

Sections of Senate Cannabis Draft

Sec. 1. Title 7 Redesignation

- New title is “Alcoholic Beverages, Cannabis, and Tobacco”

Sec. 2. Adding 7 V.S.A. chapter 31 (Cannabis)

- Creates an independent commission named the Cannabis Control Board for the purpose of administering a program for licensed cannabis establishments and, starting in 2021, the Vermont Medical Cannabis Registry and licensed medical cannabis dispensaries

Sec. 3. Implementation of the Cannabis Control Board

- Sets forth initial terms of the five members of the Board

Sec. 4. Implementation of Rulemaking by the Cannabis Control Board

- Directs the Board to initiate rulemaking for cannabis establishments, the Registry, and dispensaries on or before October 15, 2019

Sec. 5. Cannabis Control Board; Fees

- Directs the executive director of the Board to provide recommendations to the General Assembly on or before January 15, 2020 regarding various fees to be charged and collected with respect to cannabis establishments, the Registry, and dispensaries

Sec. 6. Creation of Board Positions

- Creates five full-time board member positions, one executive director position, and one administrative assistant position

Sec. 7. Adding 7 V.S.A. chapter 33 (Cannabis Establishments)

- Creates a program for licensing cannabis establishments for the purpose of regulating a legal, commercial cannabis and cannabis-product market. Allows six types of licenses: cultivator, product manufacturer, wholesaler, retailer, café, and testing laboratory. The Board is directed to adopt rules regarding numerous issues for each type of license. Applicants are not required to be residents, but residency is a factor considered by the Board. Applicants are subject to criminal and administrative background checks.

- Sec. 8. Implementation of Licensing of Cannabis Establishments
- Creates a timeline for the Board to begin accepting and issuing licenses
- Sec. 9. Adding 7 V.S.A. chapter 35 (Medical Cannabis Registry)
- Creates a new chapter for the Registry in contemplation of the existence of a legal landscape where any person 21 years of age or older may possess cannabis and purchase it from a licensed cannabis establishment
- Sec. 10. Implementation of Medical Cannabis Registry
- On January 1, 2021, patients and caregivers who are on the Department of Public Safety's Medical Marijuana Registry will transfer to the Board's. At such time, those patients and caregivers will be entitled to the privileges afforded registrants under the new statutes and rules.
- Sec. 11. Repeal of 18 V.S.A. chapter 86 (Therapeutic Use of Cannabis)
- Repeals current laws on medical cannabis
- Sec. 12. Adding 7 V.S.A. chapter 37 (Medical Cannabis Dispensaries)
- Creates a new chapter for regulation of dispensaries in contemplation of the existence of a legal landscape where any person 21 years of age or older may possess cannabis and purchase it from a licensed cannabis establishment
- Sec. 13. Implementation of Medical Cannabis Dispensaries
- On January 1, 2021, regulation of medical marijuana dispensaries that are registered pursuant to current law shall transfer from the Department of Public Safety to the Cannabis Control Board. At such time, those registered dispensaries shall operate pursuant to the new statutes and rules. The registration certificate of a dispensary that transfers to the Board will expire on the date of issue of the certificate and a dispensary that wishes to continue operating as a dispensary must apply to the Board for a dispensary license pursuant to the new statutes and rules.
- Sec. 14. Creation of Excise and Local Option Tax
- Creates a 10 percent cannabis excise tax on retail sales of cannabis and cannabis-infused products (including food and beverages) to be paid by the purchaser to the retailer
 - Creates a one percent cannabis local option tax on retail sales of cannabis and cannabis-infused products (including food and beverages) to be paid by the

purchaser to the retailer. Can be adopted by any municipality that has not prohibited the retail sale of cannabis and cannabis-infused products.

- Cannabis and cannabis-infused product sales for resale and sales made by a dispensary to a registered qualifying patient are exempt from both the cannabis excise tax and the cannabis local option tax
- The full retail purchase price of a bundled transaction containing cannabis or cannabis-infused products is subject to the cannabis excise tax and cannabis local option tax unless the retailer can identify by reasonable and verifiable standards the portion of the bundled transaction that is not subject to the two taxes

Sec. 15. Sales Tax Exemption

- Excludes cannabis from the definition of food and food ingredients

Sec. 16. Sales Tax Exemption

- Exempts all sales of cannabis and cannabis-infused products from the six percent sales and use tax

Sec. 17. Tax Expenditure

- Provides the statutory purpose of the six percent sales and use tax exemption for cannabis and cannabis-infused products as required pursuant to 32 V.S.A. § 312

Sec. 18. Income Tax Deduction

- Decreases both Vermont net income and taxable income by any federal deductions that the taxpayer would have been allowed for the authorized cultivation, testing, processing, or sale of cannabis or cannabis-infused products but for federal law

Sec. 19. Cannabis “Gifting”

- Clarifies that a person 21 years of age or older may dispense an ounce or less of cannabis to another person 21 years of age or older provided the person does not promote or advertise the gifting

Sec. 20. Cross-reference to Definition of “Public Place”

- References the definition in the new Cannabis chapter. Definition is the same, except it exempts licensed cannabis cafés.

Sec. 21. Statutory Revision Authority

- Directs the Office of Legislative Council to replace “marijuana” with “cannabis” throughout the statutes as needed for consistency with the act, as long as the revisions have no other effect on the meaning of the affected statutes

Sec. 22. Effective Dates

- Generally, the sections on cannabis gifting and statutory revision begin on passage; sections creating the Board and beginning the Board’s rulemaking authority begin July 1, 2019; sections moving Registry and dispensaries to Board and tax provisions for new commercial sales begin January 1, 2021