

1 TO THE HONORABLE SENATE:

2 The Committee on Finance to which was referred Senate Bill No. 54  
3 entitled “An act relating to the regulation of cannabis” respectfully reports that  
4 it has considered the same and recommends that the bill be amended as  
5 follows:

6 First: In Sec. 3 (implementation of the Cannabis Control Board), in  
7 subsection (b), by striking out “Commission” and inserting in lieu thereof  
8 Board and in subdivision (c)(1)(B), by striking out “Governor” and inserting in  
9 lieu thereof Treasurer

10 Second: In Sec. 14, 32 V.S.A. chapter 207 (cannabis taxes), after  
11 “CHAPTER 207. CANNABIS TAXES” and before “§ 7901. CANNABIS  
12 EXCISE TAX” by inserting a new section to read as follows:

13 § 7900. DEFINITIONS

14 As used in this chapter:

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

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

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

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

19 V.S.A. § 831.

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

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

1           (7) “Retail sale” or “sold at retail” means any sale, lease, or rental for  
2           any purpose other than for resale.

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

4           Third: In Sec. 14, 32 V.S.A. chapter 207, in section 7901 (cannabis excise  
5 tax), in subsection (a), by striking out “10 percent” and inserting in lieu thereof  
6 16 percent and by striking out “, as that term is defined in subdivision 9701(4)  
7 of this title.” and “, as defined under 7 V.S.A. § 831”.

8           Fourth: In Sec. 14, 32 V.S.A. chapter 207, in section 2901 (cannabis excise  
9 tax), by striking out subdivision (d)(3) (sales for resale exemption), in its  
10 entirety and inserting in lieu thereof the following:

11           (3) sales from a cannabis cultivator, cannabis product manufacturer, or  
12 cannabis wholesaler to a cannabis product manufacturer, cannabis retailer, or  
13 cannabis wholesaler.

14           Fifth: In Sec. 14, 32 V.S.A. chapter 207, in section 7902 (cannabis local  
15 option tax), in subsection (a), by striking out “not to exceed” and inserting in  
16 lieu thereof of and by striking out “, as that term is defined in subdivision  
17 9701(4) of this title.” and “, as defined under 7 V.S.A. § 831”

18           Sixth: In Sec. 14, 32 V.S.A. chapter 207, in section 7902 (cannabis local  
19 option tax), by striking out subdivision (e)(3) (sales for resale exemption), in  
20 its entirety and inserting in lieu thereof the following:

1       (3) sales from a cannabis cultivator, cannabis product manufacturer, or  
2       cannabis wholesaler to a cannabis product manufacturer, cannabis retailer, or  
3       cannabis wholesaler.

4       Seventh: In Sec. 14, 32 V.S.A. chapter 207, in section 7902 (cannabis local  
5       option tax), by striking out subsection (f) (administrative provision), in its  
6       entirety and inserting in lieu thereof the following:

7       (f) Any tax imposed under the authority of this section shall be collected  
8       and administered by the Department of Taxes, in accordance with State law  
9       governing the cannabis excise and cannabis local option taxes imposed under  
10       chapter 207 of this title, and provided to the municipality in which they were  
11       collected on a quarterly basis after reduction for the costs of administration and  
12       collection. A tax imposed under this section shall be collected using a  
13       destination basis for taxation. A per-return fee of \$5.96 shall be assessed to  
14       compensate the Department for the costs of administration and collection,  
15       which shall be paid by the municipality. The fee shall be subject to the  
16       provisions of section 605 of this title.

17       Eighth: In Sec. 14, 32 V.S.A. chapter 207, in section 7903 (liability for  
18       taxes), in subsection (b), by striking out “this title” and inserting in lieu thereof  
19       the provisions of section 3202 of this title

20       Ninth: In Sec. 14, 32 V.S.A. chapter 207, in section 7904 (returns; records),  
21       in subsection (a) by striking out “15th day” and inserting in lieu thereof 25th

1 day and by striking out “The Commissioner of Taxes may require that returns  
2 be submitted electronically” and inserting in lieu thereof The Commissioner of  
3 Taxes may require that returns be submitted electronically and may prohibit  
4 the remittance in cash of taxes collected

5 Tenth: In Sec. 14, 32 V.S.A. chapter 207, in section 7905 (bundled  
6 transactions), in subsection (a), after “selling price of the bundled transaction.”,  
7 by inserting If there is a conflict with the bundling transaction provisions  
8 applicable to another tax type, this section shall apply.

9 Eleventh: In Sec. 14, 32 V.S.A. chapter 207, in section 7907 (applicability  
10 of sales and use tax provisions) by striking out the section in its entirety and  
11 inserting in lieu thereof the following:

12 § 7907. ADMINISTRATION OF CANNABIS TAXES

13 (a) The Commissioner of Taxes shall administer and enforce this chapter  
14 and the tax. The Commissioner may adopt rules pursuant to 3 V.S.A. chapter  
15 25 to carry out such administration and enforcement.

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

19 Twelfth: In Sec. 14, 32 V.S.A. chapter 207, in section 7908 (statutory  
20 purposes), in subsection (a), by striking out “as defined under 7 V.S.A. § 831”

1        Thirteenth: In Sec. 14, 32 V.S.A. chapter 207, in section 7908 (statutory  
2 purposes), by striking out subsection (b) in its entirety and inserting in lieu  
3 thereof the following:

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

8        Fourteenth: In Sec. 14, 32 V.S.A. chapter 207, after section 7908, by  
9 inserting a new section to read as follows:

10        § 7909. ADDITIONAL TAXES DO NOT APPLY

11        The cannabis excise tax and cannabis local option tax are the only taxes that  
12 apply to a retail sale of cannabis or cannabis product in this State.

13        Fifteenth: By adding a new section to be Sec. 14a to read:

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

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



1 of salad dressings or sauces; maple syrup; quart or larger containers of cider or  
2 milk.

3 \* \* \*

4 (iii) Cannabis or cannabis products as defined under 7 V.S.A. §  
5 831.

6 Nineteenth: By adding a new section to be Sec. 17b to read:

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

8 (n) The statutory purpose for the exemption for cannabis and cannabis  
9 products as defined under 7 V.S.A. § 831 in subdivision 9202(10)(D)(iii) of  
10 this title is to avoid having both the meals and rooms tax and the cannabis  
11 excise tax apply to edible cannabis products.

12 Twentieth: In Sec. 22 (effective dates), in subdivision (d)(2), after “14  
13 (creation of excise and local option tax),” by inserting 14a (tax license  
14 disclosure), and after “17 (tax expenditure),” by inserting 17a (meals and  
15 rooms tax), 17b (meals and rooms tax expenditure).

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1 (Committee vote: \_\_\_\_\_)

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Senator \_\_\_\_\_

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FOR THE COMMITTEE