

1 S.25

2 Introduced by Senators Benning, Pearson, Sears and White

3 Referred to Committee on Judiciary

4 Date: January 13, 2021

5 Subject: Cannabis

6 Statement of purpose of bill as introduced: This bill proposes to require towns  
7 to place the issue of retail sales of cannabis on the ballot not later than  
8 March 1, 2022; allow the Cannabis Control Board discretion as to whether to  
9 grant any integrated licenses; require the Cannabis Control Board to consider  
10 reduced license fees for individuals who historically have been  
11 disproportionately impacted by cannabis prohibition and to present a proposal  
12 to the General Assembly not later than April 1, 2021 regarding a low-interest  
13 loan fund to be made available to individuals who historically have been  
14 disproportionately impacted by cannabis prohibition who seek to participate in  
15 the regulated cannabis market; require that 25 percent of cannabis flower sold  
16 by an integrated licensee between August 1, 2022 and October 1, 2022 be  
17 obtained from a licensed small cultivator; require the Vermont Criminal Justice  
18 Council to report to the Joint Legislative Justice Oversight Committee  
19 regarding funding for the requirement that on or before December 31, 2021 all  
20 law enforcement officers receive a minimum of 16 hours of Advanced  
21 Roadside Impaired Driving Enforcement training as required by Sec. 20 of

1 2019 Acts and Resolves No. 164; and require any General Fund appropriations  
2 for substance misuse prevention programming that are unexpended at the end  
3 of a fiscal year to be carried forward and only be used for the purpose of  
4 funding substance misuse prevention programming in the subsequent fiscal  
5 year.

6 An act relating to miscellaneous cannabis regulation procedures

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

8 ~~Sec. 1. 7 V.S.A. § 863 is amended to read:~~

9 § 863. REGULATION BY LOCAL GOVERNMENT

10 (a)(1) Prior to a cannabis retailer or the retail portion of an integrated  
11 licensee operating within a municipality, the municipality shall affirmatively  
12 permit the operation of such cannabis establishments by majority vote of those  
13 present and voting by Australian ballot at an annual or special meeting warned  
14 for that purpose. ~~A municipality may place retailers or integrated licensees, or~~  
15 ~~both, on the ballot for approval.~~ Not later than March 1, 2022, all  
16 municipalities shall place on the ballot the following question:

17 Shall licensed cannabis retailers and integrated licensees be permitted to sell  
18 cannabis to adults 21 years of age and older in this town?

19 Yes

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21

~~No~~

(2) A vote to permit the operation of a licensed cannabis retailer or integrated licensee within the municipality shall remain in effect until rescinded by majority vote of those present and voting by Australian ballot at a subsequent annual or special meeting warned for that purpose. A rescission of the permission to operate a licensed cannabis retailer or integrated licensee within the municipality under this subdivision shall not apply to a licensed cannabis retailer or integrated licensee that is operating within the municipality at the time of the vote.

(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. 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

1 ~~the rules furnished to them by the Board as necessary to carry out the purposes~~  
2 of this section.

3 (c) Prior to issuing a license to a cannabis establishment under this chapter,  
4 the Board shall ensure that the applicant has obtained a local control license  
5 from the municipality, if required.

6 (d) A municipality shall not:

7 (1) prohibit the operation of a cannabis establishment within the  
8 municipality through an ordinance adopted pursuant to 24 V.S.A. § 2291 or a  
9 bylaw adopted pursuant to 24 V.S.A. § 4414;

10 (2) condition the operation of a cannabis establishment, or the issuance  
11 or renewal of a municipal permit to operate a cannabis establishment, on any  
12 basis other than the conditions in subsection (b) of this section; and

13 (3) exceed the authority granted to it by law to regulate a cannabis  
14 establishment.

15 Sec. 2. 7 V.S.A. § 909 is amended to read:

16 § 909. INTEGRATED LICENSE

17 (a) An integrated license shall allow the licensee to engage in the activities  
18 of a cultivator, wholesaler, product manufacturer, retailer, and testing  
19 laboratory as provided in sections 904–908 of this title.

20 (b) An integrated license is only available to an applicant and its affiliates  
21 ~~that hold a dispensary registration on April 1, 2022. There shall be not more~~

1 ~~then five total integrated licenses, one for each registered dispensary. Upon~~  
2 compliance with all application procedures and requirements, the Board shall  
3 may issue an integrated license to the applicant. The licensee shall have the  
4 right to renew the license in accordance with rules adopted by the Board.

