

1 S.94

2 Introduced by Senator White

3 Referred to Committee on

4 Date:

5 Subject: Cannabis; cannabis excise tax; municipalities; Cannabis Control

6 Board; local fees

7 Statement of purpose of bill as introduced: This bill proposes to distribute an
8 amount of the cannabis excise tax revenues that is equal to two percent of the
9 taxable retail sales to municipalities that host a cannabis establishment, repeal
10 the Cannabis Control Board's authority to charge and collect local fees, and
11 authorize local cannabis control commissions to assess a fee for a local control
12 license issued to a cannabis retailer or cannabis integrated licensee.

13 An act relating to the cannabis excise tax and local fees

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

15 Sec. 1. 32 V.S.A. § 7901(10) and (11) are added to read:

16 (10) "Cannabis establishment" has the same meaning as in 7 V.S.A.

17 § 861.

18 (11) "Municipality" means a city, town, incorporated village,

19 unorganized town or gore, or town or gore within the unified towns and gores

20 of Essex County.

1 Sec. 2. 32 V.S.A. §§ 7909 and 7910 are added to read:

2 § 7909. MUNICIPAL SHARE

3 (a) Municipal share. The Department of Taxes shall, on a quarterly basis,
4 distribute an amount of the cannabis excise tax revenues collected under
5 section 7902 of this title that is equal to two percent of the taxable retail sales
6 from the prior quarter to municipalities that host a cannabis establishment.

7 (b) Distribution formula.

8 (1) Each municipality that hosts one or more cannabis establishments
9 shall receive a share of the total distribution in accordance with a formula
10 recommended by the Cannabis Control Board and adopted by the General
11 Assembly. The formula shall be based on reasonable and quantifiable costs to
12 a municipality resulting from the impact of the cannabis establishment.

13 (2) The formula adopted by the General Assembly shall remain in effect
14 until a new formula is adopted by the General Assembly.

15 (3) The Cannabis Control Board shall, at a minimum, take into
16 consideration the following when recommending a distribution formula:

17 (A) the number, types, and sizes of cannabis establishments operating
18 in Vermont;

19 (B) the fiscal impact the different types of cannabis establishments
20 have on municipalities, including the effect on the need for and type of
21 municipally provided services; and

1 (C) how to account for cannabis establishments that are not
2 operational for a full quarter.

3 (c) Administrative costs. Each quarterly distribution to a municipality shall
4 be reduced by the Department of Taxes' costs of administration and collection,
5 which shall be set at a per-return fee equivalent to that established in 24 V.S.A.
6 § 138(c) and borne entirely by the municipality.

7 § 7910. SUBSTANCE MISUSE PREVENTION FUNDING

8 After reduction for the municipal share pursuant to section 7909 of this title,
9 thirty percent of the remaining revenues raised for the State by the cannabis
10 excise tax imposed by section 7902 of this title, not to exceed \$10,000,000.00
11 per fiscal year, shall be used to fund substance misuse prevention
12 programming.

13 Sec. 3. 2020 Acts and Resolves No. 164, Sec. 6c is amended to read:

14 Sec. 6c. CONTINGENT CANNABIS REGULATION FUND DEFICIT
15 OFFSET; REPAYMENT

16 (a) To the extent that the Cannabis Regulation Fund has a negative balance
17 at the close of the fiscal year 2022, proceeds in that amount from the tax
18 established in 32 V.S.A. § ~~7901~~ 7902 in fiscal year 2023 shall be deposited
19 into the Cannabis Regulation Fund. The portion of cannabis excise tax
20 revenue that is distributed to municipalities that host a cannabis establishment

1 pursuant to 32 V.S.A. § 7909 shall not be available for transfer into the
2 Cannabis Regulation Fund.

3 * * *

4 (c) Thirty percent of any transfers made to the General Fund pursuant to
5 subsection (b) of this section or subdivision 5(a)(2) of Sec. 5 of this act shall be
6 allocated to substance misuse prevention activities consistent with ~~Sec. 19 of~~
7 ~~this act~~ 32 V.S.A. § 7910.

8 Sec. 4. REPEAL

9 2020 Acts and Resolves No. 164, Sec. 19 (substance misuse prevention
10 funding) is repealed.

11 Sec. 5. FIRST DISTRIBUTION FORMULA RECOMMENDATION

12 On or before March 1, 2022, the Executive Director of the Cannabis
13 Control Board shall recommend one or more formulas for the distribution of
14 the municipal share established under 32 V.S.A. § 7909(a) as added by this act.
15 The formula or formulas shall comply with 32 V.S.A. § 7909(b)(3) as added
16 by this act.

17 Sec. 6. 7 V.S.A. § 846 is amended to read:

18 (a) The Board shall have the authority to charge and collect State ~~and local~~
19 license fees as provided under this chapter and chapter 33 of this title. State
20 ~~and local~~ license fees shall be due and payable at the time of application or
21 renewal.

1 (b) The Board shall deposit State fees into the Cannabis Regulation Fund.

2 (c) ~~After reduction for costs of administration and collection, the Board~~
3 ~~shall pay local license fees on a quarterly basis to the municipality in which the~~
4 ~~fees were collected. [Repealed.]~~

5 Sec. 7. 7 V.S.A. § 836(b) is amended to read:

6 (b) A municipality that hosts any cannabis establishment may establish a
7 cannabis control commission composed of commissioners who may be
8 members of the municipal legislative body. The local cannabis control
9 commission may issue and administer local control licenses under this
10 subsection for cannabis establishments within the municipality and may charge
11 an annual fee of not more than \$140.00 for a local control license issued to a
12 cannabis retailer or cannabis integrated licensee. The commissioners may
13 condition the issuance of a local control license upon compliance with any
14 bylaw adopted pursuant to 24 V.S.A. § 4414 or ordinances regulating signs or
15 public nuisances adopted pursuant to 24 V.S.A. § 2291. The commission may
16 suspend or revoke a local control license for a violation of any condition
17 placed upon the license. The Board shall adopt rules relating to a
18 municipality's issuance of a local control license in accordance with this
19 subsection and the local commissioners shall administer the rules furnished to
20 them by the Board as necessary to carry out the purposes of this section.

1 Sec. 8. EFFECTIVE DATES

2 (a) This section and Sec. 5 (first formula recommendation) shall take effect
3 on passage.

4 (b) All other sections shall take effect on March 1, 2022.