

H.701

An act relating to cannabis license fees and the regulation of the medical cannabis registry

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

* * * Cannabis Control Board; Definitions; Authority * * *

Sec. 1. 7 V.S.A. § 846 is amended to read:

§ 846. FEES; AUTHORITY

(a) Authority. The Board shall have the authority to charge and collect State and local license fees as provided under this chapter and ~~chapter~~ chapters 33, 35, and 37 of this title. State and local license fees shall be due and payable at the time of application or renewal.

(b) Cannabis Regulation Fund. The Board shall deposit State fees collected pursuant to chapters 33, 35, and 37 of this title into the Cannabis Regulation Fund.

(c) Distribution to municipalities. After reduction for costs of administration and collection, the Board shall pay local license fees on a quarterly basis to the municipality ~~in~~ for which the fees were collected.

Sec. 2. 7 V.S.A. § 861 is amended to read:

§ 861. DEFINITIONS

As used in this chapter:

* * *

(6) “Cannabis” ~~shall have~~ has the same meaning as ~~provided~~ in section 831 of this title.

* * *

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

(9) “Cannabis product” ~~shall have~~ has the same meaning as ~~provided~~ in section 831 of this title.

* * *

(11) “Cannabis retailer” or “retailer” means a person licensed by the Board to sell cannabis and cannabis products to adults 21 years of age and older for off-site consumption or cultivation in accordance with this chapter.

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(27) “Clone” means a plant section from a female cannabis plant not yet root-bound, growing in a water solution, which is capable of developing into a new plant.

Sec. 3. 7 V.S.A. § 863(b) is amended to read:

(b) A municipality that hosts any cannabis establishment may establish a cannabis control commission composed of commissioners who may be members of the municipal legislative body. The local cannabis control

commission may issue and administer local control licenses under this subsection for cannabis establishments within the municipality but shall not assess a fee for a local control license issued to a cannabis establishment. The commissioners may condition the issuance of a local control license upon compliance with any bylaw adopted pursuant to 24 V.S.A. § 4414 or ordinances regulating signs or public nuisances adopted pursuant to 24 V.S.A. § 2291. The commission may suspend or revoke a local control license for a violation of any condition placed upon the license. The Board shall adopt rules relating to a municipality's issuance of a local control license in accordance with this subsection and the local commissioners shall administer the rules furnished to them by the Board as necessary to carry out the purposes of this section.

* * * Cannabis Establishments * * *

Sec. 4. 7 V.S.A. § 901(c) is amended to read:

(c) Applications for licenses and renewals shall be submitted on forms provided by the Board and shall be accompanied by the fees provided for in section ~~909~~ 910 of this title.

Sec. 5. 7 V.S.A. § 904(a) is amended to read:

(a) A cultivator licensed under this chapter may cultivate, process, package, label, transport, test, and sell cannabis to a licensed wholesaler, product

manufacturer, retailer, integrated licensee, and dispensary and may purchase and sell cannabis seeds and clones to another licensed cultivator.

Sec. 6. 7 V.S.A. § 907(a) is amended to read:

(a) A retailer licensed under this chapter may:

(1) purchase cannabis from a licensed cultivator, wholesaler, or integrated licensee, and cannabis products from a licensed wholesaler, product manufacturer, integrated licensee, and dispensary; and

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

Sec. 7. 7 V.S.A. §§ 910 and 911 are added to read:

§ 910. CANNABIS ESTABLISHMENT FEE SCHEDULE

The following fees shall apply to each person or product licensed by the Board:

(1) Cultivators.

(A) Outdoor cultivators.

(i) Outdoor cultivator tier 1. Outdoor cultivators with up to 1,000 square feet of plant canopy or fewer than 125 cannabis plants in an outdoor cultivation space shall be assessed an annual licensing fee of \$750.00.

(ii) Outdoor cultivator tier 2. Outdoor cultivators with up to 2,500 square feet of plant canopy in an outdoor cultivation space shall be assessed an annual licensing fee of \$1,875.00.

(iii) Outdoor cultivator tier 3. Outdoor cultivators with up to 5,000 square feet of plant canopy in an outdoor cultivation space shall be assessed an annual licensing fee of \$4,000.00.

