

1 TO THE HONORABLE SENATE:

2 The Committee on Judiciary to which was referred House Bill No. 548
3 entitled “An act relating to miscellaneous cannabis establishment procedures”
4 respectfully reports that it has considered the same and recommends that the
5 Senate propose to the House that the bill be amended by striking out all after
6 the enacting clause and inserting in lieu thereof the following:

7 Sec. 1. 7 V.S.A. § 861 is amended to read:

8 § 861. DEFINITIONS

9 As used in this chapter:

10 * * *

11 (16) “Child-deterrent packaging” means tear-resistant packaging that
12 can be sealed in a manner that would deter children under five years of age
13 from easily accessing the contents of the package within a reasonable time and
14 not difficult for normal adults to use properly.

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

1 ~~(17)~~(18) “Controls,” “is controlled by,” and “under common control”
2 mean the power to direct, or cause the direction or management and policies of
3 a person, whether through the direct or beneficial ownership of voting
4 securities, by contract, or otherwise. A person who directly or beneficially
5 owns 10 percent or more equity interest, or the equivalent thereof, of another
6 person shall be deemed to control the person.

7 ~~(18)~~(19) “Dispensary” means a business organization licensed pursuant
8 to chapter 37 of this title or 18 V.S.A. chapter 86.

9 ~~(19)~~(20) “Enclosed, locked facility” means a building, room,
10 greenhouse, outdoor fenced-in area, or other location that is enclosed on all
11 sides and prevents cannabis from easily being viewed by the public. The
12 facility shall be equipped with locks or other security devices that permit
13 access only by:

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

16 (B) Government employees performing their official duties.

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

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

5 ~~(20)~~(21) “Flavored oil cannabis product” means any oil cannabis
6 product that contains an additive to give it a characterizing flavor.

7 ~~(21)~~(22) “Integrated licensee” means a person licensed by the Board to
8 engage in the activities of a cultivator, wholesaler, product manufacturer,
9 retailer, and testing laboratory in accordance with this chapter.

10 ~~(22)~~(23) “Municipality” means a town, city, or incorporated village.

11 (24) “Owner” means a natural person who controls, or shares control of,
12 a Cannabis Establishment.

13 ~~(23)~~(25) “Person” shall include any natural person; corporation;
14 municipality; the State of Vermont or any department, agency, or subdivision
15 of the State; and any partnership, unincorporated association, or other legal
16 entity.

17 ~~(24)~~(26) “Plant canopy” means the square footage dedicated to live
18 plant production and does not include areas such as office space or areas used
19 for the storage of fertilizers, pesticides, or other products.

20 ~~(25)~~(27) “Principal” means an individual vested with the authority to
21 conduct, manage, or supervise the business affairs of a person, and may

1 ~~include the president, vice president, secretary, treasurer, manager, or similar~~
2 ~~executive officer of a business; a director of a corporation, nonprofit~~
3 ~~corporation, or mutual benefit enterprise; a member of a nonprofit corporation,~~
4 ~~cooperative, or member-managed limited liability company; and a partner of a~~
5 ~~partnership~~ one of the following:

6 (A) the president, vice president, secretary, treasurer, manager, or
7 similar officer of a corporation as provided for by 11A V.S.A. § 8.40,
8 nonprofit corporation as provided for by 11B V.S.A. § 8.40, mutual benefit
9 enterprise as provided for by 11C V.S.A. § 822, cooperative as provided for by
10 11 V.S.A. § 1013, or worker cooperative corporation as provided for by
11 11 V.S.A. § 1089;

12 (B) a director of a corporation as provided for by 11A V.S.A. § 8.01,
13 nonprofit corporation as provided for by 11B V.S.A. § 8.01, mutual benefit
14 enterprise as provided for by 11C V.S.A. § 801, cooperative as provided for by
15 11 V.S.A. § 1006, or worker cooperative corporation as provided for by
16 11 V.S.A. § 1089;

17 (C) a member of a member-managed limited liability company as
18 provided for by 11 V.S.A. § 4054;

19 (D) manager of a manager-managed limited liability company as
20 provided for by 11 V.S.A. § 4054; or

1 (E) a partner of a partnership as provided for by 11 V.S.A. § 3212 or
2 a general partner of a limited partnership as provided for by 11 V.S.A.
3 chapter 23.

4 ~~(26)~~(28) “Small cultivator” means a cultivator with a plant canopy or
5 space for cultivating plants for breeding stock of not more than 1,000 square
6 feet.

7 Sec. 2. 7 V.S.A. § 862a is added to read:

8 § 862a. SYNTHETIC AND HEMP-DERIVED CANNABINOIDS

9 The Board shall have the authority to regulate synthetic cannabinoids and
10 hemp-derived cannabinoids, including delta-8 and delta-10
11 tetrahydrocannabinol.