5 Sec. 3. SOCIAL EQUITY

6 (a) When reporting to the General Assembly regarding recommended fees  
7 for licensing cannabis establishments pursuant to Sec. 5 of the 2019 Acts and  
8 Resolves No. 164, the Cannabis Control Board shall consider reduced  
9 licensing fees for individuals who historically have been disproportionately  
10 impacted by cannabis prohibition.

11 (b) Not later than April 1, 2021, the Cannabis Control Board shall report to  
12 the General Assembly regarding a proposal for a low-interest loan fund to be  
13 made available to individuals who historically have been disproportionately  
14 impacted by cannabis prohibition who seek to participate in the regulated  
15 cannabis market.

16 Sec. 4. 2019 Acts and Resolves No. 164, Sec. 8 is amended to read:

17 Sec. 8. IMPLEMENTATION OF LICENSING CANNABIS  
18 ESTABLISHMENTS

19 (a)(1) The cannabis plant, cannabis product, and useable cannabis  
20 possession limits for a registered dispensary set forth in 18 V.S.A. chapter 86  
21 ~~shall no longer apply on and after February 1, 2022. A dispensary shall be~~

1 ~~permitted to cultivate cannabis and manufacture cannabis products for the~~  
2 purpose of transferring or selling such products to an integrated licensee on or  
3 after April 1, 2022 and engaging in the activities permitted by 7 V.S.A.  
4 chapter 33.

5 (2) On or before April 1, 2022, the Board shall begin accepting  
6 applications for integrated licenses.

7 (3) On or before May 1, 2022, the Board shall begin issuing integrated  
8 licenses to qualified applicants. An integrated licensee may begin selling  
9 cannabis and cannabis products transferred or purchased from a dispensary  
10 immediately. Between August 1, 2022 and October 1, 2022, 25 percent of  
11 cannabis flower sold by an integrated licensee shall be obtained from a  
12 licensed small cultivator.

13 (b)(1) On or before April 1, 2022, the Board shall begin accepting  
14 applications for small cultivator licenses and testing laboratories. The initial  
15 application period shall remain open for 30 days. The Board may reopen the  
16 application process for any period of time at its discretion.

17 (2) On or before May 1, 2022, the Board shall begin issuing small  
18 cultivator and testing laboratories licenses to qualified applicants. Upon  
19 licensing, small cultivators shall be permitted to sell cannabis legally grown  
20 ~~pursuant to the license to an integrated licensee and a dispensary licensed~~

1 ~~pursuant to 18 V.S.A. chapter 86 prior to other types of cannabis establishment~~  
2 licensees beginning operations.

3 (c)(1) On or before May 1, 2022, the Board shall begin accepting  
4 applications for all cultivator licenses. The initial application period shall  
5 remain open for 30 days. The Board may reopen the application process for  
6 any period of time at its discretion.

7 (2) On or before June 1, 2022, the Board shall begin issuing all  
8 cultivator licenses to qualified applicants.

9 (d)(1) On or before July 1, 2022, the Board shall begin accepting  
10 applications for product manufacturer licenses and wholesaler licenses. The  
11 initial application period shall remain open for 30 days. The Board may  
12 reopen the application process for any period of time at its discretion.

13 (2) On or before August 1, 2022, the Board shall begin issuing product  
14 manufacturer and wholesaler licenses to qualified applicants.

15 (e)(1) On or before September 1, 2022, the Board shall begin accepting  
16 applications for retailer licenses. The initial application period shall remain  
17 open for 30 days. The Board may reopen the application process for any  
18 period of time at its discretion.

19 (2) On or before October 1, 2022, the Board shall begin issuing retailer  
20 licenses to qualified applicants and sales of cannabis and cannabis products by  
21 ~~licensed retailers to the public shall be allowed immediately.~~

1 ~~Sec. 5. VERMONT CRIMINAL JUSTICE COUNCIL~~

2 ~~Not later than July 1, 2021, the Vermont Criminal Justice Council shall~~  
3 ~~report to the Joint Legislative Justice Oversight Committee regarding funding~~  
4 ~~for the requirement that on or before December 31, 2021 all law enforcement~~  
5 ~~officers receive a minimum of 16 hours of Advanced Roadside Impaired~~  
6 ~~Driving Enforcement training as required by Sec. 20 of 2019 Acts and~~  
7 ~~Resolves No. 164.~~

8 Sec. 6. REPEAL

9 ~~2019 Acts and Resolves No. 164. Sec. 19 (substance misuse prevention~~  
10 ~~funding) is repealed.~~

11 Sec. 7. 32 V.S.A. § 7909 is added to read:

12 § 7909. SUBSTANCE MISUSE PREVENTION FUNDING

13 ~~(a) Thirty percent of the revenues raised by the cannabis excise tax~~  
14 ~~imposed by section 7902 of this title, not to exceed \$10,000,000.00 per fiscal~~  
15 ~~year, shall be used to fund substance misuse prevention programming.~~

