

1 S.214

2 Introduced by Senator Rodgers

3 Referred to Committee on

4 Date:

5 Subject: Agriculture; cannabis; cultivation; processing; regulation

6 Statement of purpose of bill as introduced: This bill proposes to establish a
7 State Cannabis Program at the Agency of Agriculture, Food and Markets for
8 regulation of the cultivation, processing, and sale of cannabis and cannabis
9 products in the State.

10 An act relating to regulation of the cultivation and sale of cannabis

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

12 Sec. 1. 6 V.S.A. chapter 36 is added to read:

13 CHAPTER 36. CANNABIS

14 § 661. PURPOSE

15 The purpose of this chapter is to establish policy and procedures for
16 growing, processing, testing, and marketing cannabis and cannabis products in
17 Vermont so that farmers and other businesses in the Vermont agricultural
18 industry can take advantage of this market opportunity.

19 § 662. DEFINITIONS

20 As used in this chapter:

1 (1) “Agency” means the Agency of Agriculture, Food and Markets.

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

5 (i) the seeds of the plant;

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

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

9 (B) “Cannabis” does not include:

10 (i) the mature stalks of the plant and fiber produced from the
11 stalks;

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

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

15 (iv) the sterilized seed of the plant that is incapable of
16 germination; or

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

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

1 (4) “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 (5)(A) “Grow” means:

5 (i) the planting, cultivating, harvesting, or drying of cannabis; and

6 (ii) selling, storing, and transporting cannabis grown by a grower.

7 (B) “Grow” may be used interchangeably with the word “produce.”

8 (6) “Grower” means a person who is registered with the Agency to
9 produce cannabis crops.

10 (7) “Process” means the storing, drying, trimming, handling,
11 compounding, or converting of a cannabis crop by a processor for a single
12 grower or multiple growers into cannabis products. “Process” includes
13 transporting, aggregating, or packaging cannabis from a single grower or
14 multiple growers.

15 (8) “Processor” means a person who is registered with the Agency to
16 process cannabis crops.

17 (9) “Secretary” means the Secretary of Agriculture, Food and Markets.

18 § 663. CANNABIS; AN AGRICULTURAL PRODUCT; SALE

19 (a) Cannabis is an agricultural product that may be grown as a crop
20 produced, possessed, marketed, and sold in Vermont pursuant to the provisions

1 of this chapter. The cultivation of cannabis shall be subject to and comply with
2 the Required Agricultural Practices adopted under section 4810 of this title.

3 (b)(1) A person licensed as a cannabis retailer under this chapter may in
4 any one transaction sell at retail one ounce of cannabis or the equivalent in
5 cannabis products, or a combination thereof, to a person 21 years of age or
6 older upon verification of a valid government-issued photograph identification
7 card.

8 (2) A person licensed to grow or process cannabis under this chapter
9 may sell cannabis or cannabis products to a cannabis retailer in any amount,
10 provided that the grower or cultivator reports to the Agency quarterly
11 regarding the amount of cannabis sold in the previous quarter and to whom the
12 cannabis was sold.

13 § 664. STATE CANNABIS PROGRAM; REGISTRATION;

14 APPLICATION; ADMINISTRATION

15 (a) The Secretary shall establish and administer a State Cannabis Program
16 to regulate the growing, processing, testing, marketing, and sale of cannabis
17 and cannabis products in the State.

18 (b)(1) Beginning on January 1, 2021, a person shall register annually with
19 the Secretary as part of the State Cannabis Program in order to grow, process,
20 test, or sell cannabis or cannabis products in the State. A person shall apply for
21 registration or renewal of a registration on a form provided by the Secretary.

1 The application shall be accompanied by the fee required under section 669 of
2 this title. The application or renewal form shall include:

3 (A) the name and address of the person applying for or renewing a
4 registration;

5 (B) whether the person is applying to grow, process, test, or sell
6 cannabis or cannabis products;

7 (C) for a person applying as a grower, the location and acreage of all
8 parcels where cannabis will be grown;

9 (D) for a person applying as a processor, the location of the
10 processing site;

11 (E) for a person applying to test cannabis or cannabis products, the
12 location of the site where testing will occur and any proof of certification
13 required by the Secretary;

14 (F) for a person applying as a retailer, the name and address of the
15 person or persons applying for the registration, the location where cannabis
16 will be sold, and the security measures that the person will take to ensure that
17 cannabis or cannabis products are only sold to persons 21 years of age or older;
18 and

19 (G) any additional information that the Secretary may require by rule.

20 (2) The Secretary may verify the information provided in the application
21 or renewal form under subdivision (1) of this subsection and on any maps

1 accompanying the application or renewal form and may request additional
2 information in order to perform a review of an application for registration or
3 renewal.

