

1 TO THE HONORABLE SENATE:

2 The Committee on Judiciary to which was referred Senate Bill No. 25
3 entitled “An act relating to miscellaneous cannabis regulation procedures”
4 respectfully reports that it has considered the same and recommends that the
5 bill be amended by striking out all after the enacting clause and inserting in
6 lieu thereof the following:

7 * * * Town vote on retail sales * * *

8 Sec. 1. 7 V.S.A. § 863 is amended to read: (Recommended by SGO)

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.

16 * * *

17 (3) On March 8, 2023, any municipality that fails to vote on the question
18 of permitting the operation of cannabis establishments pursuant to subdivision
19 (1) of this subsection shall be deemed to permit the operation of both cannabis
20 retailers and integrated licensees.

21 * * *

* * * Cannabis Control Board Advisory Committee * * *

Sec. 2. 7 V.S.A. § 843 is amended to read: **(Recommended by SGO)**

§ 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.

* * *

(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 ~~42~~ 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;

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

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

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

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

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

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

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

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

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

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

20 (2) Initial appointments to the advisory committee as provided in
21 subdivision (1) of this subsection (h) shall be made on or before ~~May 1, 2021~~

1 April 1, 2021, and the Secretary of Agriculture, Food and Markets shall
2 convene the first meeting on or before April 15, 2021.

3 * * *

4 * * * Advertising * * *

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

6 § 845. CANNABIS REGULATION FUND

7 * * *

8 (b) The Fund shall be composed of:

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

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

15 * * *

16 Sec. 4. Sec. 5 of 2019 Acts and Resolves No. 164 is amended to read:

17 Sec. 5. CANNABIS CONTROL BOARD REPORT TO THE GENERAL

18 ASSEMBLY; PROPOSAL FOR POSITIONS, FEES, AND

19 APPROPRIATIONS FOR FISCAL YEARS 2022 AND 2023; LAND

20 USE, ENVIRONMENTAL, ENERGY, AND EFFICIENCY

21 REQUIREMENTS OR STANDARDS; ADVERTISING;

1 OUTREACH, TRAINING, AND EMPLOYMENT PROGRAMS;
2 ONLINE ORDERING AND DELIVERY; ADDITIONAL TYPES OF
3 LICENSES

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

7 * * *

8 (2) State fees to be charged and collected in accordance with the
9 Board's authority pursuant to 7 V.S.A. § 846. The recommendations shall be
10 accompanied by information justifying the recommended rate as required by
11 32 V.S.A. § 605(d). The State fees submitted in accordance with this
12 subdivision shall be projected to be sufficient to fund the duties of the
13 Cannabis Control Board as provided in 7 V.S.A. § 843. To the extent possible,
14 the recommend fees shall include an amount to repay over a period, not greater
15 than 10 years, to the General Fund any application of excise taxes to the
16 Cannabis Regulation Fund made pursuant to Sec. 6c of this act.

17 (A) Application fees, initial annual license fees, and annual license
18 renewal fees for each type of cannabis establishment license as provided in
19 7 V.S.A. § 846: cultivator, product manufacturer, wholesaler, retailer, testing
20 laboratory, and integrated. If the Board establishes tiers within a licensing
21 category, it shall provide a fee recommendation for each tier.

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

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

5 * * *

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

7 § 861. DEFINITIONS

8 As used in this chapter:

9 (1) “Advertise” means the publication or dissemination of an
10 advertisement.

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

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

20 (B) any editorial or other reading material, such as a news release, in
21 any periodical or publication or newspaper for the publication of which no

1 money or valuable consideration is paid or promised, directly or indirectly, by
2 any cannabis establishment, and that is not written by or at the direction of the
3 licensee;

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

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

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

13 ~~(2)~~ (4) “Applicant” means a person that applies for a license to operate a
14 cannabis establishment pursuant to this chapter.

15 ~~(3)~~ (5) “Board” means the Cannabis Control Board.

16 ~~(4)~~ (6) “Cannabis” shall have the same meaning as provided in section
17 831 of this title.

18 ~~(5)~~ (7) “Cannabis cultivator” or “cultivator” means a person licensed by
19 the Board to engage in the cultivation of cannabis in accordance with this
20 chapter.

1 ~~(6)~~ (8) “Cannabis establishment” means a cannabis cultivator,
2 wholesaler, product manufacturer, retailer, or testing laboratory licensed by the
3 Board to engage in commercial cannabis activity in accordance with this
4 chapter.

5 ~~(7)~~ (9) “Cannabis product” shall have the same meaning as provided in
6 section 831 of this title.

7 ~~(8)~~ (10) “Cannabis product manufacturer” or “product manufacturer”
8 means a person licensed by the Board to manufacture cannabis products in
9 accordance with this chapter.

10 ~~(9)~~ (11) “Cannabis retailer” or “retailer” means a person licensed by the
11 Board to sell cannabis and cannabis products to adults 21 years of age and
12 older for off-site consumption in accordance with this chapter.

13 ~~(10)~~ (12) “Cannabis testing laboratory” or “testing laboratory” means a
14 person licensed by the Board to test cannabis and cannabis products in
15 accordance with this chapter.

16 ~~(11)~~ (13) “Cannabis wholesaler” or “wholesaler” means a person
17 licensed by the Board to purchase, process, transport, and sell cannabis and
18 cannabis products in accordance with this chapter.

19 ~~(12)~~ (14) “Chair” means the Chair of the Cannabis Control Board.

20 ~~(13)~~ (15) “Characterizing flavor” means a taste or aroma, other than the
21 taste or aroma of cannabis, imparted either prior to or during consumption of a

1 cannabis product. The term includes tastes or aromas relating to any fruit,
2 chocolate, vanilla, honey, maple, candy, cocoa, dessert, alcoholic beverage,
3 mint, menthol, wintergreen, herb or spice, or other food or drink or to any
4 conceptual flavor that imparts a taste or aroma that is distinguishable from
5 cannabis flavor but may not relate to any particular known flavor.