16 ~~(b) If any General Fund appropriations for substance misuse prevention~~  
17 ~~programming remain unexpended at the end of a fiscal year, that balance shall~~  
18 ~~be carried forward and shall only be used for the purpose of funding substance~~  
19 ~~misuse prevention programming in the subsequent fiscal year.~~

1 ~~(c) Any appropriation balance carried forward pursuant to subsection (b) of~~  
2 ~~this section shall be in addition to revenues allocated for substance misuse~~  
3 ~~prevention programming pursuant to subsection (a) of this section.~~

4 Sec. 8. EFFECTIVE DATE

5 ~~This act shall take effect on passage.~~

*\* \* \* Town Vote on Retail Sales \* \* \**

*Sec. 1. 7 V.S.A. § 863 is amended to read:*

*§ 863. REGULATION BY LOCAL GOVERNMENT*

*(a)(1) Prior to a cannabis retailer or the retail portion of an integrated licensee operating within a municipality, the municipality shall affirmatively permit the operation of such cannabis establishments by majority vote of those present and voting by Australian ballot at an annual or special meeting warned for that purpose. A municipality may place retailers or integrated licensees, or both, on the ballot for approval.*

*\* \* \**

*(3) On March 8, 2023, any municipality that has not previously voted on the question of permitting the operation of cannabis establishments pursuant to subdivision (1) of this subsection shall be deemed to permit the operation of both cannabis retailers and integrated licensees.*

*\* \* \**

*\* \* \* Cannabis Control Board Advisory Committee \* \* \**

*Sec. 2. 7 V.S.A. § 843 is amended to read:*

*§ 843. CANNABIS CONTROL BOARD; DUTIES; MEMBERS*

*\* \* \**

*(c) Membership.*

*\* \* \**

*(4) A member may be removed only for cause by either the remaining members of the Commission or a two-thirds vote of the advisory committee in accordance with the Vermont Administrative Procedure Act. The Board shall adopt rules pursuant to 3 V.S.A. chapter 25 to define the basis and process for removal.*

\* \* \*

*(h) Advisory committee.*

*(1) There is an advisory committee established within the Board that shall be composed of members with expertise and knowledge relevant to the Board's mission. The Board shall collaborate with the advisory committee on recommendations to the General Assembly. The advisory committee shall be composed of the following ~~12~~ 13 members:*

*(A) one member with an expertise in public health, appointed by the Governor;*

*(B) the Secretary of Agriculture, Food and Markets or designee;*

*(C) one member with an expertise in laboratory science or toxicology, appointed by the Governor;*

*(D) one member with an expertise in systemic social justice and equity issues, appointed by the Speaker of the House;*

*(E) one member with an expertise in ~~women~~ women- and minority-owned business ownership, appointed by the Speaker of the House;*

*(F) one member with an expertise in substance misuse prevention, appointed by the Senate Committee on Committees;*

*(G) one member with an expertise in the cannabis industry, appointed by the Senate Committee on Committees;*

*(H) one member with an expertise in business management or regulatory compliance, appointed by the Treasurer;*

*(I) one member with an expertise in municipal issues, appointed by the Treasurer;*

*(J) one member with an expertise in public safety, appointed by the Attorney General;*

*(K) one member with an expertise in criminal justice reform, appointed by the Attorney General; ~~and~~*

*(L) the Secretary of Natural Resources or designee; and*

*(M) one member appointed by the Vermont Cannabis Trade Association.*

*(2) Initial appointments to the advisory committee as provided in subdivision (1) of this subsection (h) shall be made on or before ~~May 1, 2021~~ April 1, 2021, and the Secretary of Agriculture, Food and Markets shall convene the first meeting on or before April 15, 2021.*

\* \* \*

\* \* \* Advertising \* \* \*

*Sec. 3. 7 V.S.A. § 845 is amended to read:*

*§ 845. CANNABIS REGULATION FUND*

\* \* \*

*(b) The Fund shall be composed of:*

*(1) all State application fees, annual license fees, renewal fees, advertising review fees, and civil penalties collected by the Board pursuant to chapters 33 (cannabis establishments) and 37 (medical cannabis dispensaries) of this title; and*

*(2) all annual and renewal fees collected by the Board pursuant to chapter 35 (medical cannabis registry) of this title.*