4 (c) The Secretary may deny an application for registration or renewal if the
5 applicant:

6 (1) does not provide all the information requested on the application or
7 renewal form;

8 (2) fails to submit the fee required under section 669 of this title; or

9 (3) fails to submit additional information requested by the Secretary
10 under subsection (a) of this section

11 (d) A person registered under this section may purchase or import cannabis
12 genetics from any state that authorized the cultivation of cannabis.

13 (e) A person registered with the Secretary under this section to grow,
14 process, test, or sell cannabis crops or cannabis products shall allow the
15 Secretary to inspect cannabis crops, processing sites, laboratories, or retail
16 locations registered under the State Cannabis Program. The Secretary shall
17 retain tests and inspection information collected under this section for the
18 purposes of research of the growth and cultivation of cannabis.

19 (f) The name and general location of a person registered under this section
20 shall be available for inspection and copying under the Public Records Act,
21 provided that all records produced or acquired by the Agency of Agriculture,

1 Food and Markets related to the location of parcels where cannabis will be
2 grown, including coordinates, maps, and parcel identifiers, shall be
3 confidential and shall not be disclosed for inspection and copying under the
4 Public Records Act.

5 § 665. RULEMAKING AUTHORITY

6 (a) The Secretary may adopt rules to provide for the implementation of this
7 chapter and the Program authorized under this chapter, which may include
8 rules to:

9 (1) require cannabis to be tested during growth for tetrahydrocannabinol
10 levels;

11 (2) authorize or specify the method or methods of testing cannabis,
12 including, where appropriate, the ratio of cannabidiol to tetrahydrocannabinol
13 levels or a taxonomic determination using genetic testing;

14 (3) require inspection and supervision of cannabis during sowing,
15 growing season, harvest, storage, and processing; and

16 (4) require labels or label information for cannabis products in order to
17 provide consumers with product content or source information or to conform
18 with federal requirements.

19 (b) The Secretary shall adopt rules establishing requirements for the
20 registration of growers, processors, and retailers of cannabis and cannabis
21 products.

1 § 666. AGENCY OF AGRICULTURE, FOOD AND MARKETS; TESTING

2 The Agency of Agriculture, Food and Markets shall establish a cannabis
3 quality control program for the following purposes:

4 (1) to develop potency and contaminant testing protocols for cannabis
5 and cannabis products;

6 (2) to verify tetrahydrocannabinol and cannabinoid label guarantees of
7 cannabis and cannabis products;

8 (3) to test for pesticides, solvents, heavy metals, mycotoxins, and
9 bacterial and fungal contaminants in cannabis and cannabis products; and

10 (4) to certify testing laboratories that can offer the services in
11 subdivisions (2) and (3) of this section.

12 § 667. ENFORCEMENT

13 To enforce the provisions of this chapter, the Secretary, upon presenting
14 appropriate credentials, may conduct one or more of the following:

15 (1) Enter upon any premises where cannabis or cannabis products are
16 grown, processed, or sold and inspect premises, machinery, equipment and
17 facilities, any crop during any growth phase, or any cannabis product during
18 processing or storage. Inspection under this section may include the taking of
19 samples, inspection of records, and inspection of equipment or vehicles used in
20 the growing, processing, or transport of cannabis, cannabis crops, or cannabis
21 products.

1 (2) Inspect any retailer location offering cannabis or cannabis products.

2 Inspection under this section may include the taking of samples of products.

3 (3) Issue and enforce a written or printed “stop sale” order to the owner
4 or custodian of any cannabis crop, cannabis, or cannabis product subject to the
5 requirements of this chapter or rules adopted under this chapter that the
6 Secretary finds is in violation of any of the provisions of this chapter or rules
7 adopted under this chapter. An order may prohibit further sale, processing, and
8 movement of the cannabis crop, cannabis, or cannabis product until the
9 Secretary has approved and issued a release from the “stop sale” order.

10 § 668. ADMINISTRATIVE PENALTIES

11 (a) Except for violations set forth under subsection (b) of this section, the
12 Secretary may assess an administrative penalty, not to exceed \$1,000.00 per
13 violation, for any violation of this chapter or rules adopted under this chapter,
14 including:

15 (1) failure to provide the location of the land on which the grower grows
16 cannabis crops, the processor processes cannabis into cannabis products, or a
17 retailer sells cannabis; or

18 (2) failing to obtain a registration in accordance with section 664 of this
19 title.

1 (b) The Secretary may assess an administrative penalty, not to exceed
2 \$5,000.00 per violation, in any case in which the Secretary determines that a
3 grower, processor, or retailer:

4 (1) failed to follow a corrective action plan issued by the Secretary; or
5 (2) has grown, processed, or sold cannabis or cannabis products in
6 violation of the requirements of this chapter or the rules adopted under this
7 chapter three times in a five-year period.