12 Sec. 3. 7 V.S.A. § 868 is amended to read:

13 § 868. PROHIBITED PRODUCTS

14 (a) The following are prohibited products and may not be cultivated,
15 produced, or sold pursuant to a license issued under this chapter:

16 (1) cannabis flower with greater than 30 percent tetrahydrocannabinol;

17 (2) ~~solid-concentrate cannabis products with greater than 60 percent~~
18 tetrahydrocannabinol;

19 (3) ~~oil cannabis products except for those that are sold prepackaged for~~
20 use with battery-powered devices;

1 ~~(4)~~ flavored oil cannabis products sold prepackaged for use with battery-
2 powered devices and any cannabis flower that contains characterizing flavor
3 that is not naturally occurring in the cannabis;

4 ~~(5)~~(3) cannabis products that contain delta-9 tetrahydrocannabinol and
5 nicotine or alcoholic beverages; and

6 ~~(6)~~(4) any cannabis, cannabis products, or packaging of such items that
7 are designed to make the product more appealing to persons under 21 years of
8 age.

9 Sec. 4. 7 V.S.A. § 881 is amended to read:

10 § 881. RULEMAKING; CANNABIS ESTABLISHMENTS

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

13 (1) Rules concerning any cannabis establishment shall include:

14 * * *

15 (I) regulation of additives to cannabis and cannabis products,
16 including ~~those~~ cannabidiol derived from hemp and substances that are toxic or
17 designed to make the product more addictive, more appealing to persons under
18 21 years of age, or to mislead consumers;

19 * * *

20 (3) Rules concerning product manufacturers shall include:

1 (A) requirements that a single package of a cannabis product shall
2 not contain more than 50 milligrams of THC, except in the case of:

3 (i) cannabis products that are not consumable, including topical
4 preparations; ~~and~~

5 (ii) solid concentrates, oils, and tinctures; and

6 (iii) cannabis products sold to a dispensary pursuant to 18 V.S.A.
7 chapter 86 and regulations issued pursuant to that chapter;

8 * * *

9 (5) Rules concerning retailers shall include:

10 * * *

11 (C) requirements that if the retailer sells hemp or hemp products, the
12 hemp and hemp products are clearly labeled as such ~~and displayed separately~~
13 ~~from cannabis and cannabis products;~~

14 (D) requirements for opaque, child-resistant packaging of ~~cannabis~~
15 ~~and cannabis products~~ and child-deterrent packaging for cannabis at point of
16 sale to customer; and

17 * * *

18 Sec. 5. 7 V.S.A. § 883 is amended to read:

19 § 883. CRIMINAL BACKGROUND RECORD CHECKS; APPLICANTS

20 (a) The Board shall obtain from the Vermont Crime Information Center a
21 copy of a license applicant's fingerprint-based Vermont criminal history

1 records, out-of-state criminal history records, and criminal history records from
2 the Federal Bureau of Investigation for each license applicant, principal of an
3 applicant, and person who controls an applicant who is a natural person.

4 (b) The Board shall adopt rules that set forth standards for determining
5 whether an applicant should be denied a cannabis establishment license
6 because of his or her criminal history record based on factors that demonstrate
7 whether the applicant presently poses a threat to public safety or the proper
8 functioning of the regulated market. Nonviolent drug offenses shall not
9 automatically disqualify an applicant.

10 (c) Notwithstanding subsection (a) of this section, the Board may accept
11 third-party criminal background checks submitted by an applicant for a
12 cannabis establishment license or renewal in lieu of obtaining the records from
13 the Vermont Crime Information Center a copy of the person's Vermont
14 fingerprint-based criminal history records, out-of-state criminal history
15 records, and criminal history records from the Federal Bureau of Investigation.

16 Any such third-party background check shall:

17 (1) be conducted by a third-party consumer reporting agency or
18 background screening company that is in compliance with the federal Fair
19 Credit Reporting Act; and

20 (2) include a multistate and multi-jurisdiction criminal record locator.

1 Sec. 6. 7 V.S.A. § 884 is amended to read:

2 § 884. CANNABIS ESTABLISHMENT IDENTIFICATION CARD

3 (a) Every owner, principal, and employee of a cannabis establishment shall
4 obtain an identification card issued by the Board. A person may apply for an
5 identification card prior to obtaining employment with a licensee. An
6 employee identification card shall authorize the person to work for any
7 licensee.

8 (b)(1)(A) Prior to issuing the identification card to an owner or principal of
9 a cannabis establishment, the Board shall obtain from the Vermont Crime
10 Information Center a copy of the person’s Vermont fingerprint-based criminal
11 history records, out-of-state criminal history records, and criminal history
12 records from the Federal Bureau of Investigation.