\* \* \*

*Sec. 4. 2019 Acts and Resolves No. 164, Sec. 5 is amended to read:*

*Sec. 5. CANNABIS CONTROL BOARD REPORT TO THE GENERAL ASSEMBLY; PROPOSAL FOR POSITIONS, FEES, AND APPROPRIATIONS FOR FISCAL YEARS 2022 AND 2023; LAND USE, ENVIRONMENTAL, ENERGY, AND EFFICIENCY REQUIREMENTS OR STANDARDS; ADVERTISING; OUTREACH, TRAINING, AND EMPLOYMENT PROGRAMS; ONLINE ORDERING AND DELIVERY; ADDITIONAL TYPES OF LICENSES*

*(a) On or before April 1, 2021, the Executive Director of the Cannabis Control Board shall provide recommendations to the General Assembly on the following:*

*(1) ~~Resources~~ resources necessary for implementation of this act for fiscal years 2022 and 2023, including positions and funding. The Board shall consider utilization of current expertise and resources within State government and cooperation with other State departments and agencies where there may be an overlap in duties.*

*(2) ~~State fees to be charged and collected in accordance with the Board's authority pursuant to 7 V.S.A. § 846. The recommendations shall be accompanied by information justifying the recommended rate as required by 32 V.S.A. § 605(d). The State fees submitted in accordance with this subdivision shall be projected to be sufficient to fund the duties of the Cannabis Control Board as provided in 7 V.S.A. § 843. To the extent possible,~~*

~~the recommend fees shall include an amount to repay over a period, not greater than 10 years, to the General Fund any application of excise taxes to the Cannabis Regulation Fund made pursuant to Sec. 6e of this act.~~

~~(A) Application fees, initial annual license fees, and annual license renewal fees for each type of cannabis establishment license as provided in 7 V.S.A. § 846: cultivator, product manufacturer, wholesaler, retailer, testing laboratory, and integrated. If the Board establishes tiers within a licensing category, it shall provide a fee recommendation for each tier.~~

~~(B) Fee for a cannabis establishment identification card as provided in 7 V.S.A. § 884.~~

~~(3) Whether monies expected to be generated by State fees identified in subdivision (2) of this subsection are sufficient to support the statutory duties of the Board and whether any portion of the tax established pursuant to 32 V.S.A. § 7902 should be allocated to the Cannabis Regulation Fund to ensure these duties are met.~~

~~(4) Local fees to be charged and collected in accordance with the Board's authority pursuant to 7 V.S.A. § 846. The recommendations shall be accompanied by information justifying the recommended rate as required by 32 V.S.A. § 605(d). The Board shall recommend local fees that are designed to help defray the costs incurred by municipalities in which cannabis establishments are located.~~

\* \* \*

*Sec. 4a. CANNABIS CONTROL BOARD REPORT TO THE JOINT  
FISCAL COMMITTEE; FEES*

(a) On or before September 1, 2021, the Cannabis Control Board shall provide draft recommendations to the Joint Fiscal Committee for its approval on the following:

(1) State fees to be charged and collected in accordance with the Board's authority pursuant to 7 V.S.A. § 846. The recommendations shall be accompanied by information justifying the recommended rate as required by 32 V.S.A. § 605(d). The State fees submitted in accordance with this subdivision shall be projected to be sufficient to fund the duties of the Cannabis Control Board as provided in 7 V.S.A. § 843. To the extent possible, the recommend fees shall include an amount to repay over a period, not greater than 10 years, to the General Fund any application of excise taxes to the Cannabis Regulation Fund made pursuant to Sec. 6c of the 2019 Acts and Resolves No. 164.

(A) Application fees, initial annual license fees, and annual license renewal fees for each type of cannabis establishment license as provided in 7 V.S.A. § 846: cultivator, product manufacturer, wholesaler, retailer, testing laboratory, and integrated. If the Board establishes tiers within a licensing category, it shall provide a fee recommendation for each tier.

(B) Fee for a cannabis establishment identification card as provided in 7 V.S.A. § 884.

(C) Fee for advertisement review for a cannabis establishment licensee as provided in 7 V.S.A. § 865.

(2) Whether monies expected to be generated by State fees identified in subdivision (1) of this subsection are sufficient to support the statutory duties of the Board and whether any portion of the tax established pursuant to 32 V.S.A. § 7902 should be allocated to the Cannabis Regulation Fund to ensure these duties are met.

(3) Local fees to be charged and collected in accordance with the Board's authority pursuant to 7 V.S.A. § 846. The recommendations shall be accompanied by information justifying the recommended rate as required by 32 V.S.A. § 605(d). The Board shall recommend local fees that are designed to help defray the costs incurred by municipalities in which cannabis establishments are located.

(b) Upon receiving the proposal, the Joint Fiscal Committee shall review the recommendations and provide feedback to the Board for any suggested changes.

(c) The Board shall revise the proposal, if necessary, to incorporate the Committee's recommendations and present a revised draft for approval to the Committee.