(iv) Outdoor cultivator tier 4. Outdoor cultivators with up to 10,000 square feet of plant canopy in an outdoor cultivation space shall be assessed an annual licensing fee of \$8,000.00.

(v) Outdoor cultivator tier 5. Outdoor cultivators with up to 20,000 square feet of plant canopy in an outdoor cultivation space shall be assessed an annual licensing fee of \$18,000.00.

(vi) Outdoor cultivator tier 6. Outdoor cultivators with up to 37,500 square feet of plant canopy in an outdoor cultivation space shall be assessed an annual licensing fee of \$34,000.00.

(B) Indoor cultivators.

(i) Indoor cultivator tier 1. Indoor cultivators with up to 1,000 square feet of plant canopy in an indoor cultivation space shall be assessed an annual licensing fee of \$1,500.00.

(ii) Indoor cultivator tier 2. Indoor cultivators with up to 2,500 square feet of plant canopy in an indoor cultivation space shall be assessed an annual licensing fee of \$3,750.00.

(iii) Indoor cultivator tier 3. Indoor cultivators with up to 5,000 square feet of plant canopy in an indoor cultivation space shall be assessed an

annual licensing fee of \$8,000.00.

(iv) Indoor cultivator tier 4. Indoor cultivators with up to 10,000 square feet of plant canopy in an indoor cultivation space shall be assessed an annual licensing fee of \$16,000.00.

(v) Indoor cultivator tier 5. Indoor cultivators with up to 15,000 square feet of plant canopy in an indoor cultivation space shall be assessed an annual licensing fee of \$36,000.00.

(vi) Indoor cultivator tier 6. Indoor cultivators with up to 25,000 square feet of plant canopy in an indoor cultivation space shall be assessed an annual licensing fee of \$75,000.00.

(C) Mixed cultivator tiers.

(i) Mixed cultivator tier 1. Mixed cultivators with the following at the same licensed premises shall be assessed an annual licensing fee of \$2,250.00: up to 1,000 square feet of plant canopy in an indoor cultivation space and up to 125 cannabis plants in an outdoor cultivation space.

(ii) Mixed cultivator tier 2. Mixed cultivators with the following at the same licensed premises shall be assessed an annual licensing fee of \$5,625.00: up to 2,500 square feet of plant canopy in an indoor cultivation space and up to 312 cannabis plants in an outdoor cultivation space.

(iii) Mixed cultivator tier 3. Mixed cultivators with the following at the same licensed premises shall be assessed an annual licensing fee of

\$5,500.00: up to 1,000 square feet of plant canopy in an indoor cultivation space and up to 625 cannabis plants in an outdoor cultivation space.

(iv) Mixed cultivator tier 4. Mixed cultivators with the following at the same licensed premises shall be assessed an annual licensing fee of \$9,500.00: up to 1,000 square feet of plant canopy in an indoor cultivation space and up to 1,250 cannabis plants in an outdoor cultivation space.

(v) Mixed cultivator tier 5. Mixed cultivators with the following at the same licensed premises shall be assessed an annual licensing fee of \$19,500.00: up to 1,000 square feet of plant canopy in an indoor cultivation space and up to 2,500 cannabis plants in an outdoor cultivation space.

(2) Wholesalers. Wholesalers shall be assessed an annual licensing fee of \$4,000.00.

(3) Manufacturers.

(A) Manufacturer tier 1. Manufacturers that process and manufacture cannabis in order to produce cannabis products without using solvent-based extraction and not more than \$10,000.00 per year in cannabis products based on the manufacturer's total annual sales in cannabis products shall be assessed an annual licensing fee of \$750.00.

(B) Manufacturer tier 2. Manufacturers that process and manufacture cannabis in order to produce cannabis products without using solvent-based extraction shall be assessed an annual licensing fee of \$2,500.00.

(C) Manufacturer tier 3. Manufacturers that process and manufacture cannabis in order to produce cannabis products using all allowable methods of extraction, including solvent-based extraction, shall be assessed an annual licensing fee of \$15,000.00.

