

1 **Secs. 14-18b - New language highlighted in yellow**

2 \* \* \* Creation of **Excise Tax** \* \* \*

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

4 CHAPTER 207. CANNABIS TAXES

5 § 7901. DEFINITIONS

6 As used in this chapter:

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

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

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

10 (4) “Cannabis product manufacturer” has the same meaning as in 7

11 V.S.A. § 831.

12 (5) “Cannabis retailer” has the same meaning as in 7 V.S.A. § 861.

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

14 (7) “Integrated licensee” has the same meaning as in 7 V.S.A. § 861.

15 (8) “Retail sale” or “sold at retail” means any sale for any purpose other  
16 than for resale by a cannabis retailer or integrated licensee.

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

18 § 7902. CANNABIS EXCISE TAX

19 (a) There is imposed a cannabis excise tax equal to 14 percent of the sales  
20 price of each retail sale in this State of cannabis and cannabis products,  
21 including food or beverages.

1       (b) The tax imposed by this section shall be paid by the purchaser to the  
2       retailer or integrated licensee. Each retailer or integrated licensee shall collect  
3       from the purchaser the full amount of the tax payable on each taxable sale.

4       (c) The tax imposed by this section is separate from and in addition to the  
5       general sales and use tax imposed by chapter 233 of this title. The tax imposed  
6       by this section shall not be part of the sales price to which the general sales and  
7       use tax applies. The cannabis excise tax shall be separately itemized from the  
8       general sales and use tax on the receipt provided to the purchaser.

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

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

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

17       (3) sales from a cannabis cultivator, cannabis product manufacturer,  
18       cannabis wholesaler, or integrated licensee to a cannabis product manufacturer,  
19       cannabis retailer, cannabis wholesaler, or integrated licensee.

20       (e) The equivalent of one percent of the retail sales of cannabis and  
21       cannabis products in a municipality shall be provided to the municipality in

1 which it was collected by the Department of Taxes on a quarterly basis after  
2 reduction for the costs of administration and collection, which shall be set at a  
3 per-return fee equivalent to that established in subsection 138(c) of this title  
4 and borne entirely by the municipality.

5 (f) As used in this section, “municipality” has the same meaning as in 7  
6 V.S.A. § 861.

7 § 7903. LIABILITY FOR TAXES

8 (a) Any tax collected in accordance with this chapter shall be deemed to be  
9 held by the retailer or integrated licensee in trust for the State of Vermont.

10 Any tax collected under this chapter shall be accounted for separately so as  
11 clearly to indicate the amount of tax collected and that the same are the  
12 property of the State of Vermont.

13 (b) Every retailer or integrated licensee required to collect and remit tax  
14 under this chapter to the Commissioner shall be personally and individually  
15 liable for the amount of such tax together with such interest and penalty as has  
16 accrued under the provisions of section 3202 of this title. If the retailer or  
17 integrated licensee is a corporation or other entity, the personal liability shall  
18 extend to any officer or agent of the corporation or entity who as an officer or  
19 agent of the same has the authority to collect and remit tax to the  
20 Commissioner of Taxes as required in this chapter.

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

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

16       § 7904. RETURNS; RECORDS

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

1 the preceding month, and any information required by the Department of  
2 Taxes, along with the total tax due. Retailers and integrated licensees shall not  
3 remit taxes collected to the Department of Taxes in cash absent the issuance of  
4 a waiver by the Commissioner of Taxes and the Commissioner may require  
5 that returns be submitted electronically.

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

10 § 7905. BUNDLED TRANSACTIONS

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

16 (b) If the sales price is attributable to products that are taxable and products  
17 that are not taxable under this chapter, the portion of the price attributable to  
18 the products that are nontaxable are subject to the tax imposed by this chapter  
19 unless the retailer or integrated licensee can identify by reasonable and  
20 verifiable standards the portion that is not subject to tax from its books and  
21 records that are kept in the regular course of business, and any discounts

1 applied to the bundle must be attributed to the products that are nontaxable  
2 under this chapter.

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

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

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

9 § 7906. LICENSE

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

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

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

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

9 § 7907. ADMINISTRATION OF CANNABIS TAXES

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

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

16 § 7908. STATUTORY PURPOSES

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





1 tobacco, cannabis and cannabis products as defined under 7 V.S.A. § 831, or  
2 soft drinks.