8 (c) In determining the amount of the penalty assessed under this section,
9 the Secretary may give consideration to the appropriateness of the penalty with
10 respect to the size of the business being assessed, the gravity of the violation,
11 the good faith of the person alleged to be in violation, and the overall
12 compliance history of the person alleged to be in violation.

13 (d) The Secretary shall use the following procedure in assessing penalties:

14 (1) the Secretary shall issue a written notice of violation setting forth
15 facts that would establish probable cause that a violation of this chapter or the
16 rules adopted under this chapter has occurred;

17 (2) the notice required under subdivision (1) of this subsection shall
18 comply with all of the following:

19 (A) The notice shall be served by personal service or by certified
20 mail, return receipt requested.

1 (B) The notice shall advise the recipient of the right to a hearing. If a
2 hearing is requested, the hearing shall be conducted pursuant to 3 V.S.A.
3 chapter 25.

4 (C) The notice shall state the proposed penalty and shall advise the
5 recipient that, if no hearing is requested, the decision of the Secretary shall
6 become final and a penalty shall be imposed.

7 (D) The notice shall advise the recipient that they shall have 15 days
8 from the date on which notice is received to request a hearing.

9 (e) Any party aggrieved by a final decision of the Secretary may appeal to a
10 Superior Court within 30 days of the final decision of the Secretary. The
11 Secretary may enforce a final administrative penalty by filing a civil collection
12 action in any District or Superior Court.

13 § 669. REGISTRATION FEES

14 (a) A person applying for a registration or renewal under section 564 of this
15 title annually shall pay the following fees:

16 (1) for an application to grow more than two mature and seven
17 immature cannabis plants on less than 0.5 acres for personal use: \$25.00;

18 (2) for an application or renewal of registration to grow or process
19 cannabis seed for food oil production, grain crop, fiber, or textile: \$100.00;

20 (3) except as provided for in subdivision (4) of this subsection, for an
21 application or renewal of registration to grow, process, or grow and process

1 cannabis or cannabis products commercially, the following fee based on the
2 greater of the number of acres planted or the weight of cannabis or viable seed
3 processed:

<u>Acres of Cannabis Grown or</u>	<u>Fee</u>
<u>Pounds of Cannabis Processed or</u>	
<u>Viable Seed Cultivated</u>	
<u>Annually for Floral Material or</u>	
<u>Cannabinoids</u>	
<u>Less than 0.5 acres or less than 500 pounds</u>	<u>\$100.00</u>
<u>0.5 to 9.9 acres or less than 10,000 pounds</u>	<u>\$500.00</u>
<u>10 to 50 acres or less than 50,000 pounds</u>	<u>\$1,000.00</u>
<u>Greater than 50 acres or greater than</u>	<u>\$3,000.00</u>
<u>50,000 pounds</u>	

14 (4) for an application or renewal of registration to operate exclusively
15 within an indoor facility in order to grow, process, or grow and process
16 cannabis or cannabis products commercially, the following fee based on the
17 size of the indoor facility:

18 (A) for a facility with an area of 500 square feet or less: \$1,000.00;

19 and

20 (B) for a facility with an area greater than 500 square feet:
21 \$2,000.00;

1 (5) for an application or renewal of registration as a laboratory certified
2 to conduct testing of cannabis and cannabis products as part of the Agency's
3 cannabis control program: \$1,500.00; or

4 (6) for an application or renewal as a cannabis retailer: \$5,000.00 per
5 location.

6 (b) A person registered to grow or grow and process cannabis shall not
7 grow more acres of cannabis per year than the amount identified in a
8 registration without first notifying the Secretary and paying an additional
9 registration fee if necessary under subsection (a) of this section.

10 (c) The registration fees collected under this section shall be deposited in
11 the special fund created by subsection 364(e) of this title and shall be used for
12 the administration of the requirements of this chapter.

13 Sec. 2. REPEAL; THERAPEUTIC USE OF MARIJUANA

14 18 V.S.A. chapter 86 (therapeutic use of marijuana) is repealed on
15 January 1, 2021.

16 Sec. 3. IMPLEMENTATION; TRANSITION; POSITIONS

17 Prior to January 1, 2021, the Secretary of Agriculture may hire staff and
18 develop materials in anticipation of revenues to be generated from the
19 registration fees required under 6 V.S.A. § 669.

20 Sec. 4. STATUTORY REVISION AUTHORITY

21 When preparing the Vermont Statutes Annotated for publication, the Office

1 of Legislative Council shall replace “marijuana” with “cannabis” throughout
2 the statutes as needed for consistency with this act, as long as the
3 revisions have no other effect on the meaning of the affected statutes.

4 Sec. 5. EFFECTIVE DATE

5 This act shall take effect on passage.