(4) Retailers. Retailers that sell cannabis and cannabis products to consumers shall be assessed an annual licensing fee of \$10,000.00.

(5) Testing laboratories. Testing laboratories shall be assessed an annual licensing fee of \$1,500.00.

(6) Integrated licensees. Integrated licensees shall be assessed an annual licensing fee of \$100,000.00.

(7) Employees. Cannabis establishments licensed by the Board shall be assessed an annual licensing fee of \$50.00 for each employee.

(8) Products. Retailers and integrated licensees shall be assessed an annual product licensing fee of \$50.00 for every type of cannabis and cannabis product that is sold in accordance with this chapter.

(9) Local licensing fees. Cannabis establishments licensed by the Board shall be assessed an annual local licensing fee of \$100.00 in addition to each fee assessed under subdivisions (1)–(6) of this section. Local licensing fees shall be distributed to the municipality in which the cannabis establishment is located pursuant to section 846(c) of this title.

(10) One-time fees.

(A) All applicants for a cannabis establishment license shall be assessed an initial one-time application fee of \$1,000.00.

(B) An applicant may choose to be assessed an initial one-time intent-to-apply fee of \$500.00. If the applicant subsequently seeks a license within one year after paying the intent-to-apply fee, the initial one-time application fee of \$1,000.00 shall be reduced by \$500.00.

§ 911. FEE WAIVER AND REDUCTION; SOCIAL EQUITY

APPLICANTS

The Cannabis Control Board may, in its discretion and pursuant to adopted rule or readily accessible policy, or both, reduce or waive cannabis establishment application and licensing fees for social equity applicants as defined by the Board, including individuals from communities that historically have been disproportionately impacted by cannabis prohibition and individuals directly and personally impacted by cannabis prohibition.

* * * Vermont Medical Cannabis Registry * * *

Sec. 8. 7 V.S.A. § 955(b) is amended to read:

(b) The Board shall charge and collect ~~fees for~~ a \$50.00 annual registration fee for patients and caregivers. Fees shall be deposited in the Cannabis Regulation Fund as provided in section 845 of this title.

Sec. 9. 7 V.S.A. § 977 is amended to read:

§ 977. FEES

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

(1) a one-time \$2,500.00 application fees fee;

(2) annual license fees a \$20,000.00 registration fee for the first year of operation; and

(3) an annual renewal fees fee of \$25,000.00 for a subsequent year of operation; and

(4) an annual Registry identification or renewal card fee of \$50.00 to be paid by the dispensary for each owner, principal, financier, and employee of the dispensary.

(b) Fees shall be deposited in the Cannabis Regulation Fund as provided in section 845 of this title.

* * * Regulation of the Medical Cannabis Registry * * *

Sec. 10. REPEAL

(a) Due to the failure of the House bill entitled “An act relating to fiscal year 2022 budget adjustments” (H.679), for which the report of the committee of conference was considered and adopted on the part of the Senate on February 24, 2022 and on the part of the House on March 8, 2022, to become law prior to March 1, 2022, 18 V.S.A. chapter 86 (therapeutic use of cannabis) was repealed on March 1, 2022 pursuant to 2020 Acts and Resolves No. 164,

Sec. 11. Accordingly, Secs. 59a (amendments to implementation of medical cannabis registry) and 59b (amendments to the effective dates of 2020 Acts and Resolves No. 164) of H.679 are now obsolete.

(b) If H.679 becomes law, then Secs. 59a and 59b of that act are repealed.

Sec. 11. REGULATION OF THE MEDICAL CANNABIS REGISTRY

Emergency rules identical to the proposed final rules entitled “Rule 3: Medical Cannabis” and “Rule 4: Compliance and Enforcement” that were filed with the Legislative Committee on Administrative Rules on March 9, 2022 shall be deemed to meet the standard for the adoption of emergency rules pursuant to 3 V.S.A. § 844(a) if adopted as emergency rules prior to the permanent rules entitled “Rule 3: Medical Cannabis” and “Rule 4: Compliance and Enforcement” becoming effective.

* * * Effective Date * * *

Sec. 12. EFFECTIVE DATE

This act shall take effect on passage.