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

4 (53) Cannabis and cannabis products as defined under 7 V.S.A. § 831 **sold**

5 **by:**

6 (A) any dispensary as authorized under 18 V.S.A. chapter 86,

7 provided that the cannabis or cannabis product is sold only to registered

8 qualifying patients directly or through their registered caregivers; or

9 (B) any cannabis cultivator, cannabis product manufacturer, cannabis

10 wholesaler, or integrated licensee to a cannabis product manufacturer, cannabis

11 retailer, cannabis wholesaler, or integrated licensee.

12 \* \* \* Tax Expenditure \* \* \*

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

14 (mm) The statutory purpose of the exemption for cannabis and cannabis

15 products as defined under 7 V.S.A. § 831 in subdivision 9741(53) of this title

16 is to lower the cost of medical products sold by any dispensary as authorized

17 under 18 V.S.A. chapter 86 in order to support the health and welfare of

18 Vermont residents and avoid taxation when purchased cannabis or cannabis

19 product is intended to be incorporated into a new cannabis product.

20 \* \* \* Meals and Rooms Tax \* \* \*

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

1 (10) “Taxable meal” means:

2 \* \* \*

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

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

12 \* \* \*

13 (iii) Cannabis or cannabis products as defined under 7 V.S.A.  
14 § 831.

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

16 (n) The statutory purpose for the exemption for cannabis and cannabis  
17 products as defined under 7 V.S.A. § 831 in subdivision 9202(10)(D)(iii) of  
18 this title is to avoid having both the meals and rooms tax and the cannabis  
19 excise and general sales and use taxes apply to edible cannabis products.

20 \* \* \* Income Tax Deduction \* \* \*

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

1 § 5811. DEFINITIONS

2 The following definitions shall apply throughout this chapter unless the  
3 context requires otherwise:

4 \* \* \*

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

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

11 \* \* \*

12 (ii) decreased by:

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

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

19 (III) any federal deduction that the taxpayer would have been  
20 allowed for the cultivation, testing, processing, or sale of cannabis or cannabis

1 products as authorized under 7 V.S.A. chapter 33 or 18 V.S.A. chapter 86, but  
2 for 26 U.S.C. § 280E.

3 \* \* \*

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

6 \* \* \*

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

8 \* \* \*

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

11 (iv) the dollar amounts of the personal exemption allowed under  
12 subdivision (i) of this subdivision (21)(C), the standard deduction allowed  
13 under subdivision (ii) of this subdivision (21)(C), and the additional deduction  
14 allowed under subdivision (iii) of this subdivision (21)(C) shall be adjusted  
15 annually for inflation by the Commissioner of Taxes beginning with taxable  
16 year 2018 by using the Consumer Price Index and the same methodology as  
17 used for adjustments under 26 U.S.C. § 1(f)(3); provided, however, that as  
18 used in this subdivision, “consumer price index” means the last Consumer  
19 Price Index for All Urban Consumers published by the U.S. Department of  
20 Labor; and



1        (d) The Commissioner of Finance and Management may draw warrants for  
2        disbursements from this Fund in anticipation of receipts.

3        Sec. 18b. 18 V.S.A. § 4810 is amended to read:

4        § 4810. SUBSTANCE MISUSE PREVENTION FUND

5        (a) The Substance Misuse Prevention Fund is established pursuant to 32  
6        V.S.A. chapter 7, subchapter 5 for the purpose of funding substance misuse  
7        prevention programming and for necessary costs incurred in administering the  
8        Fund. The Fund shall be administered by the Commissioner of Health or  
9        designee.

10       (b) The Fund shall consist of revenues derived from:

11       (1) 35 percent of the revenues raised by the cannabis excise tax imposed  
12       by 32 V.S.A. § 7902 exclusive of the local share provided to municipalities  
13       pursuant to 32 V.S.A. § 7902(e), but not more than \$6 million per fiscal year;  
14       and

15       (2) any other funds that may be dedicated by the General Assembly.

16       (c) All balances remaining at the end of any fiscal year shall be carried  
17       forward and remain in the Fund.

18       (d) The Commissioner of Finance and Management may draw warrants for  
19       disbursements from this Fund in anticipation of receipts.