6 ~~(14)~~ (16) “Child-resistant packaging” means packaging that is designed
7 or constructed to be significantly difficult for children under five years of age
8 to open or obtain a toxic or harmful amount of the substance in the container
9 within a reasonable time and not difficult for normal adults to use properly, but
10 does not mean packaging that all children under five years of age cannot open
11 or obtain a toxic or harmful amount of the substance in the container within a
12 reasonable time.

13 ~~(15)~~ (17) “Controls,” “is controlled by,” and “under common control”
14 mean the power to direct, or cause the direction or management and policies of
15 a person, whether through the direct or beneficial ownership of voting
16 securities, by contract, or otherwise. A person who directly or beneficially
17 owns 10 percent or more equity interest, or the equivalent thereof, of another
18 person shall be deemed to control the person.

19 ~~(16)~~ (18) “Dispensary” means a business organization licensed pursuant
20 to chapter 37 of this title or 18 V.S.A. chapter 86.

1 ~~(17)~~ (19) “Enclosed, locked facility” means a building, room,
2 greenhouse, outdoor fenced-in area, or other location that is enclosed on all
3 sides and prevents cannabis from easily being viewed by the public. The
4 facility shall be equipped with locks or other security devices that permit
5 access only by:

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

8 (B) Government employees performing their official duties.

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

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

17 ~~(18)~~ (20) “Flavored oil cannabis product” means any oil cannabis
18 product that contains an additive to give it a characterizing flavor.

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

1 ~~(20)~~ (22) “Municipality” means a town, city, or incorporated village.

2 ~~(21)~~ (23) “Person” shall include any natural person; corporation;
3 municipality; the State of Vermont or any department, agency, or subdivision
4 of the State; and any partnership, unincorporated association, or other legal
5 entity.

6 ~~(22)~~ (24) “Plant canopy” means the square footage dedicated to live
7 plant production and does not include areas such as office space or areas used
8 for the storage of fertilizers, pesticides, or other products.

9 ~~(23)~~ (25) “Principal” means an individual vested with the authority to
10 conduct, manage, or supervise the business affairs of a person, and may
11 include the president, vice president, secretary, treasurer, manager, or similar
12 executive officer of a business; a director of a corporation, nonprofit
13 corporation, or mutual benefit enterprise; a member of a nonprofit corporation,
14 cooperative, or member-managed limited liability company; and a partner of a
15 partnership.

16 ~~(24)~~ (26) “Small cultivator” means a cultivator with a plant canopy or
17 space for cultivating plants for breeding stock of not more than 1,000 square
18 feet.

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

1 § 864. ADVERTISING

2 (a) “Advertise” and “advertisement” have the same meaning as in
3 section 831 of this title.

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

6 (1) is deceptive, false or misleading;

7 (2) promotes overconsumption;

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

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

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

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

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

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

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

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

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

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

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

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

14 (d) In accordance with section 864 of this title, advertising by a cannabis
15 establishment shall not depict a person under 21 years of age consuming
16 cannabis or cannabis products or be designed to be or has the effect of being
17 particularly appealing to persons under 21 years of age. Cannabis
18 establishments shall not advertise their products via any medium unless the

1 licensee can show that not more than 15 percent of the audience is reasonably
2 expected to be under 21 years of age.

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

4 § 881. RULEMAKING; CANNABIS ESTABLISHMENTS

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

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

8 * * *

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

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

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

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

18 (iv) any other requirements, conditions, or limitations on the type
19 or amount of loans or capital investments made by a financier or its affiliates,
20 which the Board, in consultation with the Department of Financial Regulation,

1 determines is necessary to protect the public health, safety, and general
2 welfare; ~~and~~

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

7 (R) advertising and marketing.

8 * * * Cultivation * * *

9 Sec. 9. 2019 Acts and Resolves No. 164, Sec. 8 is amended to read:

10 Sec. 8. IMPLEMENTATION OF LICENSING CANNABIS
11 ESTABLISHMENTS

12 (a)(1) The cannabis plant, cannabis product, and useable cannabis
13 possession limits for a registered dispensary set forth in 18 V.S.A. chapter 86
14 shall no longer apply on and after February 1, 2022. A dispensary shall be
15 permitted to cultivate cannabis and manufacture cannabis products for the
16 purpose of transferring or selling such products to an integrated licensee on or
17 after April 1, 2022 and engaging in the activities permitted by 7 V.S.A.
18 chapter 33.

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

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

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

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

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

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

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

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

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

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

16 Sec. 10. VERMONT CRIMINAL JUSTICE COUNCIL

17 Not later than July 1, 2021, the Vermont Criminal Justice Council shall
18 report to the Joint Legislative Justice Oversight Committee regarding funding
19 for the requirement that on or before December 31, 2021 all law enforcement
20 officers receive a minimum of 16 hours of Advanced Roadside Impaired

1 Driving Enforcement training as required by Sec. 20 of 2019 Acts and
2 Resolves No. 164.

3 * * * Substance misuse prevention funding * * *

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

5 § 7909. SUBSTANCE MISUSE PREVENTION FUNDING

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

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

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

16 Sec. 12. REPEAL

17 2019 Acts and Resolves No. 164, Sec. 19 (substance misuse prevention
18 funding) is repealed.

19 * * * Effective dates * * *

20 Sec. 13. EFFECTIVE DATE

21 This act shall take effect on passage.

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2
3
4
5
6
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8

(Committee vote: _____)

Senator _____

FOR THE COMMITTEE