(d) Notwithstanding 32 V.S.A. § 603, the fees shall take effect upon approval of the Committee.

(e) Beginning on July 1, 2022, and every three years thereafter, all cannabis regulation fees shall be included in the annual consolidated Executive Branch fee report pursuant to 32 V.S.A. § 605.

Sec. 5. 7 V.S.A. § 861 is amended to read:

§ 861. DEFINITIONS

As used in this chapter:

(1) "Advertise" means the publication or dissemination of an advertisement.

(2) “Advertisement” means any written or verbal statement, illustration, or depiction that is calculated to induce sales of cannabis or cannabis products, including any written, printed, graphic, or other material, billboard, sign, or other outdoor display, other periodical literature, publication, or in a radio or television broadcast, the Internet, or in any other media. The term does not include:

(A) any label affixed to any cannabis or cannabis product, or any individual covering, carton, or other wrapper of that container that constitutes a part of the labeling under provisions of these standards;

(B) any editorial or other reading material, such as a news release, in any periodical or publication or newspaper for the publication of which no money or valuable consideration is paid or promised, directly or indirectly, by any cannabis establishment, and that is not written by or at the direction of the licensee;

(C) any educational, instructional, or otherwise noncommercial material that is not intended to induce sales and that does not propose an economic transaction, but that merely provides information to the public in an unbiased manner; or

(D) a sign attached to the premises of a cannabis establishment that merely identifies the location of the cannabis establishment.

(3) “Affiliate” means a person that directly or indirectly owns or controls, is owned or controlled by, or is under common ownership or control with another person.

(2)(4) “Applicant” means a person that applies for a license to operate a cannabis establishment pursuant to this chapter.

(3)(5) “Board” means the Cannabis Control Board.

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

(5)(7) “Cannabis cultivator” or “cultivator” means a person licensed by the Board to engage in the cultivation of cannabis in accordance with this chapter.

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

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

~~(8)~~(10) “Cannabis product manufacturer” or “product manufacturer” means a person licensed by the Board to manufacture cannabis products in accordance with this chapter.

~~(9)~~(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 in accordance with this chapter.

~~(10)~~(12) “Cannabis testing laboratory” or “testing laboratory” means a person licensed by the Board to test cannabis and cannabis products in accordance with this chapter.

~~(11)~~(13) “Cannabis wholesaler” or “wholesaler” means a person licensed by the Board to purchase, process, transport, and sell cannabis and cannabis products in accordance with this chapter.

~~(12)~~(14) “Chair” means the Chair of the Cannabis Control Board.

~~(13)~~(15) “Characterizing flavor” means a taste or aroma, other than the taste or aroma of cannabis, imparted either prior to or during consumption of a cannabis product. The term includes tastes or aromas relating to any fruit, chocolate, vanilla, honey, maple, candy, cocoa, dessert, alcoholic beverage, mint, menthol, wintergreen, herb or spice, or other food or drink or to any conceptual flavor that imparts a taste or aroma that is distinguishable from cannabis flavor but may not relate to any particular known flavor.

~~(14)~~(16) “Child-resistant packaging” means packaging that is designed or constructed to be significantly difficult for children under five years of age to open or obtain a toxic or harmful amount of the substance in the container within a reasonable time and not difficult for normal adults to use properly, but does not mean packaging that all children under five years of age cannot open or obtain a toxic or harmful amount of the substance in the container within a reasonable time.

~~(15)~~(17) “Controls,” “is controlled by,” and “under common control” mean the power to direct, or cause the direction or management and policies of a person, whether through the direct or beneficial ownership of voting securities, by contract, or otherwise. A person who directly or beneficially owns 10 percent or more equity interest, or the equivalent thereof, of another person shall be deemed to control the person.

~~(16)~~(18) “Dispensary” means a business organization licensed pursuant to chapter 37 of this title or 18 V.S.A. chapter 86.

~~(17)~~(19) “Enclosed, locked facility” means a building, room, greenhouse, outdoor fenced-in area, or other location that is enclosed on all sides and prevents cannabis from easily being viewed by the public. The

*facility shall be equipped with locks or other security devices that permit access only by:*

*(A) Employees, agents, or owners of the cultivator; all of whom shall be 21 years of age or older.*

*(B) Government employees performing their official duties.*

*(C) Contractors performing labor that does not include cannabis cultivation, packaging, or processing. Contractors shall be accompanied by an employee, agent, or owner of the cultivator when they are in areas where cannabis is being grown, processed, packaged, or stored.*

*(D) Registered employees of other cultivators, members of the media, elected officials, and other individuals 21 years of age or older visiting the facility, provided they are accompanied by an employee, agent, or owner of the cultivator.*

