 37 in order to support the  
20 health and welfare of Vermont residents and avoid taxation when purchased

1 cannabis or cannabis product is intended to be incorporated into a new  
2 cannabis product.

3 \* \* \* Meals and Rooms Tax \* \* \*

4 Sec. 17a. 32 V.S.A. § 9202(10) is amended to read:

5 (10) “Taxable meal” means:

6 \* \* \*

7 (D) “Taxable meal” shall not include:

8 (i) Food or beverage, other than that taxable under subdivision  
9 (10)(C) of this section, that is a grocery-type item furnished for take-out: whole  
10 pies or cakes, loaves of bread; single-serving bakery items sold in quantities of  
11 three or more; delicatessen and nonprepackaged candy sales by weight or  
12 measure, except party platters; whole uncooked pizzas; pint or larger closed  
13 containers of ice cream or frozen confection; eight ounce or larger containers  
14 of salad dressings or sauces; maple syrup; quart or larger containers of cider or  
15 milk.

16 \* \* \*

17 (iii) Cannabis or cannabis products as defined under 7 V.S.A.

18 § 831.

19 Sec. 17b. 32 V.S.A. § 9201(n) is added to read:

20 (n) The statutory purpose for the exemption for cannabis and cannabis  
21 products as defined under 7 V.S.A. § 831 in subdivision 9202(10)(D)(iii) of

1 this title is to avoid having the meals and rooms tax apply to edible cannabis  
2 products in addition to the cannabis excise and cannabis local option taxes and  
3 general sales and use taxes.

4 \* \* \* Income Tax Deduction \* \* \*

5 Sec. 18. 32 V.S.A. § 5811 is amended to read:

6 § 5811. DEFINITIONS

7 The following definitions shall apply throughout this chapter unless the  
8 context requires otherwise:

9 \* \* \*

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

12 (A) the taxable income of the taxpayer for that taxable year under the  
13 laws of the United States, without regard to 26 U.S.C. § 168(k) of the Internal  
14 Revenue Code, and excluding income which under the laws of the United  
15 States is exempt from taxation by the states:

16 \* \* \*

17 (ii) decreased by:

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

1 (II) the amount of income ~~which~~ that results from the required  
2 reduction in salaries and wages expense for corporations claiming the Targeted  
3 Job or WIN credits; and

4 (III) any federal deduction that the taxpayer would have been  
5 allowed for the cultivation, testing, processing, or sale of cannabis or cannabis  
6 products as authorized under 7 V.S.A. chapter 33 or 35, but for 26 U.S.C.  
7 § 280E.

8 \* \* \*

9 (21) “Taxable income” means, in the case of an individual, federal  
10 adjusted gross income determined without regard to 26 U.S.C. § 168(k) and:

11 \* \* \*

12 (C) Decreased by the following exemptions and deductions:

13 \* \* \*

14 (iii) an additional deduction of \$1,000.00 for each federal  
15 deduction under 26 U.S.C. § 63(f) that the taxpayer qualified for and received;

16 **and**

17 (iv) an amount equal to the itemized deduction for medical  
18 expenses taken at the federal level by the taxpayer, under 26 U.S.C. § 213:

19 (I) minus the amount of the Vermont standard deduction and  
20 Vermont personal exemptions taken by the taxpayer under this subdivision

21 (C); and

1 (II) minus any amount deducted at the federal level that is  
2 attributable to the payment of an entrance fee or recurring monthly payment  
3 made to a continuing care retirement community regulated under 8 V.S.A.  
4 chapter 151, which exceeds the deductibility limits for premiums paid during  
5 the taxable year on qualified long-term care insurance contracts under 26  
6 U.S.C. 213(d)(10)(A); and

7 (v) any federal deduction that the taxpayer would have been  
8 allowed for the cultivation, testing, processing, or sale of cannabis or cannabis  
9 products as authorized under 7 V.S.A. chapter 33 or 37, but for 26 U.S.C.  
10 § 280E.

11 \* \* \*

12 \* \* \* Miscellaneous Cannabis Provisions \* \* \*

13 Sec. 19. 18 V.S.A. § 4230a(a)(2)(A) is amended to read:

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

1 Sec. 20. 18 V.S.A. § 4230 is amended to read:

2 § 4230. ~~MARIJUANA~~ CANNABIS

3 \* \* \*

4 (b) Selling or dispensing.

5 (1) A person knowingly and unlawfully selling ~~marijuana~~ cannabis or  
6 hashish shall be imprisoned not more than two years or fined not more than  
7 \$10,000.00, or both.

8 (2) A person knowingly and unlawfully selling or dispensing more than  
9 one ounce of ~~marijuana~~ cannabis or five grams or more of hashish shall be  
10 imprisoned not more than five years or fined not more than \$100,000.00, or  
11 both.

12 (3) A person knowingly and unlawfully selling or dispensing one pound  
13 or more of ~~marijuana~~ cannabis or 2.8 ounces or more of hashish shall be  
14 imprisoned not more than 15 years or fined not more than \$500,000.00, or  
15 both.

16 (4) A person 21 years of age or older may dispense one ounce or less of  
17 cannabis or five grams or less of hashish to another person who is 21 years of  
18 age or older, provided that the dispensing is not advertised or promoted to the  
19 public.

20 \* \* \*

1       Sec. 21. STATUTORY REVISION AUTHORITY

2           When preparing the Vermont Statutes Annotated for publication, the Office  
3       of Legislative Council shall replace “marijuana” with “cannabis” throughout  
4       the statutes as needed for consistency with this act, as long as the  
5       revisions have no other effect on the meaning of the affected statutes.

6                           \* \* \* Effective Dates \* \* \*

7       Sec. 22. EFFECTIVE DATES

8           (a) This section and Secs. 5a (Cannabis Control Board; Taxes),  
9       5b (Cannabis Control Board; regulatory collaboration), 5c (Cannabis Control  
10       Board; cannabis cooperative license), 20 (cannabis dispensing), and  
11       21 (statutory revision authority) shall take effect on passage.

12           (b) The following shall take effect July 1, 2020:

13           (1) Secs. 1 (Title 7 redesignation), 2 (cannabis chapter),  
14       3 (implementation of the Cannabis Control Board), 4 (implementation of  
15       rulemaking by the Cannabis Control Board, 5 (Cannabis Control Board; fees),  
16       6 (creation of Board positions), 6a (space allocation), 7 (cannabis  
17       establishments chapter), 8 (implementation of licensing of cannabis  
18       establishments), and 19 (public place definition).

19           (2) In Sec. 9 (Medical Cannabis Registry chapter), 7 V.S.A. § 956  
20       (rulemaking) and in Sec. 12 (Medical Cannabis Dispensaries), 7 V.S.A. § 974  
21       (rulemaking).

1       (c) Secs. 10 (implementation of Medical Cannabis Registry) and  
2       13 (implementation of medical cannabis dispensaries) shall take effect July 1,  
3       2021.

4       (d) The following shall take effect January 1, 2022:

5           (1) Sec. 9 (Medical Cannabis Registry chapter), except for 7 V.S.A.  
6       § 956 (rulemaking) and Sec. 12 (Medical Cannabis Dispensaries), except for  
7       7 V.S.A. § 974 (rulemaking).

8           (2) Secs. 11 (Repeal), 14 (creation of excise and local option tax), 14a  
9       (tax license disclosure), 15 (sales tax exemption), 16 (tax exemption), 17 (tax  
10       expenditure), 17a (meals and rooms tax), 17b (meals and rooms tax  
11       expenditure), and 18 (income tax deduction).