

1 S.152

2 Introduced by Senator White

3 Referred to Committee on

4 Date:

5 Subject: Cannabis; cannabis excise tax; excise tax revenue shareback;

6 municipalities; Cannabis Control 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 four 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(a) is amended to read:

2 (a) ~~Thirty~~ After reduction for the municipal share pursuant to section 7910  
3 of this title, thirty percent of the remaining revenues raised by the cannabis  
4 excise tax imposed by section 7902 of this title, not to exceed \$10,000,000.00  
5 per fiscal year, shall be used to fund substance misuse prevention  
6 programming.

7 Sec. 3. 32 V.S.A. § 7910 is added to read:

8 § 7910. MUNICIPAL SHARE

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

13 (b) Distribution formula.

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

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

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

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

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

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

10           (c) Administrative costs. Each quarterly distribution to a municipality shall  
11           be reduced by the Department of Taxes' costs of administration and collection,  
12           which shall be set at a per-return fee equivalent to that established in 24 V.S.A.  
13           § 138(c) and borne entirely by the municipality.

14           Sec. 4. FIRST DISTRIBUTION FORMULA RECOMMENDATION

15           On or before December 15, 2022, the Cannabis Control Board shall  
16           recommend one or more formulas for the distribution of the municipal share  
17           established under 32 V.S.A. § 7910(a) as added by this act. The formula or  
18           formulas shall comply with 32 V.S.A. § 7910(b)(3) as added by this act.

19           Sec. 5. 7 V.S.A. § 846 is amended to read:

20           § 846. FEES

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

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

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

9 Sec. 6. 7 V.S.A. § 863(b) is amended to read:

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

1 municipality's issuance of a local control license in accordance with this  
2 subsection, and the local commissioners shall administer the rules furnished to  
3 them by the Board as necessary to carry out the purposes of this section.

4 Sec. 7. EFFECTIVE DATES

5 (a) This section and Sec. 4 (first formula recommendation) shall take effect  
6 on passage.

7 (b) All other sections shall take effect on July 1, 2023.