*~~(18)~~(20) “Flavored oil cannabis product” means any oil cannabis product that contains an additive to give it a characterizing flavor.*

*~~(19)~~(21) “Integrated licensee” means a person licensed by the Board to engage in the activities of a cultivator; wholesaler; product manufacturer; retailer; and testing laboratory in accordance with this chapter.*

*~~(20)~~(22) “Municipality” means a town, city, or incorporated village.*

*~~(21)~~(23) “Person” shall include any natural person; corporation; municipality; the State of Vermont or any department, agency, or subdivision of the State; and any partnership, unincorporated association, or other legal entity.*

*~~(22)~~(24) “Plant canopy” means the square footage dedicated to live plant production and does not include areas such as office space or areas used for the storage of fertilizers, pesticides, or other products.*

*~~(23)~~(25) “Principal” means an individual vested with the authority to conduct, manage, or supervise the business affairs of a person, and may include the president, vice president, secretary, treasurer, manager, or similar executive officer of a business; a director of a corporation, nonprofit corporation, or mutual benefit enterprise; a member of a nonprofit corporation, cooperative, or member-managed limited liability company; and a partner of a partnership.*

*~~(24)~~(26) “Small cultivator” means a cultivator with a plant canopy or space for cultivating plants for breeding stock of not more than 1,000 square feet.*

Sec. 6. 7 V.S.A. § 864 is added to read:

§ 864. ADVERTISING

(a) “Advertise” and “advertisement” have the same meaning as in section 861 of this title.

(b) A cannabis establishment advertisement shall not contain any statement or illustration that:

(1) is deceptive, false, or misleading;

(2) promotes overconsumption;

(3) represents that the use of cannabis has curative effects;

(4) offers a prize, award, or inducement for purchasing cannabis or a cannabis product, except that price discounts are allowed;

(5) offers free samples of cannabis or cannabis products;

(6) depicts a person under 21 years of age consuming cannabis or cannabis products; or

(7) is designed to be or has the effect of being particularly appealing to persons under 21 years of age.

(c) Cannabis establishments shall not advertise their products via any medium unless the licensee can show that not more than 15 percent of the audience is reasonably expected to be under 21 years of age.

(d) All advertisements shall contain health warnings adopted by rule by the Board in consultation with the Department of Health.

(e) All advertisements shall be submitted to the Board on a form or in a format prescribed by the Board, prior to the dissemination of the advertisement. The Board may:

(1) require a specific disclosure be made in the advertisement in a clear and conspicuous manner if the Board determines that the advertisement would be false or misleading without such a disclosure; or

(2) require changes that are necessary to protect the public health, safety, and welfare or consistent with dispensing information for the product under review.

(f) The Board may charge and collect fees for review of advertisements.

Sec. 7. 7 V.S.A. § 866(d) is added to read:

(d) In accordance with section 864 of this title, advertising by a cannabis establishment shall not depict a person under 21 years of age consuming

cannabis or cannabis products or be designed to be or have the effect of being particularly appealing to persons under 21 years of age. Cannabis establishments shall not advertise their products via any medium unless the licensee can show that not more than 15 percent of the audience is reasonably expected to be under 21 years of age.

Sec. 8. 7 V.S.A. § 881 is amended to read:

§ 881. RULEMAKING; CANNABIS ESTABLISHMENTS

(a) The Board shall adopt rules to implement and administer this chapter in accordance with subdivisions (1)-(7) of this subsection.

(1) Rules concerning any cannabis establishment shall include:

\* \* \*

(P) disclosure or eligibility requirements for a financier, its owners and principals, and its affiliates, which may include:

(i) requirements to disclose information to a licensed establishment, the Board, or the Department of Financial Regulation;

(ii) a minimum age requirement and a requirement to conduct a background check for natural persons;

(iii) requirements to ensure that a financier complies with applicable State and federal laws governing financial institutions, licensed lenders, and other financial service providers; and

(iv) any other requirements, conditions, or limitations on the type or amount of loans or capital investments made by a financier or its affiliates, which the Board, in consultation with the Department of Financial Regulation, determines is necessary to protect the public health, safety, and general welfare; ~~and~~

(Q) policies and procedures for conducting outreach and promoting participation in the regulated cannabis market by diverse groups of individuals, including those who have been disproportionately harmed by cannabis prohibition; and

(R) advertising and marketing.

Sec. 9. 7 V.S.A. § 978 is added to read:

§ 978. ADVERTISING

(a) “Advertise” and “advertisement” have the same meaning as in section 861 of this title.

