

1 S.215

2 Introduced by Senator Westman

3 Referred to Committee on

4 Date:

5 Subject: Cannabis; taxes; gross receipts taxes; wholesale taxes; cannabis

6 cultivators; cannabis wholesalers; cannabis product manufacturers;

7 cannabis retailers; integrated licensees

8 Statement of purpose of bill as introduced: This bill proposes to establish an

9 annual gross receipts tax on cannabis wholesales.

10 An act relating to the cannabis wholesale gross receipts tax

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

12 Sec. 1. 32 V.S.A. chapter 207 is amended to read:

13 CHAPTER 207. CANNABIS ~~EXCISE TAX~~ TAXES

14 § 7901. DEFINITIONS

15 As used in this chapter:

16 * * *

17 (8) “Retail sale” or “sold at retail” means any sale for any purpose other

18 than for resale by a cannabis retailer or integrated licensee.

19 * * *

1 gross receipts over \$5,000,000.00 from the in-state wholesale sale of cannabis
2 and cannabis products to a cannabis retailer or integrated licensee.

3 (b) Integrated licensees. Integrated licensees shall be subject to a cannabis
4 wholesale gross receipts tax of five percent assessed on their annual gross
5 receipts over \$5,000,000.00 from the combination, as applicable, of the
6 following in-state sales:

7 (1) the wholesale sale of cannabis and cannabis products to a cannabis
8 retailer or integrated licensee; and

9 (2) the retail sale of cannabis and cannabis products that were not
10 previously bought or sold at wholesale.

11 § 7903. LIABILITY FOR ~~TAX~~ CANNABIS TAXES

12 (a) Any cannabis excise tax collected in accordance with this chapter shall
13 be deemed to be held by the retailer or integrated licensee in trust for the State
14 of Vermont. Any cannabis excise tax collected under this chapter shall be
15 accounted for separately so as clearly to indicate the amount of tax collected
16 and that the same are the property of the State of Vermont.

17 (b) Every retailer or integrated licensee required to collect and remit the
18 cannabis excise tax under this chapter to the Commissioner and every
19 cultivator, wholesaler, product manufacturer, or integrated licensee required to
20 pay the cannabis wholesale gross receipts tax shall be personally and
21 individually liable for the amount of such tax, together with such interest and

1 penalty as has accrued under the provisions of section 3202 of this title. If the
2 cultivator, wholesaler, product manufacturer, retailer, or integrated licensee is a
3 corporation or other entity, the personal liability shall extend to any officer or
4 agent of the corporation or entity who as an officer or agent of the same has the
5 authority to collect and remit tax to the Commissioner of Taxes as required in
6 this chapter.

7 (c) A retailer or integrated licensee shall have the same rights in collecting
8 the cannabis excise tax from his or her purchaser or regarding nonpayment of
9 the cannabis excise tax by the purchaser as if the cannabis excise tax were a
10 part of the purchase price of cannabis or cannabis products and payable at the
11 same time; provided, however, if the retailer or integrated licensee required to
12 collect the cannabis excise tax has failed to remit any portion of the cannabis
13 excise tax to the Commissioner of Taxes, the Commissioner of Taxes shall be
14 notified of any action or proceeding brought by the retailer or integrated
15 licensee to collect the cannabis excise tax and shall have the right to intervene
16 in such action or proceeding.

17 (d) A retailer or integrated licensee required to collect the cannabis excise
18 tax may also refund or credit to the purchaser any cannabis excise tax
19 erroneously, illegally, or unconstitutionally collected. No cause of action that
20 may exist under State law shall accrue against the retailer or integrated licensee
21 for cannabis excise tax collected unless the purchaser has provided written

1 notice to a retailer or integrated licensee and the retailer or integrated licensee
2 has had 60 days to respond.

3 § 7904. RETURNS; REMITTANCE; RECORDS

4 (a) Cannabis excise tax returns. Any retailer or integrated licensee required
5 to collect the cannabis excise tax imposed by this chapter shall, on or before
6 the 25th day of every month, return to the Department of Taxes, under oath of
7 a person with legal authority to bind the retailer or integrated licensee, a
8 statement containing its name and place of business, the total amount of sales
9 subject to the cannabis excise tax made in the preceding month, and any
10 information required by the Department of Taxes, along with the total tax due.

11 (b) Cannabis wholesale gross receipts tax returns. Any cultivator,
12 wholesaler, product manufacturer, or integrated licensee required to pay the
13 cannabis wholesale gross receipts tax imposed by this chapter shall, on or
14 before the 25th day of January, April, July, and October of each year, return to
15 the Department of Taxes, under oath of a person with legal authority to bind
16 the cultivator, wholesaler, product manufacturer, or integrated licensee, a
17 statement containing its name and place of business; the gross receipts of
18 wholesale sales or retail sales where the cannabis or cannabis product was not
19 previously bought or sold at wholesale by the integrated licensee, or both
20 subject to the cannabis wholesale gross receipts tax made in the prior quarter;

1 and any information required by the Department of Taxes, along with the total
2 tax due.

3 (c) Remittance. Retailers, cultivators, wholesalers, product manufacturers,
4 and integrated licensees shall not remit the cannabis excise tax collected or
5 cannabis wholesale gross receipts tax owed to the Department of Taxes in cash
6 absent the issuance of a waiver by the Commissioner of Taxes, and the
7 Commissioner may require that returns be submitted electronically.

8 ~~(b)~~(d) Records. Every retailer, cultivator, wholesaler, product
9 manufacturer, and integrated licensee shall maintain, for not less than three
10 years, accurate records showing all transactions subject to tax liability under
11 this chapter. The records are subject to inspection by the Department of Taxes
12 at all reasonable times during normal business hours.

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14 § 7907. ~~ADMINISTRATION OF THE CANNABIS EXCISE TAX ;~~ RULES

15 (a) The Commissioner of Taxes shall administer and enforce this chapter.
16 The Commissioner may adopt rules pursuant to 3 V.S.A. chapter 25 to carry
17 out such administration and enforcement.

18 (b) To the extent not inconsistent with this chapter, the provisions for the
19 assessment, collection, enforcement, and appeals of the sales and use tax in
20 chapter 233 of this title shall apply to the cannabis excise tax imposed by this
21 chapter.

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Sec. 2. EFFECTIVE DATE

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Notwithstanding 1 V.S.A. § 214, this act shall take effect retroactively on

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March 1, 2022 and apply to wholesale sales of cannabis and cannabis products

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and retail sales of cannabis and cannabis products that were not previously

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bought or sold at wholesale occurring on or after April 1, 2022.