13 (B) Prior to issuing the identification card to an employee of a
14 cannabis establishment, the Board shall obtain a copy of a fingerprint-based
15 identity history summary record from the Federal Bureau of Investigation.

16 (2) The Board shall adopt rules that set forth standards for determining
17 whether a person should be denied a cannabis establishment identification card
18 because of his or her criminal history record based on factors that demonstrate
19 whether the applicant presently poses a threat to public safety or the proper
20 functioning of the regulated market. Nonviolent drug offenses shall not
21 automatically disqualify an applicant.

1 (c) Once an identification card application has been submitted, a person
2 may serve as an employee of a cannabis establishment pending the background
3 check, provided the person is supervised in his or her duties by someone who
4 is a cardholder. The Board shall issue a temporary permit to the person for this
5 purpose, which shall expire upon the issuance of the identification card or
6 disqualification of the person in accordance with this section.

7 (d) An identification card shall expire one year after its issuance or, in the
8 case of owners and principals, upon the expiration of the cannabis
9 establishment's license, whichever occurs first.

10 Sec. 7. 7 V.S.A. § 901(d)(3) is amended to read:

11 (3)(A) Except as provided in ~~subdivision~~ subdivisions (B) and (C) of
12 this subdivision (3), an applicant and its affiliates may obtain a maximum of
13 one type of each type of license as provided in subdivisions (1)(A)–(E) of this
14 subsection (d). Each license shall permit only one location of the
15 establishment.

16 (B) An applicant and its affiliates that are control a dispensary
17 registered pursuant to 18 V.S.A. chapter 86 on April 1, 2022 may obtain one
18 integrated license provided in subdivision (1)(F) of this subsection (d) or a
19 maximum of one of each type of license provided in subdivisions (1)(A)–(E)
20 of this subsection (d). An integrated licensee may not hold a separate
21 cultivator, wholesaler, product manufacturer, retailer, or testing laboratory

1 license, and no applicant or its affiliates that control a dispensary shall hold
2 more than one integrated license. An integrated license shall permit only one
3 location for each of the types of activities permitted by the license: cultivation,
4 wholesale operations, product manufacturing, retail sales, and testing.

5 (C) An applicant and its affiliates may obtain multiple testing
6 laboratory licenses.

7 **Sec. 8. PURPOSE; LEGISLATIVE INTENT**

8 The purpose of the amendment to 7 V.S.A. § 901(d)(3)(B) in Sec. 7 of this
9 act is solely to make the language consistent with the defined terms used
10 throughout 7 V.S.A. chapter 33. The amendment should not be construed to
11 alter the meaning of the provision as it was originally enacted in 2019 Acts and
12 Resolves No. 164, Sec. 7.

13 Sec. 9. 7 V.S.A. § 907 is amended to read:

14 § 907. RETAILER LICENSE

15 (a) A retailer licensed under this chapter may:

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

19 (2) transport, possess, package, and sell cannabis and cannabis products
20 to the public for consumption off the registered premises.

21 * * *

1 (e) ~~Internet ordering and delivery~~ Delivery of cannabis to customers are is
2 prohibited.

3 Sec. 10. 7 V.S.A. § 909(c) is added to read:

4 (c) An integrated licensee shall comply with the provisions of subsection
5 908(f) of this title and have its cannabis or cannabis products tested by an
6 independent licensed testing laboratory.

7 Sec. 11. 18 V.S.A. § 4230h is amended to read:

8 § 4230h. CHEMICAL EXTRACTION VIA BUTANE OR HEXANE
9 PROHIBITED

10 (a) No person shall manufacture concentrated cannabis by chemical
11 extraction or chemical synthesis using butane or hexane ~~unless authorized as a~~
12 ~~dispensary pursuant to a registration issued by the Department of Public Safety~~
13 ~~pursuant to chapter 86 of this title.~~

14 * * *

15 Sec. 12. 2019 Acts and Resolves No. 164, Sec. 8(a)(1) is amended to read:

16 (a)(1) The cannabis plant, cannabis product, and useable cannabis
17 possession limits for a registered dispensary set forth in 18 V.S.A. chapter 86
18 shall no longer apply on and after February 1, 2022. A dispensary shall be
19 permitted to cultivate cannabis and manufacture cannabis products for the
20 purpose of transferring or selling such products to an integrated licensee on or

1 after April 1, 2022 until October 1, 2022 and engaging in the activities
2 permitted by 7 V.S.A. chapter 33.

3 Sec. 13. EFFECTIVE DATE

4 This act shall take effect on passage.

5

6

7

8

9 (Committee vote: _____)

10

11

Senator _____

12

FOR THE COMMITTEE