(b) A dispensary advertisement shall not contain any statement or illustration that:

(1) is deceptive, false, or misleading;

(2) promotes overconsumption;

(3) represents that the use of cannabis has curative effects;

(4) offers a prize, award, or inducement for purchasing cannabis or a cannabis product, except that price discounts are allowed;

(5) offers free samples of cannabis or cannabis products;

(6) depicts a person under 21 years of age consuming cannabis or cannabis products; or

(7) is designed to be or has the effect of being particularly appealing to persons under 21 years of age.

(c) Dispensaries shall not advertise their products via any medium unless the licensee can show that not more than 15 percent of the audience is reasonably expected to be under 21 years of age.

(d) All advertisements shall contain health warnings adopted by rule by the Board in consultation with the Department of Health.

(e) All advertisements shall be submitted to the Board on a form or in a format prescribed by the Board, prior to the dissemination of the advertisement. The Board may:

(1) require a specific disclosure be made in the advertisement in a clear and conspicuous manner if the Board determines that the advertisement would be false or misleading without such a disclosure; or

(2) require changes that are necessary to protect the public health, safety, and welfare or consistent with dispensing information for the product under review.

(f) The Board may charge and collect fees for review of advertisements.

\* \* \* Cultivation \* \* \*

Sec. 10. 2019 Acts and Resolves No. 164, Sec. 8 is amended to read:

Sec. 8. IMPLEMENTATION OF LICENSING CANNABIS  
ESTABLISHMENTS

(a)(1) The cannabis plant, cannabis product, and useable cannabis possession limits for a registered dispensary set forth in 18 V.S.A. chapter 86 shall no longer apply on and after February 1, 2022. A dispensary shall be permitted to cultivate cannabis and manufacture cannabis products for the

*purpose of transferring or selling such products to an integrated licensee on or after April 1, 2022 and engaging in the activities permitted by 7 V.S.A. chapter 33.*

*(2) On or before April 1, 2022, the Board shall begin accepting applications for integrated licenses.*

*(3) On or before May 1, 2022, the Board shall begin issuing integrated licenses to qualified applicants. An integrated licensee may begin selling cannabis and cannabis products transferred or purchased from a dispensary immediately. Between August 1, 2022 and October 1, 2022, 25 percent of cannabis flower sold by an integrated licensee shall be obtained from a licensed small cultivator, if available.*

*(b)(1) On or before April 1, 2022, the Board shall begin accepting applications for small cultivator licenses and testing laboratories. The initial application period shall remain open for 30 days. The Board may reopen the application process for any period of time at its discretion.*

*(2) On or before May 1, 2022, the Board shall begin issuing small cultivator and testing laboratories licenses to qualified applicants. Upon licensing, small cultivators shall be permitted to sell cannabis legally grown pursuant to the license to an integrated licensee and a dispensary licensed pursuant to 18 V.S.A. chapter 86 prior to other types of cannabis establishment licensees beginning operations.*

*(c)(1) On or before May 1, 2022, the Board shall begin accepting applications for all cultivator licenses. The initial application period shall remain open for 30 days. The Board may reopen the application process for any period of time at its discretion.*

*(2) On or before June 1, 2022, the Board shall begin issuing all cultivator licenses to qualified applicants.*

*(d)(1) On or before July 1, 2022, the Board shall begin accepting applications for product manufacturer licenses and wholesaler licenses. The initial application period shall remain open for 30 days. The Board may reopen the application process for any period of time at its discretion.*

*(2) On or before August 1, 2022, the Board shall begin issuing product manufacturer and wholesaler licenses to qualified applicants.*

*(e)(1) On or before September 1, 2022, the Board shall begin accepting applications for retailer licenses. The initial application period shall remain open for 30 days. The Board may reopen the application process for any period of time at its discretion.*

*(2) On or before October 1, 2022, the Board shall begin issuing retailer*

*licenses to qualified applicants and sales of cannabis and cannabis products by licensed retailers to the public shall be allowed immediately.*

*\* \* \* Social Equity \* \* \**

*Sec. 11. FEES; SOCIAL EQUITY*

*When reporting to the General Assembly regarding recommended fees for licensing cannabis establishments pursuant to Sec. 5 of the 2019 Acts and Resolves No. 164, the Cannabis Control Board shall propose a plan for reducing or eliminating licensing fees for individuals from communities that historically have been disproportionately impacted by cannabis prohibition or individuals directly and personally impacted by cannabis prohibition.*

*Sec. 12. 7 V.S.A. chapter 39 is added to read:*

*CHAPTER 39. CANNABIS SOCIAL EQUITY PROGRAMS*

*§ 986. DEFINITIONS*

*As used in this chapter:*

*(1) “Agency” means the Agency of Commerce and Community Development.*

*(2) “Board” means the Cannabis Control Board.*

*§ 987. CANNABIS BUSINESS DEVELOPMENT FUND*

*(a) There is established the Cannabis Business Development Fund, which shall be managed in accordance with 32 V.S.A. chapter 7, subchapter 5.*

*(b) The Fund shall comprise:*

*(1) three percent of gross sales made by integrated licensees prior to October 15, 2022, with a maximum contribution of \$50,000.00 per integrated licensee; and*

*(2) monies allocated to the fund by the General Assembly.*

*(c) The Fund shall be used for the following purposes:*

*(1) to provide low-interest rate loans and grants to social equity applicants to pay for ordinary and necessary expenses to start and operate a licensed cannabis establishment;*

*(2) to pay for outreach that may be provided or targeted to attract and support social equity applicants; and*

*(3) necessary costs incurred in administering the Fund.*

*(d) Amounts from loans that are repaid shall provide additional funding through the Fund.*

§ 988. SOCIAL EQUITY LOANS AND GRANTS

The Agency of Commerce and Community Development shall establish a program using funds from the Cannabis Business Development Fund for the purpose of providing financial assistance, loans, grants, and outreach to social equity applicants.

Sec. 13. SOCIAL EQUITY APPLICANTS; CANNABIS CONTROL BOARD ADVISORY COMMITTEE

The Cannabis Control Board Advisory Committee, in consultation with the Board, shall develop criteria for social equity applicants for the purpose of obtaining social equity loans and grants from the Cannabis Business Development Fund pursuant to 7 V.S.A. chapter 39. The Board shall provide the criteria to the General Assembly not later than October 15, 2021.

Sec. 14. TRANSFER AND APPROPRIATION

(a) In fiscal year 2022, \$500,000.00 is transferred from General Fund to the Cannabis Business Development Fund established pursuant to 7 V.S.A. § 987.

(b) In fiscal year 2022, \$500,000.00 is appropriated from the Cannabis Business Development Fund to the Agency of Commerce and Community Development to make grants pursuant to 7 V.S.A. § 987.

\* \* \* Transfer of Medical Cannabis Program \* \* \*

Sec. 15. IMPLEMENTATION OF MEDICAL CANNABIS REGISTRY

(a) On July 1, 2021, the following shall transfer from the Department of Public Safety to the Cannabis Control Board.

(1) the authority to administer the Medical Cannabis Registry and the regulation of cannabis dispensaries pursuant to 18 V.S.A. chapter 86;

(2) the cannabis registration fee fund established pursuant to 18 V.S.A. chapter 86; and

(3) the positions dedicated to administering 18 V.S.A. chapter 86.

(b) The Registry shall continue to be governed by 18 V.S.A. chapter 86 and the rules adopted pursuant to that chapter until 7 V.S.A. chapters 35 and 37 and the rules adopted by the Board pursuant to those chapters take effect on March 1, 2022 as provided in 2019 Acts and Resolves No. 164.

Sec. 16. REPEAL

Secs. 10 and 13 of 2019 Acts and Resolves No. 164 are repealed.

*\* \* \* Highway Safety \* \* \**

*Sec. 17. VERMONT CRIMINAL JUSTICE COUNCIL*

*Not later than July 1, 2021, the Vermont Criminal Justice Council shall report to the Joint Legislative Justice Oversight Committee regarding funding for the requirement that on or before December 31, 2021 all law enforcement officers receive a minimum of 16 hours of Advanced Roadside Impaired Driving Enforcement training as required by Sec. 20 of 2019 Acts and Resolves No. 164.*

*\* \* \* Substance Misuse Prevention Funding \* \* \**

*Sec. 18. 32 V.S.A. § 7909 is added to read:*

*§ 7909. SUBSTANCE MISUSE PREVENTION FUNDING*

*(a) Thirty percent of the revenues raised by the cannabis excise tax imposed by section 7902 of this title, not to exceed \$10,000,000.00 per fiscal year, shall be used to fund substance misuse prevention programming.*

*(b) If any General Fund appropriations for substance misuse prevention programming remain unexpended at the end of a fiscal year, that balance shall be carried forward and shall only be used for the purpose of funding substance misuse prevention programming in the subsequent fiscal year.*

*(c) Any appropriation balance carried forward pursuant to subsection (b) of this section shall be in addition to revenues allocated for substance misuse prevention programming pursuant to subsection (a) of this section.*

*Sec. 19. REPEAL*

*2019 Acts and Resolves No. 164, Sec. 19 (substance misuse prevention funding) is repealed.*

*\* \* \* Effective Date \* \* \**

*Sec. 20. EFFECTIVE DATE*

*This act shall take effect on passage.*